Michelle Peluso, Chair, Corporate Responsibility, Sustainability & Governance Committee
NIKE, Inc. Board of Directors

Letter From the Chair of the Corporate Responsibility, Sustainability & Governance Committee

Purpose is woven into NIKE's DNA – and foundational to NIKE's future.

Over the years, purpose has shaped how NIKE operates its business, delivers sustainable growth, and creates value for consumers and shareholders. More than twenty years ago, the NIKE, Inc. Board of Directors established a Corporate Responsibility Committee specifically to oversee topics including environmental and sustainability initiatives, labor practices, community affairs and charitable activities, and diversity and equal opportunity. Not long after, NIKE released its first Corporate Responsibility Report, reaffirming its commitment to transparency and accountability.

While the language has evolved over the decades, NIKE's commitment to do the right thing has remained unchanged. And the Board of Directors continues to actively oversee the company's purpose, because we know that strong governance supports and enhances NIKE's capacity to make progress.

Today, the Board primarily exercises its oversight of NIKE's purpose through the Corporate Responsibility, Sustainability & Governance Committee. The committee oversees both the opportunities and risks associated with NIKE's three purpose pillars – people, planet and play. As a committee, we have been proud to monitor the development of NIKE's purpose 2025 targets and the company's performance against these targets. We are pleased to share NIKE's progress in this FY21 Impact Report.

Michelle Peluso
Chair, Corporate Responsibility,
Sustainability & Governance Committee
NIKE, Inc. Board of Directors

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FY01 Corporate Responsibility Report

NIKE established 2020 environmental goals in 2002, setting the template of our environmental work for the next 20+ years

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To help protect our planet, we don't wait for solutions, we create them.

We believe that we, along with our industry, have a responsibility to reduce our impact on the planet. That's why we're reimagining how we make products through the lens of sustainability and circularity.

We're focused on using recycled materials, creating more durable materials, using better chemistry and making products that are easier to refurbish or recycle.

We take the same innovative approach to reducing impact across our entire value chain – from the way we manufacture and distribute products to the way we operate our offices, stores and distribution centers. Reducing impact isn't enough though; we're also starting work to have a more positive environmental impact through water restoration.

Climate change takes collective action, so we're working across our industry and beyond to lower our shared impact.

We are not waiting for solutions – we are creating them.

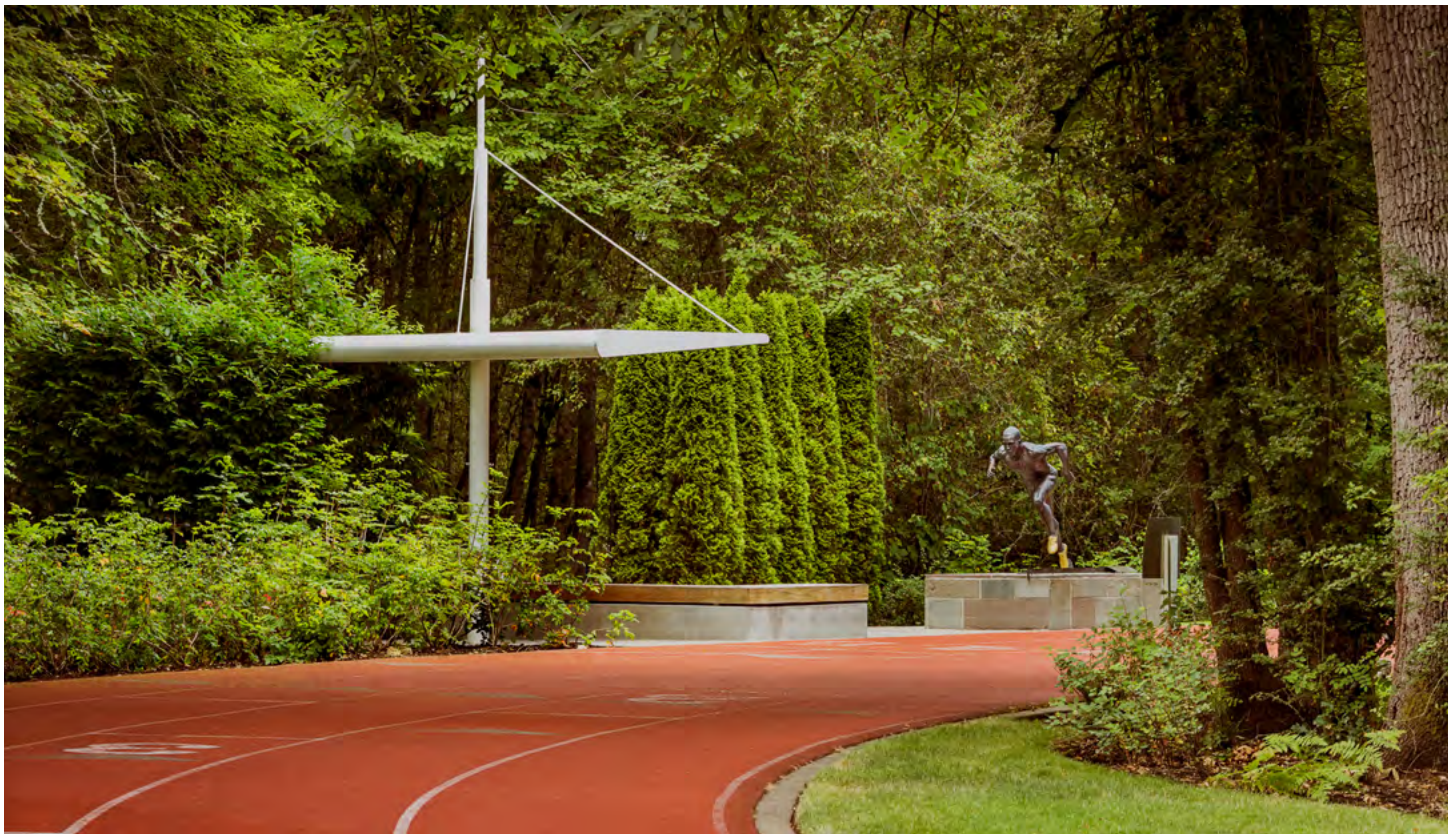
Focus Area

CARBON

To help protect the future for athletes• everywhere, everyone needs to do their part in keeping global warming below 1.5°C. To do that, the world's GHG emissions need to be cut by half this decade, and we need to reach net zero by 2050.

At our scale, it's an ambitious goal, and many of our toughest challenges still lie ahead. But with clear targets and strategies, ambitious does not have to mean aspirational.

As noted in our net zero graphic on the next page, our carbon targets span different time periods and scopes. In this section, we start by covering 2025 targets and then discuss how they fit into our SBT ambitions.



NIKE WHQ – Beaverton, OR

The Path to Net Zero

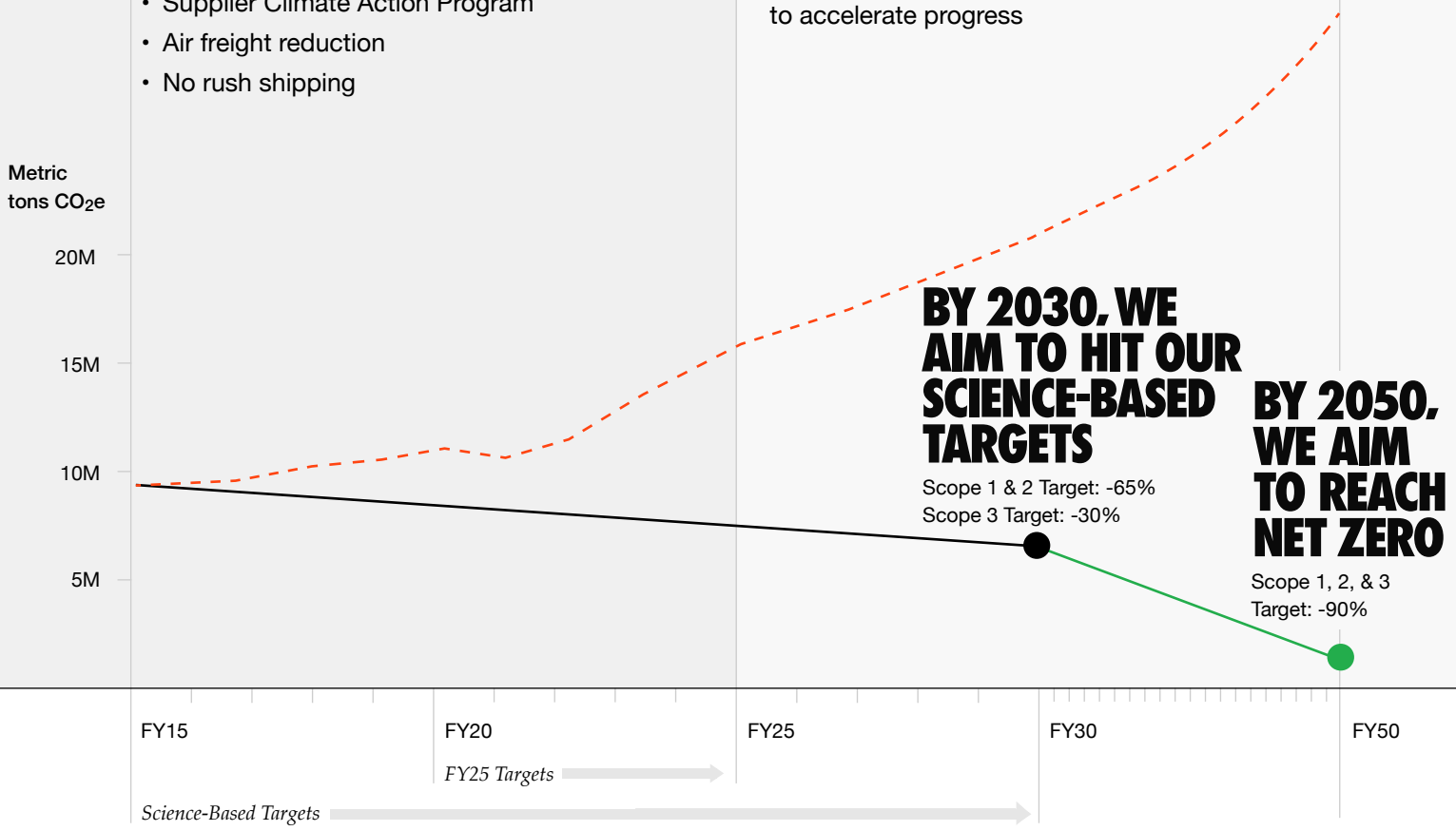
Current Plan

- Nike commits to RE:100
- Renewable electricity
- Alternative fuels
- HQ fleet vehicle electrification
- Energy efficiency
- Coal elimination
- Supplier Climate Action Program
- Air freight reduction
- No rush shipping

Future Plan

Building on current plans and increasing focus on:

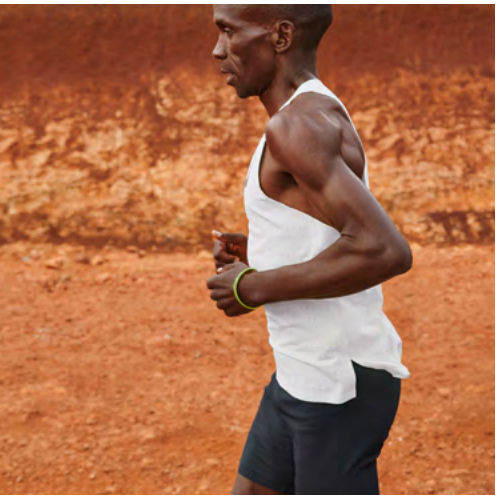
- Converting to environmentally preferred materials
- Converting factories to renewable energy
- Working across industry to accelerate progress



Increasing Scope: Carbon Targets

○ *Not in Scope* ● *Included in Scope* ● *Scope expanded*

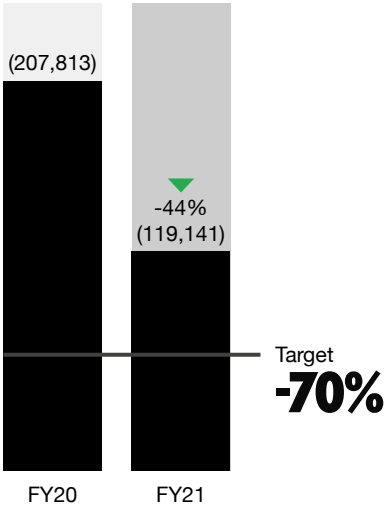
	2015	2020	2025
Make	● Corporate Services *WHQ only (diversion)*	● Corporate Services *All HQs*	● Corporate Services *All HQs & Offices (owned or operated); corporate jets*
	○ Raw materials	● Raw materials *Product carbon footprint*	● Raw materials *Environmentally preferred materials: polyester, cotton, leather, rubber*
	○ Materials manufacturing and finishing	● Materials manufacturing and finishing *FW & AP*	● Materials manufacturing and finishing *FW & AP, Air Manufacturing Innovation*
	● Finished goods manufacturing *FW*	● Finished goods manufacturing *FW*	● Finished goods manufacturing *FW & AP*
Move	● Logistics *Inbound logistics*	● Logistics *Distribution Centers; inbound and outbound logistics*	● Logistics *Distribution Centers; inbound and outbound logistics*
Sell	● Retail *U.S. only (owned or operated)*	● Retail *Global (owned or operated)*	● Retail *Global (owned or operated)*
	○ Consumers	○ Consumers	○ Consumers
	○ End of Life	○ End of Life	○ End of Life



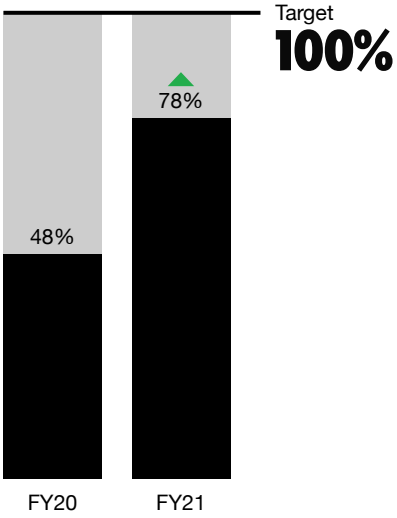
"Life and the world are like the marathon. You have flat courses and free moments. And you can also have hilly courses and face challenges. Running a good marathon is not a one-day event – it's years and months of training and consistency. The same is true for climate change. It's good to think big. It's good to dream big. But consistency and commitment will win this most important race."

Eliud Kipchoge, Long-distance runner

Owned or operated facility GHG emissions (metric tons CO_2e)



% renewable electricity[36]



Quantitative Target

70% absolute reduction of GHG emissions in owned or operated facilities through 100% renewable electricity and fleet electrification

Renewable electricity use is driving the majority of reductions across our owned or operated facility emissions via power purchase agreements (PPAs) and onsite renewable electricity. Office closures (due to COVID-19) and energy efficiency work are also contributing to reductions.

Procuring Renewable Electricity

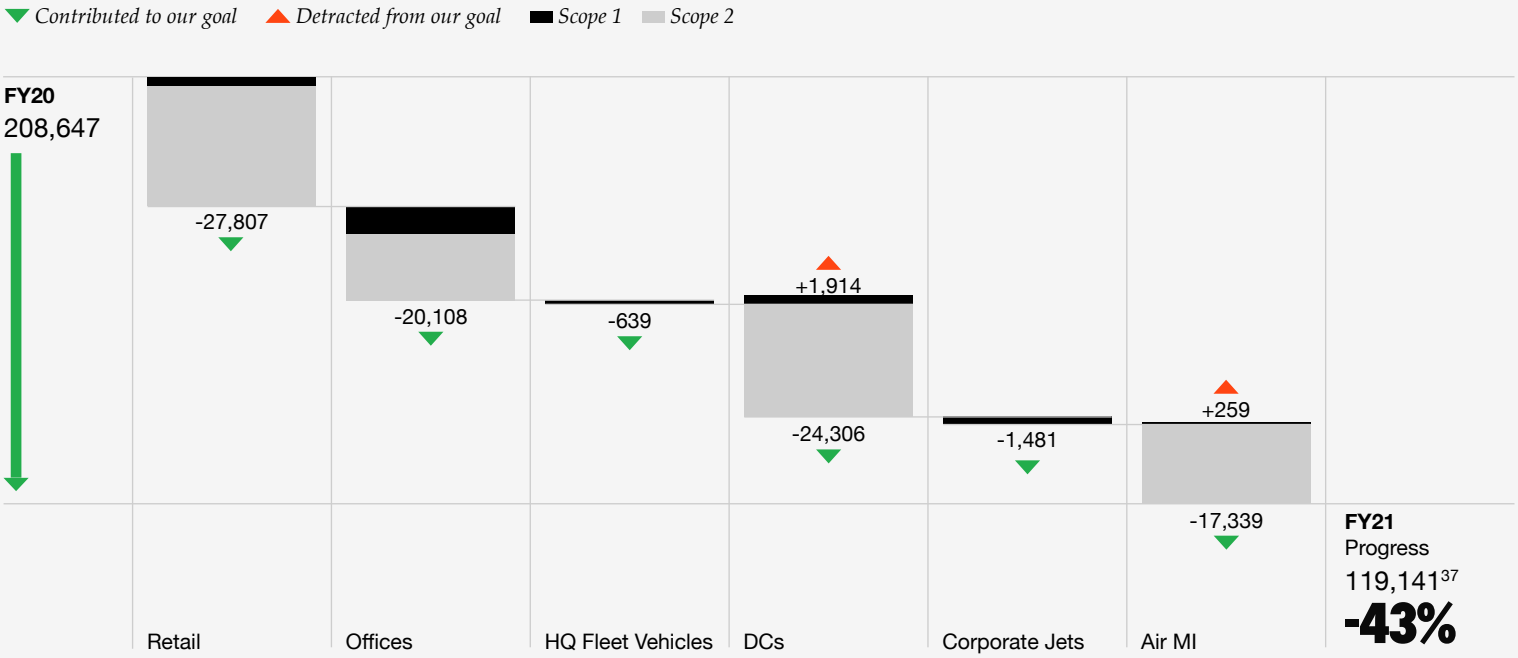
In FY21, NIKE made strides toward our target to reach 100% renewable electricity in NIKE owned or operated facilities. In September 2020, NIKE's groundbreaking virtual power purchase agreement (vPPA) in Spain went live, covering our owned or operated electricity footprint in Europe. Iberdrola, S.A.'s Cavar wind project provides NIKE's European operations with 110,000 MWh per year of renewable electricity. This project, along with PPAs delivering power across the U.S. and Canada and various onsite solar projects globally, brings NIKE to 78% of our 100% renewable energy target in owned or operated facilities.

NIKE continues to explore and develop renewable energy solutions. Our countries of focus in FY21 included Australia, China, Japan, Mexico and Vietnam. While driving toward coverage for our owned and operated footprint, we increasingly explore solutions that may open pathways for adoption of renewable energy in our supply chain.

We continued to expand the generation and use of onsite renewable energy at our distribution centers globally. At our Tepana distribution center in Mexico, a rooftop solar array went live. The solar array is estimated to produce 1,000 MWh annually, covering ~50% of the facility's electricity needs and representing more than 10% of NIKE's load in Mexico. In Belgium, at our Converse European Logistics Campus, a rooftop solar array also went live and is estimated to produce 3,000 MWh annually, covering a significant portion of the facility's electricity needs.

36 FY15 is the baseline for NIKE's RE100 target, which was 14% renewable energy.

70% Emissions Reduction Target (Metric Tons CO_2e)



37 This metric is part of Management's Assertion on select sustainability metrics, which PwC has performed limited assurance over for the period from June 1, 2020, to May 31, 2021, as indicated in the Report of Independent Accountants.

Reducing Energy Use

Some highlights of our efforts to reduce energy use in FY21 include:

Retail

- Piloting programs that allow stores to see actual energy use in real time and adjust operations to reduce energy use.
- Building locations to be more energy efficient through updates and modifications to equipment such as heating and ventilation systems, LED lighting or the use of Environmental or Building Management Systems to manage energy consumption.
- Transitioning to electricity for store heating and cooling needs, to transition more quickly to renewable energy than available by natural gas.
- Eight stores that opened in Greater China in FY21 obtained Leadership in Energy and Environmental Design (LEED) certification, including two Gold.

Offices

- Office closures yielded a significant temporary reduction in building energy usage globally. In FY21, we saw a 42% reduction in Scope 1 emissions from FY20. And a 48% reduction in emissions from transportation vehicles due to reduction in services at our WHQ campus.

Solar panels on Serena Building, NIKE WHQ – Beaverton, OR

- We are optimizing our space usage to reduce the square footage of our global real estate portfolio. When we have office space growth, or renovations, we are incorporating electrification and energy-efficient design to decarbonize and reduce energy usage.
- In FY21, we completed the LeBron James and Serena Williams buildings, both of which achieved LEED Platinum certification.
- Launching Smart building pilots at both our WHQ and EHQ campuses. We will be completing these pilots in FY22 and are eager to review energy reduction results.
- At our Greater China Headquarters (GCHQ), we expanded our employee electric vehicle (EV) charging network, where now 30% of available parking is supported with EV charging.

Distribution Centers

- Extreme temperatures in key regions required us to increase our energy use (electricity to cool, natural gas to heat) to keep the distribution centers temperate for our employees.
- In Byhalia, Mississippi, our Adapt distribution center received LEED Gold certification, emphasizing the minimal impact of the building and the operational life of the facility.
- In Belgium, our Court distribution center features include onsite solar panels, advanced LED lighting and use of biomethane in lieu of natural gas for heating, making the distribution center completely fossil free for its operations.

Air MI Facilities

- COVID-19 operating procedure requires increased ventilation. HVACs draw more outside air, increasing energy use.
- We ended facility use of propane and switched to lower-carbon natural gas fuel.
- Purchased hand-held gas detection meters to quickly detect, track and fix possible system leaks.
- Identified priority electrification projects for FY22, including water heater conversions.

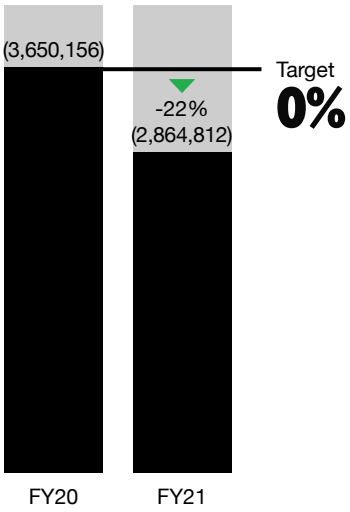
Corporate Jets

- NIKE's first investment for sustainable aviation fuels for employee air travel, kicking off the first step in our journey to 100% sustainable fuels for commercial air travel.
- As of December 1, 2021, home base fuel planning includes 7,500 gallons of sustainable aviation fuel (SAF) for each quarter.

Quantitative Target

Greenhouse gas emissions from key suppliers' manufacturing and transportation operations will be at or below 2020 levels through use of renewable energy, energy efficiency and alternative fuels

Manufacturing and transportation GHG emissions (metric tons CO_2e)



The significant reduction we saw in FY21 was largely due to COVID-19-related factors including manufacturing slowdown and our lowest inbound air freight rate on record. Outbound emissions increased versus baseline in response to increasing e-commerce sales but was a smaller portion of this target.

Manufacturing

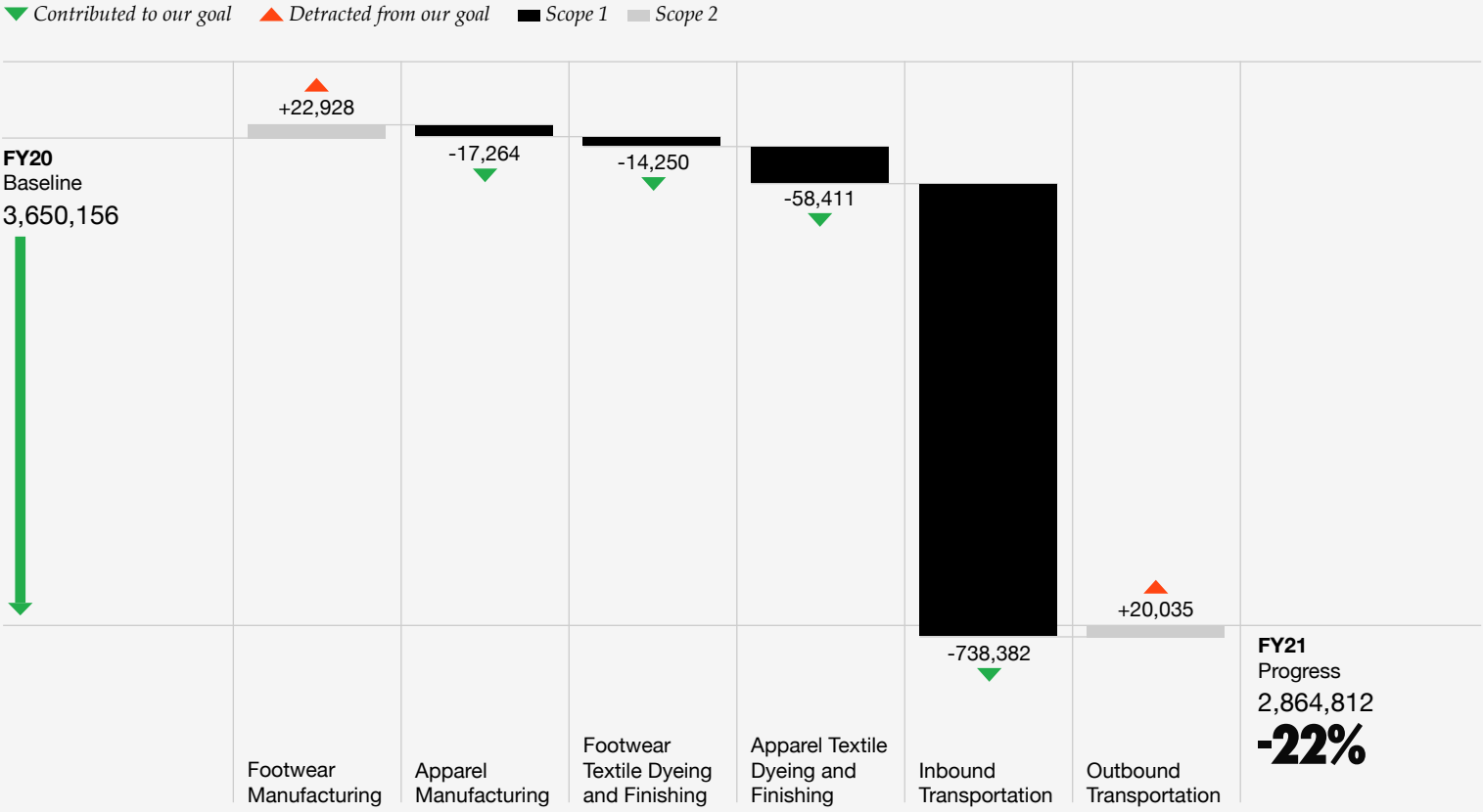
For NIKE to achieve its 2030 Scope 3 science-based emission reduction target and longer-term net zero target, it is critical that emissions from manufacturing suppliers are reduced. Finished goods and materials suppliers account for approximately 30% of NIKE's total emissions footprint. Under a business-as-usual scenario, NIKE expects emissions from manufacturing to increase by more than 30% over the next five years – which means that, to reduce absolute emissions during this time, we need to push beyond incremental reductions and unlock transformative solutions.

Achieving these targets not only reduces emissions but also builds shared value. Our programs help to drive operational efficiencies and energy savings among our supply chain while also building operational resilience for a future where climate impacts are the norm.

Our manufacturing emissions reduction strategy with suppliers is built on four pillars:

1. Expand ongoing efficiency improvements
2. Maximize use of onsite solar photovoltaic (PV) at factory sites
3. Procure offsite renewable grid electricity through mechanisms such as PPAs
4. Phase out of coal use in dyeing and finishing facilities and switch to lower-carbon fuels

% Emissions Change in Manufacturing & Transportation Target (Metric Tons CO_2e)



Energy Efficiency
During FY21, we deployed NIKE's Energy Minimum Program, which is an energy management foundation geared at achieving energy and cost savings. This enabled us to achieve resource productivity gains with finished goods and materials suppliers. This program brings organizational capabilities, data analytics and energy management activities to suppliers.

Additionally, we worked with individual facilities to scale key energy efficiency opportunities with the greatest impact on their unique energy and carbon footprint. For example, we worked with apparel suppliers to increase motor efficiency and worked with footwear suppliers to reduce energy use in midsole processing. We also began exploring new finishing methods in materials manufacturing that could potentially cut energy and water use in half and significantly reduce emissions, with an aim to pilot this technology at a manufacturing facility in FY22.

Nike Air Manufacturing Innovation Facility – Beaverton, OR

50%

of suppliers in NIKE's Tier 2 suppliers have coal elimination plans in place

Onsite Renewable Energy

Costs of onsite solar PV installations have declined so much that they can be less expensive than grid-purchased electricity, offering financial savings for suppliers while also reducing their carbon footprint. Onsite solar PV can typically provide up to 15% of electricity requirements at supplier facilities and can be scaled fairly quickly across sites, making it a major component of our renewable energy strategy with suppliers.

Since launching in FY19, the NIKE onsite solar PV program has helped increase uptake of rooftop solar PV among suppliers across our supply chain. Through the program, NIKE provides technical advice and assistance, helping to reduce risk for suppliers during the contracting process and make the business case for these investments.

In FY21, NIKE launched onsite solar programs in Vietnam and Indonesia, and suppliers added significant onsite solar PV capacity, with 25 facilities signing contracts for 32 MW of solar energy.

In Greater China, we continue to work with suppliers to maximize the use of renewable energy through the use of solar and biofuels.

Offsite Renewable Energy

While suppliers are making significant emissions reductions through deployment of onsite solar PV, facilitating access to offsite renewable electricity through mechanisms like PPAs will offer even greater opportunities for suppliers to reduce their emissions footprint.

NIKE is exploring different ways to support PPAs across our major markets and encouraging suppliers to take advantage of those opportunities where they exist. In FY21, suppliers contracted over 90 million kWh/year of offsite renewable energy for NIKE production by engaging in PPAs. This includes Feng Tay Group, which contracted nearly 50 million kWh/year at three of their facilities in India.

As NIKE suppliers do not have the ability to procure clean energy through PPAs in several of our major markets, we are continuing to explore and advocate for government policy frameworks to support.

For example, we are collaborating with the U.S. Agency for International Development (USAID) Vietnam Low Emission Energy Program (V-LEEP)

External Engagements

- ***RE100:*** *RE100 is a collaborative, global initiative of influential businesses committed to 100% renewable electricity, working to massively increase demand for – and delivery of – renewable energy.*
- ***Better Buildings Challenge:*** *The Better Buildings Challenge works with leaders in the public and private sectors to make the nation's homes, commercial buildings and industrial plants more energy efficient by accelerating investment and sharing of successful best practices.*
- ***Fashion Industry Charter for Climate Action:*** *As a signatory, Nike shares the ambition to pursuing a target of 30% GHG emission reduction by 2030 and a commitment to analyze and set a decarbonization pathway for the fashion industry drawing on methodologies from the Science Based Targets initiative.*
- ***G7 Fashion Pact:*** *Collection of fashion brands that have set sustainability targets to address climate change, protect biodiversity and reduce ocean pollution.*
- ***Transform to Net Zero:*** *NIKE is a founding member of Transform to Net Zero, which is a cross-sector initiative to accelerate the transition to a net zero global economy. Its vision is to enable an inclusive net zero economy no later than 2050.*

to support the Vietnamese Government's renewable energy direct power purchase agreement (DPPA) pilot being launched jointly by USAID, the Vietnam Ministry of Industry and Trade, and the Electricity Regulatory Authority of Vietnam. In FY21, we assisted several Vietnam suppliers in preparing for the DPPA pilot application, anticipated to open in FY22. Through the pilot, NIKE may be able to secure renewable electricity for nearly 100% of our owned and operated spaces in Vietnam, and suppliers will be able to power nearly 40% of NIKE's manufacturing load in Vietnam with renewable energy.

NIKE, together with a strategic factory group, stands ready to move forward with the DPPA pilot when the program is finalized by the Vietnamese government. Over the past year, we have analyzed the local electricity market to select a developer to work with when program applications open.

NIKE is sharpening its policy advocacy efforts to open up renewable energy procurement opportunities in our key sourcing markets. At COP26, NIKE executives met with government officials and signaled our strong desire for competitive clean energy market solutions through participation in the U.S. Department of State Clean Energy Demand Initiative. Also at COP26, NIKE helped to launch USAID's Corporate Clean Energy Alliance, a coalition of businesses committed to working with governments across Southeast Asia to facilitate the rapid deployment of clean energy.

Already, some strategic suppliers have taken innovative approaches to scale their access to renewable energy and we encourage their efforts. Notable among these is Shenzhou, which is seeking direct investment in a wind farm to provide renewable electricity to its factory in Zhejiang, China.

Through a growing suite of renewable electricity solutions, NIKE hopes to continue accelerating supplier emissions reductions toward meeting long-term climate targets.

Coal Elimination

Through NIKE's participation in the UN Fashion Charter, we have a goal to eliminate coal from Tier 2 suppliers by 2030. In FY21, NIKE joined a collective action initiative with Apparel Impact Institute and seven other brands. Through the initiative, NIKE co-chairs a working group to explore how we can work collectively across brands to eliminate coal from Tier 2 suppliers. Currently, 50% of Tier 2 suppliers have coal elimination plans in place.

Logistics

Spotlight

Supplier Climate Action Program

Hollister Trail, NIKE WHQ – Beaverton, OR

We know we cannot meet the ambitious targets laid out by the Paris Agreement and our own Science-Based Targets (SBTs) alone. Meaningful climate action requires long-term commitments and engagement with all parts of our supply chain. Fortunately, NIKE has built close relationships and mutual trust with manufacturing suppliers over decades, which allow us to develop innovative products and co-invest in manufacturing capabilities. We are leveraging those relationships to drive action on climate change.

In May 2020, NIKE launched a new climate program with NIKE's Supplier Sustainability Council (SSC). The SSC is a group of strategic suppliers committed to sustainability to enhance their operational performance and mitigate risk while sharing out best practices in the hopes of elevating worker safety across the sector. Challenges related to climate change were among the top sustainability issues raised by the SSC. Of particular concern were the rising cost of energy, hotter working conditions, increased intensity and frequency of extreme weather events, and new policy and regulation introduced by governments to mitigate GHG emissions.

With those concerns in mind, NIKE developed the Supplier Climate Action Program (SCAP). Eleven of NIKE's largest finished goods and materials suppliers committed to the program and account for approximately 60% of strategic supplier emissions. SCAP not only provides technical assistance to suppliers to help set more ambitious climate goals but also turns the process of achieving our supply chain emission reductions into an aligned strategic effort.

The SCAP asks suppliers to take the following actions:

- Develop a company-wide GHG inventory
- Set a validated science-based emissions target for Scope 1 and 2 emissions
- Publicly disclose climate-related information through CDP
- Collaborate with NIKE to explore climate-related risks and opportunities in the extended supply chain[38]

38 Facilities in Extended Supply Chain: 100% finished goods suppliers (AP, FW, and EQ); in-scope materials suppliers; focus DCs; and Air Manufacturing Innovation facilities – In-Scope Materials Suppliers: Suppliers representing approximately 90% of total footwear upper materials and apparel textiles production – Focus DCs: Distribution centers representing at least 80% volume.

During FY21, these suppliers completed all of the foundational requirements of the program, which includes having their science-based Scope 1 and 2 emission targets validated by the World Resources Institute (WRI). Those ambitious commitments cover their footprint across their entire footwear and apparel businesses (not only NIKE-related emissions) – a projected 42% reduction in baseline emissions over 10 years. This level of reduction is what is needed collectively across the globe to avoid the worst impacts of climate change. At its heart, this program is supporting the deepest parts of our supply chain to take climate action and create ripple effects within the industry and beyond.

Over the coming months, NIKE and the SSC will create a joint climate action plan, which will serve as a roadmap for our collective emission reduction pathway over the next 10 years.

Air Freight
In FY21, NIKE saw the lowest inbound air freight usage on record since we began tracking (from supplier to destination distribution center). Initially, the decision to reduce air freight was made to mitigate business uncertainty at the onset of the pandemic. Due to the substantial positive impact on our inbound carbon emissions (air freight is on average 42 times more carbon intensive than ocean freight), NIKE is working to not return to pre-pandemic air freight usage, through our Move to Zero air freight program.

Historically, carbon emissions from outbound transportation (from a NIKE distribution center to final destination, including to the consumer) have been challenging with the growth of e-commerce sales, as we try to balance speed and carbon emissions. In FY21, that challenge only intensified as e-commerce sales grew even faster.

Alternative Fuels
In FY21, we continued to expand piloting alternative fuels for both ocean freight and air freight. These pilots used biofuels made from waste streams and carried certifications from the Roundtable on Sustainable Biomaterials and the International Sustainability and Carbon Certification. In total, our investments in these pilots secured alternative fuels for about 4% of our total inbound volume, resulting in the reduction of approximately 11,000 metric tons of carbon emissions.

We continued to expand our use of alternative fuels for outbound

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FY05/06 Corporate Responsibility Report

NIKE published our first GHG inventory

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transportation in EMEA with key activations on lanes from our European Logistics Campus in Belgium to London. During FY21, the EMEA outbound team reduced outbound transportation carbon impact by using multi-modal solutions and alternative fuels. As a result, 28% of our total line-haul solutions are now multi-modal. Of our total line-haul trucking kilometers, 22% are driven on alternative fuels, mainly fueled with hydro-treated vegetable oil (HVO) solutions. We also began using electric trucks for deliveries in Tokyo, Seoul and Mexico City.

In Greater China, alternative transportation methods for outbound shipping have helped reduce carbon emissions. Taking advantage of new railways systems, implementing alternative fuels and utilizing electric vehicles have reduced carbon emissions in outbound freight by more than 572 metric tons. We also began utilizing trucks to replace air freight while maintaining the same service level in digital order transportation, reducing 70% of carbon emission compared with air freight in FY21.

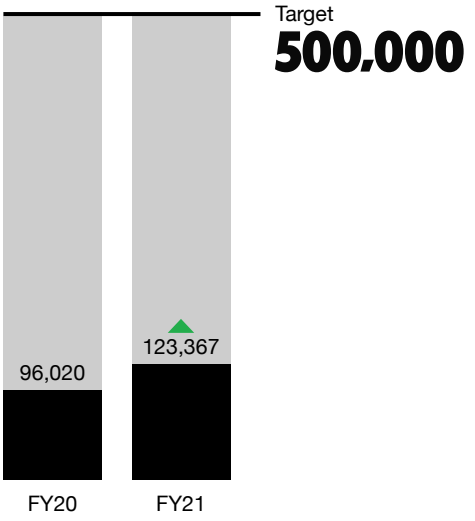
We have learned there are many options available for alternative fuels – with varying carbon emission reductions, limited availability and some with other potential environmental concerns. To enable us to make the best decisions possible based on currently known information as we begin to scale, we worked cross-functionally to develop a sustainable fuels policy, which clearly outlines definitions, criteria and guidance for fuel efforts and reporting. The policy is intended to provide guidance, which allow us to build effective strategies to accelerate the use of alternative fuels.

As a bridging strategy, until alternative fuels are widely available, we also continued to offset 100% of the carbon impact of the transport of our U.S. and European e-commerce orders (from distribution center to consumer) through innovative forestry engagements with FM in the U.S. and WeForest in Europe. For our European e-commerce orders, we reached the milestone of planting 1 million trees since the start of the program. This was done through a Move to Zero Community Challenge, calling on our members and employees to collectively run 1 million kilometers. For every participant who ran 1 kilometer, one tree was planted on behalf of NIKE.

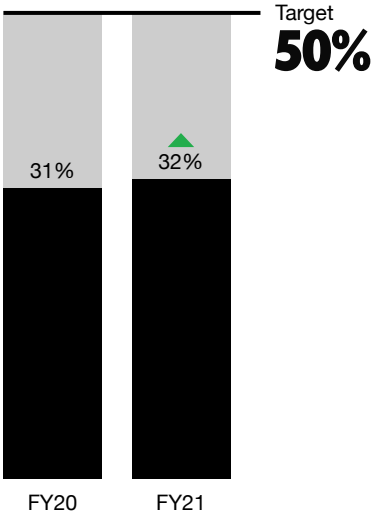
More Data

Carbon Data

Materials GHG emissions reduced (metric tons CO_2e)



% environmentally preferred materials (EPM)



Quantitative Target

0.5M metric tons of GHG emissions reduced through increasing our use of environmentally preferred materials to 50% of all key materials[39]

We know that materials account for approximately 70% of NIKE's product carbon footprint. By tapping into the insights and experience of at least the past five years, we are focusing on improving the environmental impact of materials within our products. We're also moving from having no material priorities to concentrating our efforts on specifically targeted material replacements.

For footwear, we are focused on improving specific, high-volume materials (polyester, rubber and leather), particularly through significant increases in the use of recycled versions and the necessary integrated business strategies. Innovation will be increasingly important, focusing on new recycling methods and material types that meet our product and consumer requirements.

Polyester and cotton make up the bulk of NIKE Apparel's material use and carbon impact, and these two fibers are where the focus is for impact reduction at scale. We are concentrating conversions to recycled polyester, organic cotton and recycled cotton content on key high-volume fabrics and products. This strategy requires partnership across NIKE's entire organization, from innovation through to our consumers at retail.

One year into our five-year journey, our focus on key materials with scalable low-impact alternatives has enabled NIKE to make tremendous progress toward our carbon reduction goals. NIKE is well ahead of our recycled polyester plan in both footwear and apparel. While we're tracking behind our footwear goals in both leather and rubber, we have strategies in place that should allow us to make up the gap. NIKE product creation is focused on meeting these goals.

39 Key Materials – Polyester, cotton, leather and rubber.

Recycled materials

Top Five Materials in Product by Volume[40]		*FY20*	*FY21*
Polyester			
Recycled	metric tons	44,387	**55,477**
	%	23%	**33%**
Total Polyester Use	**metric tons**	**195,490**	**166,343**
Cotton			
Organic	metric tons	10,811	**13,680**
	%	10%	**12%**
Recycled	metric tons	503	**905**
	%	0.4%	**0.8%**
Third-party certified Cotton	metric tons	**85,139**	**66,776**
	%	**75%**	**58%**[41]
Total Cotton Use	**metric tons**	**113,615**	**115,543**
Rubber			
Recycled	metric tons	564	**689**
	%	0.7%	**0.9%**
Total Rubber Use	**metric tons**	**76,141**	**78,896**
Ethylene-Vinyl Acetate (EVA) Foam			
Recycled	metric tons	978	**907**
	%	2%	**2%**
Total EVA Foam Use	**metric tons**	**61,053**	**53,055**
Leather[42]			
Flyleather	metric tons	53	**57**
	%	0.1%	**0.1%**
Synthetic Leather	metric tons	18,623	**16,031**
	%	36%	**26%**
Total Leather Use	**metric tons**	**51,647**	**60,502**

40 Total material use reflects EPM and conventional materials. As we've shifted data sources to enable more inclusive scope of measurement in our FY25 commitments, our percentage has dropped. We continue to explore ways to ensure we grow our sustainable cotton percentage in alignment with the expanded measurement scope.

41 Cotton and polyester data includes Nike Brand footwear, apparel, and socks and Converse footwear and apparel. Rubber, EVA foam and leather data includes Nike Brand footwear only.

42 All leather is Leather Working Group certified.

Materials library, NIKE WHQ – Beaverton, OR

50%

NIKE Footwear has a goal to reach 50% recycled polyester by 2025

Polyester

Valued for its lightweight performance, design versatility and durability (among other benefits), polyester is a material that you'll find in nearly every pair of NIKE Footwear. From the Flyknit in our most innovative football boots and running shoes to favorite sportswear icons, polyester is a core material for NIKE Footwear. Our use of polyester makes it critical that we focus on the conversion and scale of recycled polyester as a lever for reducing the overall carbon impact of our highest use material.

NIKE Footwear is tracking ahead of our 2025 goal of 50% recycled total polyester usage. At the end of FY21, recycled polyester made up 38% of NIKE Footwear's total polyester usage, double the amount from the end of FY20. Progress was driven by our focus on foundational polyester-based materials that cut across our product portfolio, such as laces, linings and reinforcements. In addition, we've prioritized converting textiles and yarns to recycled polyester used in innovative styles (such as Cosmic Unity and Space Hippie), our business volume drivers (such as Vapormax and Star Runner) and iconic silhouettes (Air Force 1 and Air Max).

NIKE Apparel's most important lever for carbon impact reduction is polyester because it makes up approximately 50% of our materials. In addition, conversion to recycled polyester is achievable with little to no compromise to material quality, performance and aesthetic.

In FY21, we saw a 12 p.p. increase for recycled polyester in apparel to 38% from FY20. Similar growth is projected for upcoming years as the strategy to convert our top volume polyester-containing materials to recycled versions plays out. Key apparel that featured recycled polyester in FY21 included the WNBA anniversary kits, ACG, and the club and federation kits for Global Football.

We have made great progress – NIKE is annually among the top users of recycled polyester in our industry. But we know more needs to be done.

Rubber

Rubber is the key outsole traction material used across NIKE Footwear. First and foremost, we're looking to reduce how much rubber is used to lower our impact. We aim to move to high-recycled percentage formulations that maintain material benefits while lowering environmental impact. In parallel, we're innovating ways to reduce the amount of rubber used through additive design and manufacturing while also exploring other materials and methods to replicate the performance of rubber at a lower impact.

Nike Grind materials

46%[43]

NIKE Footwear has a goal of 46% of our leather usage will be leather alternatives by FY25

NIKE Footwear aims to achieve our 2025 goal of 10% recycled rubber through greater use, by leveraging higher-percentage recycled rubber content per pair. Progress to date has been driven by using recycled rubber formulations primarily in black rubber outsoles in performance product. In the future, we want to standardize those formulations across footwear. Using current technology, increasing the percentage of recycled rubber can degrade performance and durability. We are working across our innovation and manufacturing teams and rubber compound suppliers to unlock high-performing recycled rubber options that meet our design and durability expectations.

Converse, well-known for its vulcanized rubber soles, has been exploring lower impact alternatives. In FY21, Converse successfully piloted and launched a new injection cupsole across core Chuck Taylor All Stars that do not feature the classic pinstripe. The initiative produces 60% less waste and between 1% and 6% lower energy consumption compared to the vulcanization method.

Leather

Long valued for its durability and style versatility, leather is a material synonymous with iconic NIKE Footwear. From the triple-white Air Force 1 and Air Jordan 1 to the Tiempo football boot, consumers value the look, feel and performance of leather. However, leather is also one of the highest impact materials for both carbon and waste used in NIKE Footwear. To achieve our 2025 goals, we're working to convert at least 10 p.p. of our leather usage to leather alternatives – this includes synthetic and recycled synthetic leathers, NIKE innovations like Flyleather and other traditional leather alternatives.

Due to the consumer preference for classic NIKE leather icons in FY21, leather models are outpacing the growth of the rest of NIKE Footwear, putting us behind our plan to achieve our 2025 goal. By the end of FY21, we started to reverse course and put strategies in place to accelerate toward our long-term goal. We aim to increase the use of Flyleather in the next two years, as we unlock options and additional capacity. We're putting innovation resources toward the exploration of other leather alternatives from non-animal sources. We're also scaling use of recycled synthetic and synthetic leather in our key essentials, in place of traditional leather.

43 46% based upon baseline data (finalized CY22), equivalent to +10 p.p. vs. FY20 baseline.

Flyleather scraps

Mayumi Yamse Air Force and Blazer 1 Collection

70%

sustainable cotton in FY21 by supplementing our use of recycled and organic cotton with third-party certified[44]

Cotton

Cotton use in NIKE Apparel is growing due to our focus on sport lifestyle product and T-shirts and we have long supported a 10% blending strategy for organic cotton. This puts NIKE among the top users of this key sustainable fiber globally. In addition, we feature organic cotton as a primary fabric content in key products such as our Kids/Girls NIKE Sportswear Jerseys made with at least 50% organic cotton.

For recycled cotton, FY21 was relatively stable as our team prioritized other material conversions (such as recycled polyester). Recycled cotton will become more of a strategic focus in FY22. Our ability to scale this material is dependent on the differing capabilities of suppliers and the quality/content constraints inherent in the mechanical yarn creation process. The main supply for recycled cotton is shredded textile waste from garment manufacturing, so increases in recycled cotton blending will coincide with higher closed-loop recycling rates and reduced waste at Tier 1 suppliers going forward.

In FY21, we achieved 70% sustainable cotton by supplementing our use of recycled and organic cotton with third-party certified cotton.

More Data

Carbon Data

44 As we've shifted data sources to enable more inclusive scope of measurement in our 2025 targets, our percentage has dropped. We continue to explore ways to enable growth of our sustainable cotton percentage in alignment with the expanded measurement scope.

Spotlight

FY30 Science-Based Target in Carbon

FY21 is the first year that we are reporting performance on our Science-Based Targets (SBTs). We committed to setting SBTs in FY17, and while the baseline for our targets was set against FY15 data, galvanized coordination around this work did not begin until FY19 when the targets were finalized. Since FY19, we have been working to make systemic changes across NIKE to achieve our SBTs, the impact of which we will be realized in the coming years.

Our SBTs represent the first full carbon footprint targets we've ever set and are much bigger than any of NIKE's historical carbon targets in both duration and scope. First, the targets cover the time period from FY15 to FY30, rather than our standard five-year target cadence. Second, the SBTs' scope reaches deeper into our supply chain than ever before and extends further than our direct influence. Lastly, SBTs are absolute targets, similar to our 2025 carbon targets. Prior to these targets, we've only had relative, per unit carbon targets.

These factors create a set of carbon targets that become more difficult to achieve as our business grows. While our 2025 targets help us make progress toward our SBTs, it doesn't guarantee success with our SBTs. This necessitates that we make progress in areas not covered by our 2025 targets in order to stay on track.

FY15–FY21 Performance

Scope 1–2

Our Scope 1 carbon emissions are increasing due to the expansion of our facility portfolio and the absence of scalable, lower carbon alternatives to replace natural gas and jet fuel. To counteract this increase, we continue pursuing energy efficiency opportunities and are exploring renewable natural gas and sustainable aviation fuel. In FY21, we developed an internal sustainable fuels policy to enable consistency in decision-making.

We have seen great progress with Scope 2 emissions, driven by renewable electricity through PPAs, vPPAs and onsite renewable energy. More information on our work can be found in the Carbon section of this report. As of FY21, we have seen a 55% decrease in our Scope 1 & 2 emissions since FY15.

Scope 3

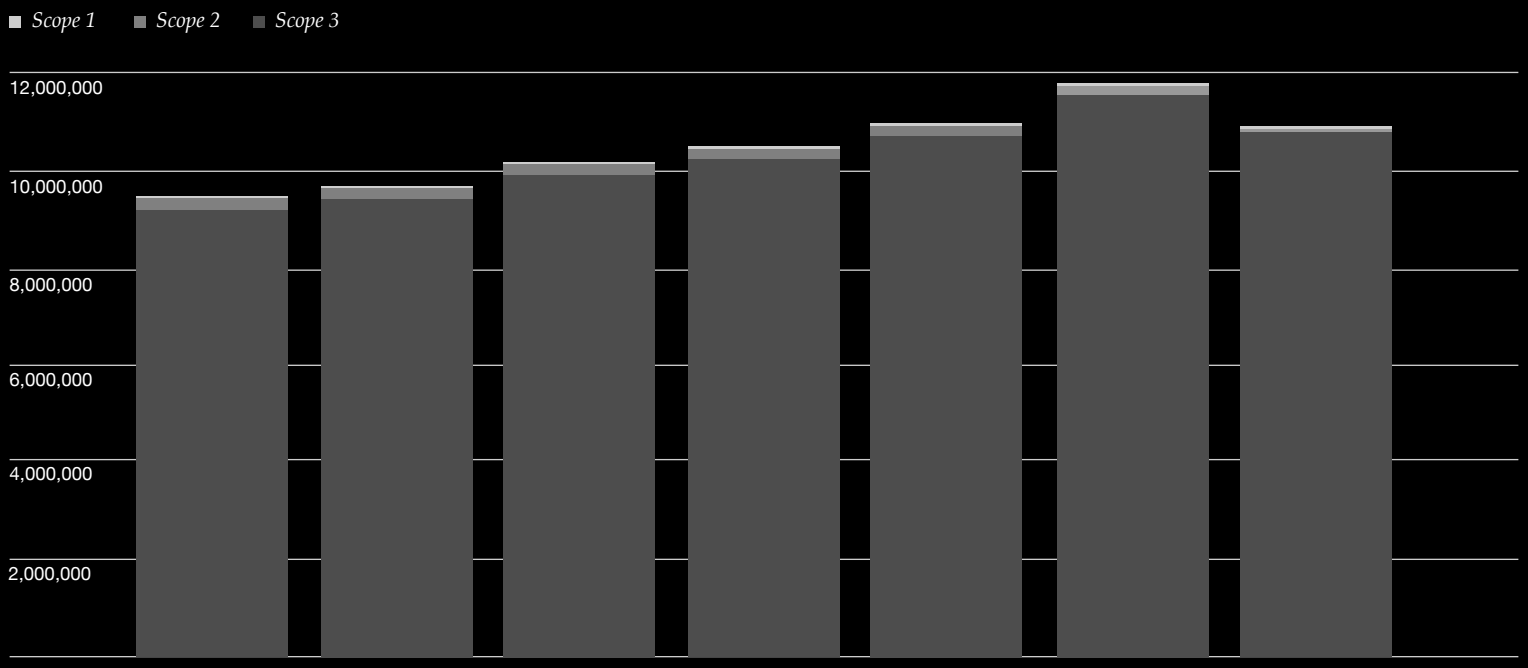
As a growth company, decoupling our emissions footprint from unit growth in the face of absolute carbon targets is a critical challenge to address. Our growth has contributed to our FY21 emissions footprint increasing by 17% versus the FY15 baseline. The increasing emissions intensity of the Vietnam electricity grid has driven up the manufacturing portion of our emissions footprint. Additionally, the use of higher carbon-intensive materials in footwear (such as leather) combined with increasing material use per product has also spurred much of the emissions growth. Another important consideration in understanding our progress is that as products that are out now in the market reflect decisions made three years ago, we're not yet seeing the impact of strategies and investments made since the announcement of the SBT.

To achieve this ambitious emissions goal we will focus on increasing environmentally preferred materials, converting factories to renewable energy and working across industries to accelerate change.

More Data

Scope 1 and 2 Emissions Data

2030 Science-Based Target: Scope 1, 2 & 3 Totals (Metric Tons CO_2e)



	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Scope 1	35,624	37,325	40,138	41,941	46,713	47,807	42,720
Scope 2	228,770	225,853	224,511	210,321	197,497	160,840	76,420
Scope 3	9,219,283	9,433,177	9,947,165	10,269,811	10,737,018	11,598,948	10,823,560

Focus Area

WASTE

Nike Refurbished

Zero Waste

Our vision is zero waste, period.
The traditional linear system of production, based on a take-make-waste model, is outdated and adds additional strain to the world's natural resources and ecosystems. Brands and suppliers are bearing the cost of producing materials that go to waste while simultaneously paying for disposal. Additionally, today's consumers, investors, governments and nongovernmental organizations (NGOs) expect brands to help be part of the solution.

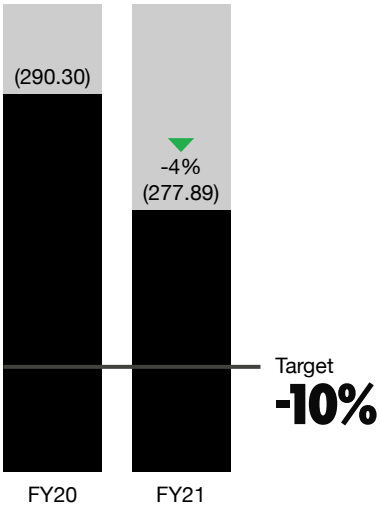
A more sustainable and circular future requires designing waste out of products from the start, optimizing manufacturing processes for maximum material efficiency, and then managing manufacturing material, end-of-life product and packaging via circular systems to preserve, recover, renew and regenerate its physical utility and economic value for society and the planet – now and for future generations. This requires an integrated, holistic approach where internal teams and external suppliers work together to continuously optimize the whole system.

Materials Stewardship Hierarchy

Waste must be managed responsibly. The core elements of our circular materials stewardship system include:

- **Waste material definitions:** Standardized definitions of waste generated across the enterprise based on specific characteristics relevant for planning, implementing and evaluating waste reduction; and recycling and disposition policies, strategies and programs.
- **Waste estimation and prevention:** Systems to estimate how much waste will be generated and what's driving it at various levels of analysis – from product components to aggregated waste streams at generation points across the enterprise – so it can be systematically minimized.
- **Data reporting and transparency:** Systems to enable data relating to waste generation, recycling and disposition to be captured, aggregated and distributed across the enterprise.
- **Material segregation and sortation:** Clear and enforced protocols for waste type segregation, sorting and storage to preserve material quality, utility and value.
- **Collection, transport and consolidation:** Logistics to efficiently collect, move and consolidate waste from points of generation across the enterprise to downstream handlers for recycling, energy recovery or responsible disposition.
- **Waste processing:** Operations that are co-located or downstream from points of generation across the enterprise that process waste materials into manufacturing feedstock that meet customer specifications for use in making new products. These operations may or may not be owned and operated by NIKE and may or may not process exclusively NIKE waste. Processing can take many forms, such as sorting, grading, grinding, shredding, baling, extruding, composting and various forms of biological or chemical decomposition.
- **Demand creation:** Business development activities to create market demand for Nike Grind materials – including rubber, foam, leather and textile blends from manufacturing scrap and end-of-life shoes – across NIKE product creation teams and with external global companies.
- **Feedback loops:** Systems that enable planned versus actual waste to be compared to inform continuous improvement.

Waste / unit (g / unit)



Quantitative Target

10% waste reduction per unit in manufacturing, distribution, headquarters and packaging through improved design and operational efficiency

NIKE engages with thousands of suppliers to make thousands of products and is constantly innovating. There are a myriad of potential drivers of waste that need to be systematically identified and eliminated or consistently controlled across the entire value chain if we are to achieve and sustain the global waste reduction target.

This 2025 waste target represents an expansion of scope of our 2020 targets. We now include packaging applied at supplier facilities and our NIKE owned and operated manufacturing facilities (Air MI) within the target. We remain on track to meet our target. We saw a decrease in Tier 1 footwear operational waste per pair driven by continued scaling of our targeted phylon midsole defect tracking and reduction program. We also encouraged wholesalers to order full case units, which drove down disposed waste per unit in distribution centers. Finally, our EMEA distribution center closed the loop on being 100% plastic free for all digital and B2B packaging deliveries.

Manufacturing

Waste of any kind is a signal of inefficiency, which can be a signal of cost and added environmental impact. Manufacturing NIKE products generates more than 120 million kg of waste per year. The upstream manufacturing of these wasted materials consumes resources, generates pollution and costs money. Reducing midsole and outsole defects – which are a major driver of waste – increases factory production capacity and reduces energy and labor per unit. Because waste that is prevented doesn't have to be bought or made into a new material via a recycling process, waste prevention has significantly greater environmental and economic benefits than recycling.

Increasing Scope: Waste Target

○ *Not in Scope* ● *Included in Scope* ● *Scope expanded*

	2015	2020	2025
Make	● Corporate Services *WHQ only (diversion)*	● Corporate Services *All HQs (reduction + diversion)*	● Corporate Services *All HQs (reduction + diversion + recycling)*
	○ Raw materials	○ Raw materials	○ Raw materials
	○ Materials manufacturing and finishing	○ Materials manufacturing and finishing	● Materials manufacturing and finishing[45]
	● Finished goods manufacturing[46] *FW Packaging (waste reduction), AP, AC (waste reduction); FW only (waste diversion)*	● Finished goods manufacturing *FW (reduction and diversion)*	● Finished goods manufacturing *FW + AP (reduction + diversion + recycling); FW, AP + AC packaging (reduction)*
Move	● Logistics *DCs (diversion)*	● Logistics *DCs (reduction and diversion)*	● Logistics *DCs (reduction + diversion + recycling + FPW)*
Sell	● Retail *Pilot 29 retail stores in U.S. (diversion)*	○ Retail	● Retail *(FPW)*
	○ Consumers	○ Consumers	○ Consumers
	○ End of Life	○ End of Life	● End of Life *(FPW)*

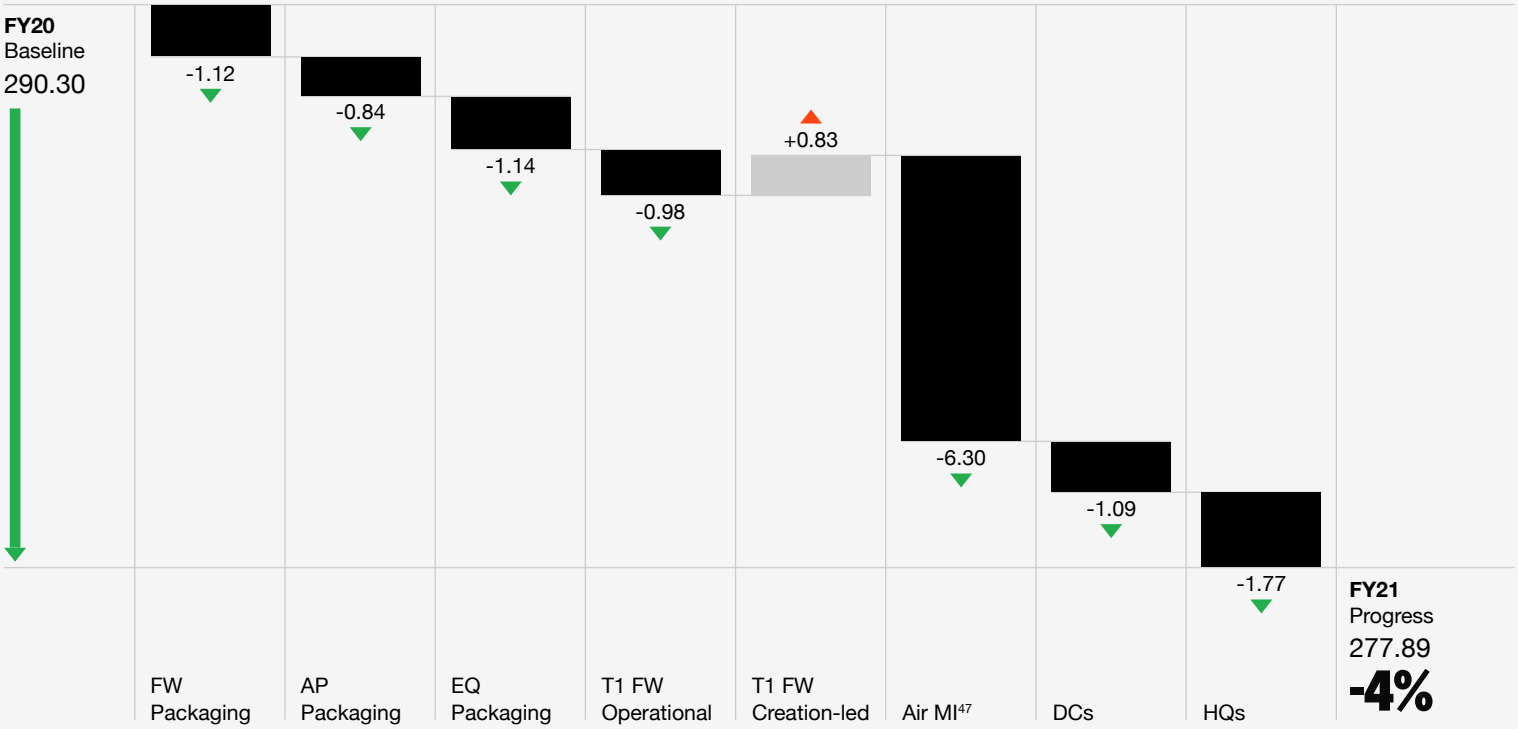
45 Air MI is now in targets scope.
46 Packaging target included a selection of shoeboxes only.

"I believe it's everybody's responsibility to advocate for change. We need to continue to reimagine this world and make it better."

Megan Rapinoe, Global football athlete

10% Reduction per Unit

▼ *Contributed to our goal* ▲ *Detracted from our goal*



47 FY25 targets represent the first time Air MI is in waste targets scope. We are working diligently to understood drivers. The data is being evaluated for potential revision in order to ensure it most accurately reflects the underlying waste and business conditions.

To prevent waste, we are focusing first on mastering the fundamentals by focusing on measurement. We can't reduce waste unless we measure it and understand what's driving it, so we continue to improve our measurement practices, particularly tracking bottom component defects to enable root cause analysis.

In FY21, 17 suppliers that drive 80% of midsole waste finished implementing systems for capturing midsole defect data and increased their use of this data to identify and address root causes. This resulted in a 30% reduction in phylon midsole defect waste, prevented more than 2.4 million kg of waste and prevented 9.4 million kg of associated carbon emissions.

NIKE Move to Zero Sun Club Pack

Building on this foundation, we designed and began piloting a system to aggregate bottom defect data from individual factories to enable analysis across factories to identify root causes affecting multiple factories. This system will be scaled in FY22 and FY23.

We also continued scaling a program to ship certain input materials to suppliers in reusable boxes instead of single-use cartons. By targeting material suppliers located near facilities where backhauling reusable boxes is practical, we prevented approximately 1 million kg of cardboard waste, reduced associated carbon emissions by 1.4 million kg and saved more than 120 million liters of water.

However, these savings were offset by increases in single-use cartons driven by increased consumer demand for franchise models made with leather. The cartons used for shipping leather are very heavy (up to 14 kg) and switching these to reusable boxes isn't logistically practical at this time.

Footwear

With footwear, we focus on per pair reduction, rather than total waste, because the number of pairs produced is driven by consumer/marketplace demand (not product/design teams). We identified the key waste streams by mass and overall impact and are concentrating our efforts on the biggest areas of opportunity. In footwear creation, our biggest waste streams mirror our high-impact material zones: leather, mixed textiles, foam and rubber are among the top impact areas.

Through FY21, our creation-led waste target was behind plan. While we've made progress in reducing synthetic leather and upper textile waste, traditional leather and polyurethane (PU)-coated leather continues to lead an increase in waste. Consumer demand for NIKE lifestyle icons (e.g., Blazer) is driving this increase usage. But, along with its carbon impact, leather is one of the most inefficient materials in a footwear production environment. To date, traditional leather waste is negating the gain we've made elsewhere and is contributing the vast majority of our incremental waste. More efficient leather alternative conversions are actively planned in key footwear products, with women's and kids' leading the way, but we will not likely realize the savings associated with these models until end FY22 and into FY23.

NIKE's seasonal collections

Closed-Loop Recycling
While our first aim is to reduce waste in the footwear creation process, we also want to create opportunities for reinserting the waste we create back into footwear product. Our goal is to leverage at least 25% of Tier 1 factory waste back into footwear. We work closely with the NIKE circular economy team to identify closed-loop opportunities in manufacturing centers and with our creation teams and suppliers to enable the conversion of the waste into new materials.

We are slightly behind our preferred pace to hit our 2025 goals, but we're confident we're building a robust plan to increase momentum over the next year or two. We have viable scale solutions in closed-loop rubber (the number one source for our recycled rubber is our own Tier 1 factory waste) and EVA foam. The greatest challenges come from converting synthetic leather and leather scrap to a viable new material, but we're working across NIKE innovation, manufacturing and suppliers to develop an outlet for those materials that can be put back into footwear.

Apparel

NIKE Apparel's goal is to increase efficiency in our product designs earlier in our creation and development process, which will reduce waste when those products are manufactured. This can be achieved through adjustments to patterns, which increase fabric efficiency in manufacturing, by using lighter weight materials where possible, and greater use of highly efficient methods of make, such as Flyknit.

Due to system upgrades, some key product efficiency data was unavailable in FY21. Once the upgrade is complete (scheduled for FY22), we will baseline key product efficiency metrics and work with our consumer creation teams to set waste reduction goals, develop tracking reports and incorporate them into our target dashboard. Using data developed for our 2020 targets, interim goals have been rolled out to our product teams to work toward until the data/systems upgrade is complete.

Packaging

The majority of NIKE's packaging in footwear is produced with over 90% recycled content. Our 2025 target is important as it leverages the previous success in increasing the recycled content to now focus on using less. Multiple projects have been initiated to achieve our goal of reduced packaging.

Spotlight

NIKE Approach to Changing Terminology

NIKE Footwear Designer

Language matters.“Waste” is material – material that meets certain criteria that cause it to be labeled and thought about as “waste.” How we define when material becomes “waste” and waste becomes “recycled” affects how waste problems and opportunities are defined, how waste reduction and recycling strategies are developed and evaluated, how waste impacts are measured and reported, and how environmental product claims are substantiated. NIKE products are made using a wide range of materials that are constantly evolving. This means our manufacturing waste streams are constantly evolving, too. How waste gets physically segregated and measured affects our ability to identify and act on waste drivers and recycling opportunities.

For these reasons and more, waste terms and definitions are foundational for our waste programs, and they need to evolve to keep this foundation strong as the materials we use change, and the way waste is thought about internally and externally evolves. To this end, in FY21, we reviewed waste terms and definitions internally and externally to assess if and where they may need to be aligned, standardized, updated or created. This included:

- Participating in the GRI Business Leadership Forum on the new GRI 306 Waste Standard
- Reviewing waste-related terms and definitions across a wide range of external standards and legislation governing corporate impact reporting and product marketing claims in our industry and across other industries
- Reviewing the boundaries of our waste accounting system to begin preparing for the multi-year process of developing 2030 targets
- Updating our internal Scrap Material Guide

Our objective is to continuously improve our foundation for measuring and communicating what matters in a way that accurately characterizes reality, is credible and trustworthy, enables NIKE to understand and take appropriate responsibility for the impacts associated with making our products, and is meaningful to stakeholders.

Early NIKE shoebox from 1972.

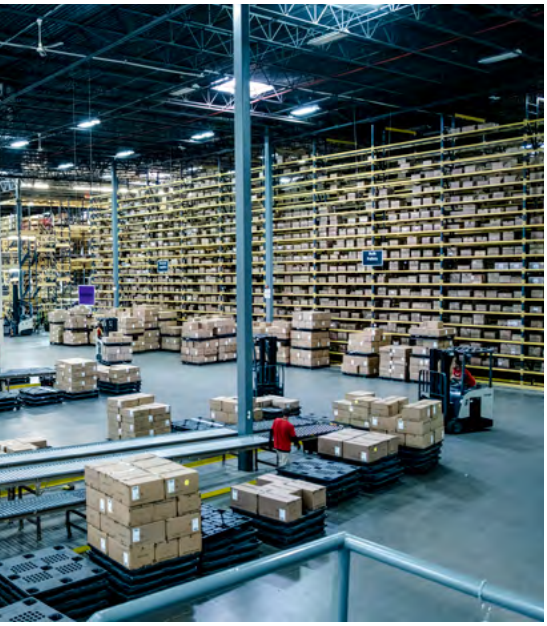
Key packaging highlights from FY21 include:

- NIKE has initiated a project to introduce two new sizes of shoeboxes used, improving the fit of the shoes within the carton. We utilized over 27 million of the improved fit shoe cartons in FY21, resulting in a reduction of 735,000 kg of corrugate waste shipped from suppliers in the first year of the transition. NIKE is also reducing the amount of toe stuffing used in our shoes and, in FY21, removed 2,232,176 kg of toe stuffing material from our packaging.
- NIKE is also reducing the weight of the shipping cartons utilized to ship product globally from footwear suppliers by 24%. In FY21, lighter weight footwear cartons reduced the shipping carton weight by 770,000 kg in the first year of the transition.
- As a signatory to The Fashion Pact, NIKE is also working to eliminate single-use plastics in our packaging by 2030. By December 2021, we had successfully eliminated plastic shoppers in our retail stores. We are teaming with other industry leaders to research options to replace apparel polybags with a more sustainable, non-plastic alternative. We are also working to eliminate plastic packaging for our digital shipments with a paper alternative and are making great progress across our geographies, with our European Logistics Campus 100% converted.
- We are phasing out all dunnage (both plastic and paper) in our distribution centers for the majority of our products. Dunnage is the filler material intended to protect the product from damage in transit. At the end of FY21, 84% of our distribution centers used zero dunnage.

Distribution Centers

Corrugated cardboard continues to be the key waste stream for disposed waste at our distribution centers. When customers order a variety of products or place orders of smaller quantities than factory case sizes, distribution centers must remove factory shipments from inbound corrugated cardboard cartons and repack them as customized orders – which inherently creates more waste. As online sales have grown, we expected corrugated cardboard waste to similarly increase due to needing to repack factory case sizes to smaller e-commerce order sizes, but it did not.

One impact of online consumer sales is that it can lead to increased corrugated cardboard waste when you have to repack factory case sizes to smaller e-commerce order sizes. As a way to mitigate the effects of increased online e-commerce sales, we looked to our other product flows fulfilled in our distribution centers, which include brick-and-mortar shipments to NIKE Direct stores and wholesalers' distribution centers



NIKE North America Logistics Center – Memphis, TN

Seb Coe Coffee Shop, NIKE WHQ – Beaverton, OR

and stores. We encouraged our wholesalers to order full-case factory quantities, which minimized the need to rehandle and repack for our wholesale volume. This compensated for the effects we saw from the growth of online sales.

At our European Logistics Campus, we moved toward 100% plastic-free digital deliveries, and all shipping boxes for Digital are now 100% recycled content. This was the next evolution in digital packaging improvement after a 50% reduction in our total outbound digital packaging versus the original design we offered two years ago.

Headquarters

At our headquarters (HQs) globally, we continue to focus first on eliminating and then diverting waste from our operations, with the ultimate goal of achieving zero waste. Onsite food, catering services and custodial services create the most waste at our headquarter campuses. We are tackling these sources through several initiatives: adopting reusable or recyclable items for food services, custodial services and employee events, tailoring food production to demand and creating awareness through employee education.

Converse One Box

In May 2019, One Box was piloted at Converse as an employee passion project to find ways to contribute less consumer waste during their sneaker shopping experience. With growing success, Converse currently uses One Box exclusively to ship personalized shoes and has shipped approximately over 1 million shoes since. NIKE piloted One Box in FY21 with a ship in own container for footwear, which eliminates an outer shipping carton for single digital footwear orders. NIKE has plans to continue to scale this program to help reduce our waste and offer a new consumer experience in the digital environment.

In FY21, waste per occupant at HQs was down 52% compared to FY20. This significant reduction is temporary and primarily driven by office space closures due to the pandemic. Over the last year, our team has made significant progress on permanent initiatives to reduce waste.

Our Food Services began piloting reusable containers for our Grab'n Go service offerings in preparation of return-to-work activities, and began developing a zero waste break room, eliminating many of the single-use items.

At our Converse HQ, the team started a reuse-the-box program in response to the increase in shipping of product samples due to the pandemic. This program has dramatically reduced the need for new boxes.

In GCHQ, we continue to create awareness through employee education and the promotion of relevant initiatives, moving toward achieving zero waste. In FY21, an additional 1,054 GCHQ athletes participated in the Bring Your Own Box/Cup program while 1,737 employees responded to the call of the Clear Your Plate Campaign to reduce food waste. In April 2021, GCHQ canteens officially replaced all paper promotional materials with electronic screen displays, as well as implemented utensils made with recycled materials.

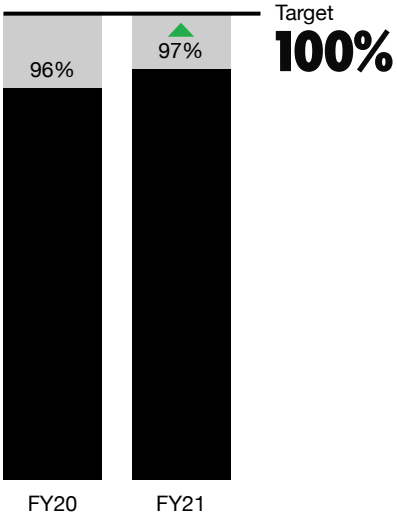
At WHQ, our custodial team reviewed many service items focusing on what could be switched from single-use to refillable containers or reusable. Our team was able to implement a number of items to reduce waste.

Due to the pandemic, we have paused some of this global work but will resume as soon as possible.

"Climate change is very real. You don't have to be an expert, but I think it's important for us to work together to make change happen. As athletes who love what we do, we won't be able to share that love for sport if there's no place to play."

Chloe Kim, Snowboarder

% waste diverted from landfill and incineration



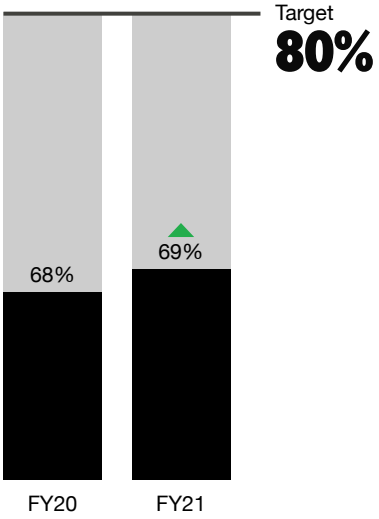
Quantitative Target

100% waste diverted from landfill in our extended supply chain with at least 80% recycled back into NIKE products and other goods

In FY21, strategic suppliers diverted 99.7% of waste from landfill, including achieving 100% landfill diversion from footwear manufacturing. In addition, we saw greater than 90% diversion across our distribution centers and NIKE owned and operated manufacturing facilities (Air MI).

We achieved our manufacturing (i.e., combined Tier 1 footwear/ apparel) open-loop recycling annual milestone through increased local downcycling and Nike Grind customer demand. The delta between diversion and recycling rates is primarily due to challenges in recycling mixed materials (e.g., synthetic leather, textile blends, laminated materials) and leather. As a result, these materials are sent to energy recovery.

% waste recycled



Waste Diversion

Footwear
In FY21, 100% of NIKE's manufacturing scraps at footwear suppliers were diverted from landfills through increased recycling and maintaining sufficient energy recovery[48] capacity for non-recycled waste. Approximately 7% of the waste that was generated was recycled through NIKE's closed-loop recycling programs, 43% was recycled into other companies' products or locally downcycled, and 49% went to energy recovery.

Apparel
We also exceeded the FY21 diversion target of 95% for strategic apparel suppliers. Strategic apparel suppliers were able to increase diversion rates by expanding open-loop (external) recycling and maintaining sufficient energy recovery capacity for non-recycled waste. FY21 was the first full year for NIKE Apparel suppliers to participate in the waste minimum program and for this data to be used for tracking and planning closed-loop recycling strategies. The waste minimum program provides a playbook, coaching and support for suppliers

48 Energy recovery is a process in which all or a part of solid waste is processed to use the heat content, or other forms of energy, of or from the material.

Penny's, Shelby Distribution Center – Memphis, TN

to set up basic waste programs. By implementing this program, factories establish a foundation for accurate and consistent reporting of key performance indicators (KPIs). It also creates an opportunity to reduce costs associated with waste disposal and increase revenue from the sale of waste resources. The waste minimum program enables suppliers to continuously improve efficiency and reduce risks associated with management of waste.

Distribution Centers

In North America, we launched a Drive to 100% Food Waste Diversion program in Memphis, the first of its kind to minimize and divert food and food-associated waste from the cafeterias of our distribution centers in the region. By including sustainability requirements in procuring our food vendor for these facilities, we signaled the strategic imperative of starting this initiative and found a dedicated vendor. We identified a composting vendor and supported its efforts to enter the region, and brought together six vendors to create and implement the program. The vendors included: ISS Guckenheimer (food services), Atlas Organics and Compost Fairy (composting), Vegware (product replacement), and SBM (Janitorial and Sustainability Team) and Immaculate Facility Services (janitorial). This work included product replacement, back-of-house food prep optimization, and employee training and education.

In July 2020, North America Supply Chain launched the first Mid-South composting and food donation program. In FY21, this employee-facing program resulted in 1,500 pounds of food donations to area nonprofits and 68,000 pounds of food waste composted. In addition, we came full circle and used the compost created for our facility flowerbeds.

Air MI

Air Manufacturing Innovation (Air MI) has a long history of recycling airsole manufacturing scraps back into new products within our manufacturing operations. We have now implemented this practice in our foam production business as well. During FY21, our team tested and scaled the ability to capture and recycle foam scrap from line startup and shutdown, and batch quality testing, into new foam pellet product. Over the course of the year, more than 50% of production scrap was captured and recycled in-house into new batches of product. Additionally, the team worked to reduce the overall scrap rate per unit of foam material produced.

Headquarters
At our workplaces globally, our waste focus areas are:

- Employee education on proper waste disposal to decrease contamination rates and maximize proper collection of compost and recyclables
- Continued progress on eliminating food packaging and other hard-to-recycle consumables
- Creating relationships with third-party vendors to increase donations to the community and manage hard-to-recycle items that cannot be processed by our local/city waste municipalities
- Continue to develop opportunities to utilize and reuse NIKE waste and other waste streams in the construction of NIKE workplaces

We have expanded our diversion efforts, ensuring that landscape debris, office supplies and furniture from moves, pallets and construction debris are diverted from landfill. We have also been able to increase annual product, furniture and office supplies donations through spring cleaning events to clear out items that accumulated in our offices. In FY21, globally, we saw great gains in landfill diversion, from 56% in FY20 to 69% in FY21. We launched a cross-functional waste task force across our service lines and a more stringent data collection process that has driven focus and progress on initiatives.

Major achievements in waste diversion for FY21 are:

- Our teams across the globe stepped up donation efforts, building new engagements to increase the amount of furniture, fixtures and equipment that could be donated vs. landfilled or downcycled. Our WHQ team partnered with The Van and began selling excess office furniture and our EHQ team launched a borrow-an-office-chair program to support work-from-home activities.
- Instead of buying new, at WHQ, we continue to increase our workplace furniture reuse program. We reused roughly 4,100 pieces in FY21 alone.
- At WHQ, we launched a glove recycling program working with TerraCycle, and in one year, our team diverted more than 250,000 individual gloves from landfill. The glove recycling program is strongly supported by staff and is a tangible, everyday way for our team to be engaged in the Move to Zero. Based on this success, we have expanded the program to collect and divert more food service and custodial gloves with the ambition to capture and divert all single-use gloves in our operations.

Nike Grind highlights in FY21:

55%

of NIKE's manufacturing scrap across footwear and apparel recycled

75%

TrafficMaster interlocking gym tiles made with at least 75% recycled rubber

25%

Nike Grind rubber in the top layer of docking mats used in Portland e-station pilot for ebikes and scooters

- At our Greater China HQ, the team has developed a "Shoe to Workplace" program where excess NIKE fabrics, and old employee shoes, are collected and remade into furnishings/construction materials for the workplace. This program is being leveraged for our campus expansion in China.

Open-Loop Recycling[49]

A higher-than-expected total waste footprint for FY21 put increased pressure on achieving the open-loop recycling target, as it increased the volume of waste required to be recycled. As a result, open-loop recycling came in 0.8% under target.

We recycled just over 55% of NIKE's manufacturing scrap across footwear and apparel, with increased demand from local recycling markets and global Nike Grind customers. Recycling markets continue to be stronger for apparel than for footwear materials.

Nike Grind
For nearly three decades, the Nike Grind program has been at the cutting edge of developing circular waste systems to reuse and recycle material waste from our footwear and apparel supply chain, helping keep it away from landfills and incineration.

Some Nike Grind highlights in FY21:

- The Home Depot began carrying TrafficMaster interlocking gym tiles made with at least 75% recycled rubber including at least 37% Nike Grind. Over 750,000 pounds of rubber waste were recycled through this product.
- A skateboard griptape made with 33% Nike Grind rubber recycled from footwear manufacturing scrap launched for sale online and in select skate shops. The griptape is manufactured and sold by Jessup, the official griptape sponsor of USA Skateboarding for the Tokyo Olympics.
- In collaboration with Lyft and the Portland Bureau of Transportation, Lyft developed and began installing ebike and scooter docking e-stations featuring at least 25% Nike Grind rubber in the top layer of the mats. The docking mats with Nike Grind were piloted in Portland and have since expanded to ebike stations in Denver and Chicago.

49 Open-Loop Recycling is defined as recycling of our FW waste by third parties into other products.

TrafficMaster interlocking gym tiles made from Nike Grind

- In FY21, we began supplying Nike Grind to Hero Flooring, a U.S.-based flooring company. Hero Flooring uses post-consumer Nike Grind rubber from ground-up end-of-life sneakers to develop rubber flooring. The flooring has been installed in NIKE retail stores, office spaces and beyond.
- The Nike Grind program was named as a top three finalist out of 86 applicants for Gartner's 2021 Power of the Professions Award for Social Impact in recognition of our cutting-edge circular supply chain.

In Q4 of FY21, global supply chains faced container shortages, particularly from shipments originating in Asia. As a result, shipments of Nike Grind materials to global recyclers were often delayed.

Nike Grind Footwear Waste Volumes Recycled (Metric Tons)

Waste Source	*Disposal Method*	*FY20*	*FY21*
Post-Industrial (Factory Scrap)	Recycled into NIKE Products and Recycled by Global Open Loop Customers	46,220	**50,569**
Post-Consumer + Unsellables[50] (Consumer Shoes + NIKE Samples and Defectives)	Recycled by Global Open Loop Customers	79	**170**
Total footwear materials recycled	Energy (MWh)	46,299	**50,739**

Closed-Loop Recycling[51]

In apparel, connections between Tier 1 product and Tier 3 recyclers/yarn suppliers are being made by a cross-functional team, prioritizing the diversion of 100% polyester textile waste to emerging chemical recycling suppliers. Availability of polyester chemical recycling suppliers (needed to recycle textiles into high-quality feedstock) has yet to scale in most of our key manufacturing countries though. Progress will be gradual until these programs are in place for future products.

Recycling 100% cotton and cotton-blended textile waste (which makes up the bulk of the scrap) is dependent on recycled cotton-containing materials being developed. This work is being coordinated across cotton fabric suppliers and is challenging due to different capabilities and technologies used between them. Closed-loop cotton waste recycling rates will remain the same until seasonal materials strategies are developed and catch up with supply. Due to polyester's carbon impact and availability of recycled yarns and fabrics, NIKE Apparel has prioritized recycled polyester in the near term.

50 Unsellables: Primarily include samples, defects and returns. Results do not account for Nike Grind footwear waste data from China, which includes unsellables only.
51 Closed-loop recycling, meaning how much of our own waste goes back into our own products.

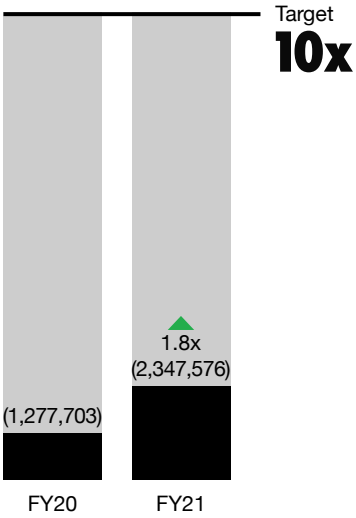
Footwear
NIKE Footwear's goal is to shift our existing waste streams back into our product via closed-loop recycling. We currently have a robust system for recycling rubber back into outsoles and continue to expand this while also developing new innovations that will allow us to reach our goal of 10% recycled rubber.

NIKE has also developed methods for recycling EVA back into our foam midsoles. This was piloted with select suppliers in Vietnam over the last year. While COVID-19-related supplier shutdowns slowed the initial expansion of this initiative, production has ramped up and closed-loop EVA recycling is growing.

We continue to conduct research and development, working with material innovation vendors to find solutions for harder-to-recycle materials like leather. With new recycling unlocks, including the ability to sort materials by type and color, we can significantly expand NIKE's use of waste materials back into our product.

More Data
Waste Table

FPW collected and recycled or donated (units)



Quantitative Target

10x the amount of finished product waste refurbished, recycled or donated

A product end-of-life is the biggest contributor to NIKE's waste footprint. This target reflects the efforts NIKE is taking to create a holistic, systems-approach to finished product waste and to create circularity, enabling NIKE to build the back-end operating model required. We create products with the intent to design out waste, avoid negative environmental impact, use material components that extend the product's life and consider how it can be returned to the fashion system as valuable feedstock. We want to create a consumer experience that empowers consumers to extend product life and reduce waste.

Our desired state will maximize refurbishment, donation and recycling to avoid landfill and waste. NIKE is working to create an integrated end-to-end process to resell, donate and recycle finished product waste based on its condition and business rules, extending the life of a product while ensuring it flows to its highest use.

Nike Refurbished

Our guiding principles are:

- Not to collect as much finished product waste as we can, but to maximize value, extend product life, and prevent product from landfill and incineration
- Positively contribute to our 2025 sustainability targets
- Deliver innovative and creative solutions that drive long-term business value
- Create a great consumer experience
- Be authentic and transparent
- Maximize local infrastructure

FY21 was a pivotal year in our journey. After multiple years of research, incubation and piloting, North America publicly launched NIKE Refurbished, the first NIKE-owned external sales channel for refurbished product. This channel is powered by an in-house refurbishment operation that receives NIKE inventory previously thought to be unsellable, refurbishes and grades it, and finds the best channel to extend its useful life. These channels include donation through Social and Community Impact partnerships and Nike Grind for inventory no longer in sellable or donatable condition. Publicly launched in March 2021, by the end of FY21, NIKE Refurbished was live in 15 NIKE United stores in the U.S. with aggressive scale plans slated for FY22.

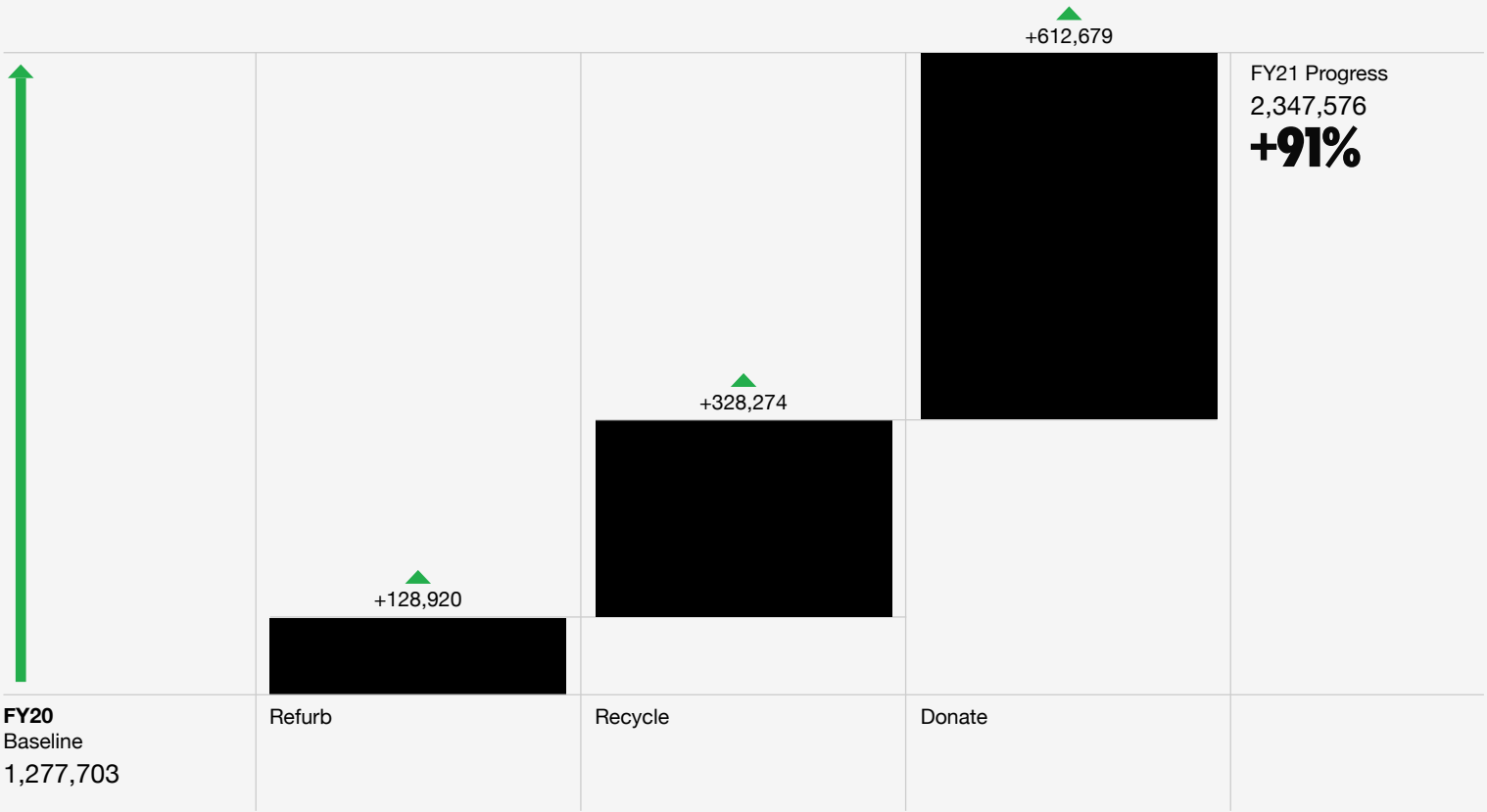
In June 2021, we launched key services across our geographies to tackle finished product waste, including a new takeback program called RAD (Recycle and Donation). This was a proof of concept in 22 stores across EMEA to takeback both end-of-life footwear and apparel product, working with recycling and donation vendors in the geographies to make the most of end-of-life waste. We are testing and learning with partners such as Soles4Souls, Wolkat, Really/Kvadrat and DenimX.

Greater China launched its first Reuse-A-Shoe program that recycles old shoes from consumers in China and converts them into Nike Grind material. This program was launched on our digital platform and in 65 NIKE store partner doors in Wuhan. From shoes collected from Chinese consumers and processed by Nike Grind technology, Wuhan Biyun primary school students, who experienced the pandemic, received two brand-new Nike Grind courts.

When we actively look for opportunities that connect our zero waste target with our Made to Play commitment to get kids moving, great things can happen. In FY21, through our partnerships with organizations like Delivering Good, Good Sports, Good360 and Soles4Souls, we were able to donate 1.2 million products to schools and community organizations. At twice the number we donated in the previous year, these products, which would have otherwise been recycled or destroyed, benefit the community and help remove some of the barriers that youth face when it comes to accessing and benefitting from play and sport.

The challenges we saw in FY21 were finding customers for recycling end material (specifically FPW Grind). We must continue exploring innovative use way to build consumer demand, and explore technology to advance circular business models and scale refurbishment plans.

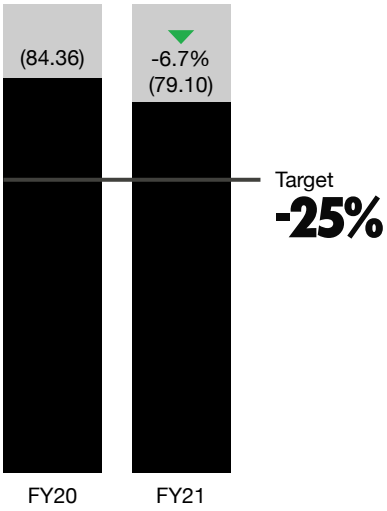
10x Finished Product Waste



Focus Area

WATER

Freshwater use/kg textile dyeing & finishing (L/kg)



Quantitative Target

25% reduction in freshwater usage (L per kg) in textile dyeing and finishing

For the past decade, the World Economic Forum (WEF) has listed water crises and impacts from climate change among the top five global risks. This is important for NIKE because our supply chain spans the globe and the impacts of an otherwise local water issue, such as a drought or flood, can ripple across the supply chain and affect the consumer.

Freshwater Reduction

We continue to execute against the strategy we developed in FY15–FY16, which has proven effective as demonstrated by significantly exceeding our FY20 freshwater reduction target.

This strategy has three components:

- **Create Awareness** among suppliers that water crises are real, and it's necessary to reduce our dependence on freshwater.
- **Drive Commitment** from suppliers to do their part to reduce their freshwater use. We collaborated with suppliers to establish freshwater reduction targets that will help us reach our 2025 target.
- **Build Capability** among suppliers so they are executing their freshwater reduction targets using generally accepted best practices for water management and wastewater treatment. The indications are that training and adoption of best practices are not consistent or robust. As a result, in FY21, we put special emphasis on training and capability building.

We ended FY21 with a 6.7% freshwater reduction from our FY20 baseline. That is more than a quarter of the way to our 2025 target with four years to go.

The Ningbo Shenzhou Knitting Company, Ltd., reduced its freshwater use in FY21 by 13.9% (FY16–FY20: 39%); and its sister facility – Gain Lucky – in Vietnam reduced its use by 8.6% (FY16–FY20: 9.7%). Shenzhou Group achieved its progress primarily thorough investments in low-liquor dyeing equipment and manufacturing efficiencies. In addition, the Far Eastern Group's Vietnam facility delivered a 9.79% reduction by focusing on wastewater recycling using one of the largest textile wastewater recycling systems in all of Vietnam. These three facilities represent approximately 35% of the materials production for the in-scope suppliers for our 2025 water reduction target. Since FY15, the number of wastewater recycling installations has continued to increase to the point where wastewater recycling is a standard feature of any new construction by suppliers.

Surfers in Hainan

Spotlight

Brave Blue World Foundation

In FY21, the NIKE water program was recognized by the Brave Blue World Foundation as a global leader and industry role model for driving water sustainability in the footwear/apparel supply chain. Specifically, through collaboration and engagement, sportswear multinational NIKE has encouraged its suppliers to explore ways of reducing water used in their manufacturing processes. This has enabled textile and apparel supplier Vertical Knits to introduce innovative water recycling and manufacturing process improvements at its site in Yucatán, Mexico, reducing freshwater use by 85% per kg of fabric. It has also achieved a 50% reduction in energy savings. The project will significantly reduce NIKE's overall water footprint, as well as the ease the impact on supplies at a local level.

External Engagements

CEO Water Mandate: *Our commitment to water stewardship, exemplified by joining the United Nations Global Compact (UNGC) and reporting annually on progress.*

Water (million liters)	*FY20*	*FY21*
Textile Dyeing and Finishing[52]		
Municipal/City Water to Facility	13,277.6	**13,067.5**
Ground Water	4,804.5	**4,391.4**
Surface Water	2,102.4	**1,466.9**
Rainwater Collection	34.5	**16.5**
Condensate Use	390.6	**395.7**
Total Freshwater Use	20,609.5	**19,338.0**

Wastewater Compliance and Capability Building

As mentioned in previous reports, full compliance to the ZDHC Wastewater Guidelines by suppliers has been one of our greatest water-related challenges. We are making significant progress. In FY20, 69% of focus suppliers (24 facilities) fully complied with the ZDHC Wastewater Guidelines; and in FY21, 74% of compliance list suppliers and finished goods suppliers (104 facilities) demonstrated full compliance. Whereas suppliers have made excellent progress in removing manufacturer restricted substance list (MRSL) chemistries from their manufacturing, many suppliers find challenges with achieving the ZDHC foundational limits for the conventional parameters that are always present in wastewater.

Capability building is a key unlock for suppliers that treat their wastewater. In FY20, we assumed a leadership role to define “capable” through the development of the ZDHC’s Wastewater Treatment System Operator Minimum Qualifications Guidelines; and NIKE became the first ZDHC brand to commit to adopting this guideline, which takes effect on January 1, 2024. In FY21, we started training suppliers. We collaborated with DuPont Water Solutions to provide four 8-hour, online training sessions on ultrafiltration and reverse osmosis. Two sessions were held in English, one in Mandarin and one in Vietnamese in two-hour blocks over a month. Over 300 water and wastewater operators and engineers in the Greater China, Vietnam, Thailand, Indonesia and Malaysia attended the full eight hours. In addition, we also collaborated with Greeley and Hansen, a Chicago-based engineering firm, to provide eight hours of wastewater operations and troubleshooting training over a month in Spanish to approximately 50 wastewater and operators at suppliers in North, Central and South America.

52 Includes focus suppliers only. Focus suppliers represent key suppliers involved in the dyeing and/or finishing of materials, which directly support footwear and apparel finished product assembly.

Surfer in Hainan

Marcus Rosten, Environmental educator

In recognition of World Water Day on March 22, 2021, we gave strategic suppliers around the world nearly 200 copies of the Water Environment Federation Wastewater Treatment Fundamentals training manual in English, Mandarin, Vietnamese and Spanish. In FY20, NIKE sponsored the Mandarin translation of this 700-page training manual.

As January 1, 2024 approaches, we remain active with the ZDHC Foundation, training providers and other external stakeholders to enable the right infrastructure is in place to train and test the wastewater treatment operators in all parts of the world so they can meet the expectations of this new guideline.

Spotlight

Microparticles and Microplastics Research at NIKE

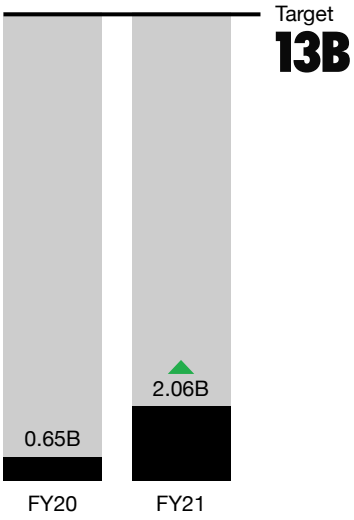
Microparticles and microplastics have been an emerging issue in the footwear and apparel industry in recent years. NIKE joined The Microfibre Consortium (TMC) and has assumed a leadership position in the development of the TMC Guideline to control microfibers and microparticles in textile wastewater. In conjunction with this guideline, NIKE has invested in research to examine how to measure and control microparticles in textile wastewater. Current approaches do not measure smaller particles, are highly prone to contamination and lack standardization.

In FY21, not only did we help to identify a commercially available method to measure microparticles down to two microns, but we validated a method to capture and help prevent the discharge of those microparticles into the environment through textile wastewater by using ultrafiltration. This is the same ultrafiltration as one of the two fundamental building blocks to a textile wastewater recycling system. We look forward to sharing more as we make progress on this crucial issue.

"The Earth is our one and only playground. What happens when climate change makes our playground unsafe to play in? It's women, youth and underrepresented groups who will suffer first until everyone suffers from it. We don't need an environmental catastrophe to realize our playground is in danger."

Ada Hegerberg, Global football athlete

Water restored (L)[53]



Quantitative Target

13 billion liters restored through a portfolio of projects that support long-term resilience for water-stressed ecosystems and communities within our extended cotton supply chain

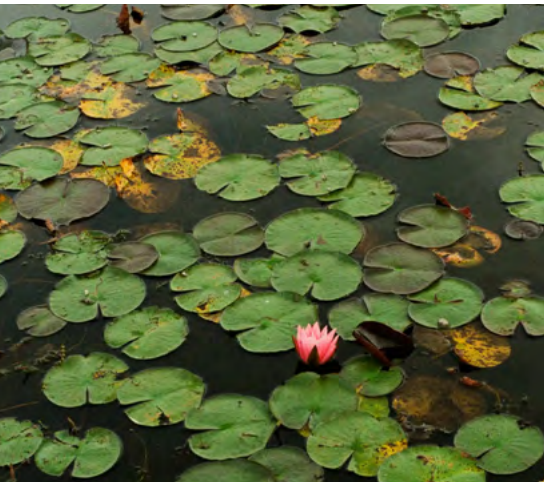
As the global climate changes and creates localized shifts in precipitation patterns, impacts to water availability and quality are critical to consider. Many of the regions that NIKE supplies cotton from face one or more water stressors, including periods of drought and water scarcity, heightened storm severity and flood events, and increased levels of water pollution. By focusing on projects that support the long-term sustainability of water sources and promote improvements to water quality, NIKE not only supports the resilience of our cotton supply chain but also the communities that grow it. These communities include the farmers and surrounding populations that rely on safe water availability, as well as the organisms in the local ecosystems that share those water resources.

In order to achieve this target, NIKE is establishing a portfolio of projects located specifically in the water basins that suppliers source cotton from. The project portfolio centers on three primary focus areas: water restoration and protection, water for productive use and water access.

In FY21, NIKE completed two water restoration projects in Australia and India. In Australia, NIKE supported the legal establishment and registration of a covenant that enables conservation management in perpetuity of 84,000 hectares of land in the Murray-Darling basin. This project will allow regeneration of the land to a more natural state and prevent future commercial development. With this land use change, the region will see improved water quality through decreased sediment and nutrient loading, as well as increased water quantity through reduced runoff volumes and higher rates of absorption.

In India, NIKE supported conversion of 30 hectares of farmland to drip irrigation practices in Maharashtra, engaging 75 farmers (17 of whom were women) in the project activities. Shifting to the use of this precision irrigation method will help conserve water through increased efficiency in the drought-prone district.

53 This metric is based on more than $550,000 in funding from NIKE which is part of Management's Assertion on select sustainability metrics, for which has performed limited assurance over the cumulative funding since inception through May 31, 2021, as indicated in the Report of Independent Accountants.



Niagara River tributary – Buffalo, NY

Marcus Rosten, Environmental educator

Water restored (L)	*FY20*	*FY21*
Australia	650M	**2.05B**
India	0	**11.7M**
Total	650M	**2.06B**

Although NIKE's project partners were forced to cancel plans to continue project work for a second year in India due to reprioritization of resources for COVID-19, additional work toward the target continued. While wrapping up the aforementioned projects, NIKE also laid the groundwork for future projects to begin in FY22 that will bolster existing efforts in Australia and expand our project portfolio to additional priority communities in our extended cotton supply chain.

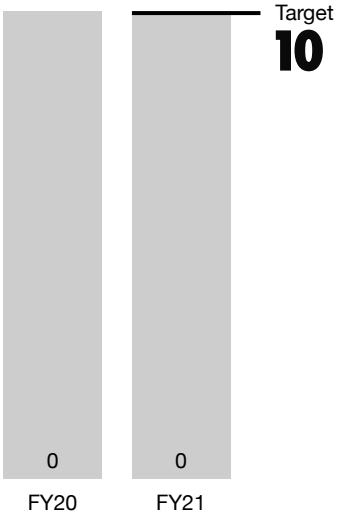
Work highlights included making substantial strides toward achievement of the target, engagement and empowerment of indigenous communities and women, and improvement to the biodiversity of the local ecosystems within the Murray-Darling basin.

One of the main challenges we faced was the cancellation of a second year of work in India due to the COVID-19 pandemic and reprioritization of funds, requiring us to instead look for alternative options for project opportunities.

Focus Area

CHEMISTRY

priority chemistries with clean chemistry alternative



Quantitative Target

Adopt clean chemistry alternatives for our 10 priority chemistries across our supply chain

Chemistry provides the foundation of our materials and products. From raw-material processing to product creation to new methods of make, chemistry lets us innovate and influence design, performance and sustainability throughout the value chain. Every NIKE product and initiative leverages chemistry. NIKE's industry-leading approach to the use of chemistry has elevated product performance and shaped manufacturing while reducing the use and impact of hazardous substances.

Because chemistry is essential in all materials and products, it is also essential that we take a responsible, proactive role in managing our chemical footprint. Selecting and creating cleaner chemistry materials leads to benefits in our health, our planet and our future. Integrating cleaner chemistry into NIKE products supports circularity by avoiding hazardous substances, supporting material reuse for years to come.

Our cleaner chemistry work begins with our foundational requirements set forth in the Code, requiring all suppliers to properly manage chemistry and create approaches to meet our Restricted Substances List (RSL) and MRSL requirements. Publishing our first RSL over 20 years ago, we launched our Chemistry Playbook in 2018, updating it annually with the latest information on RSL, MRSL and chemicals management information.

In FY21, we met the foundational expectation that our products will meet our own RSL guideline, with no chemical issues identified in finished goods that exceeded these limits. More than 98% of our materials passed RSL testing upstream, with the remaining 2% improved before use in production.

Nike Grind outsole

Making bio-materials

It is imperative that we have transparency into the chemicals used to create our materials and products. We call this chemical visibility, and we are scaling industry tools to capture supplier inventory conformance to the ZDHC MRSL. We continue to expand the scope of our MRSL conformity program year on year across the majority of our materials production. While this approach will not give us complete information on every substance in use today, it helps ensure that any MRSL listed substance is banned from intentional use. This is another step on the journey toward realizing full chemical traceability and visibility.

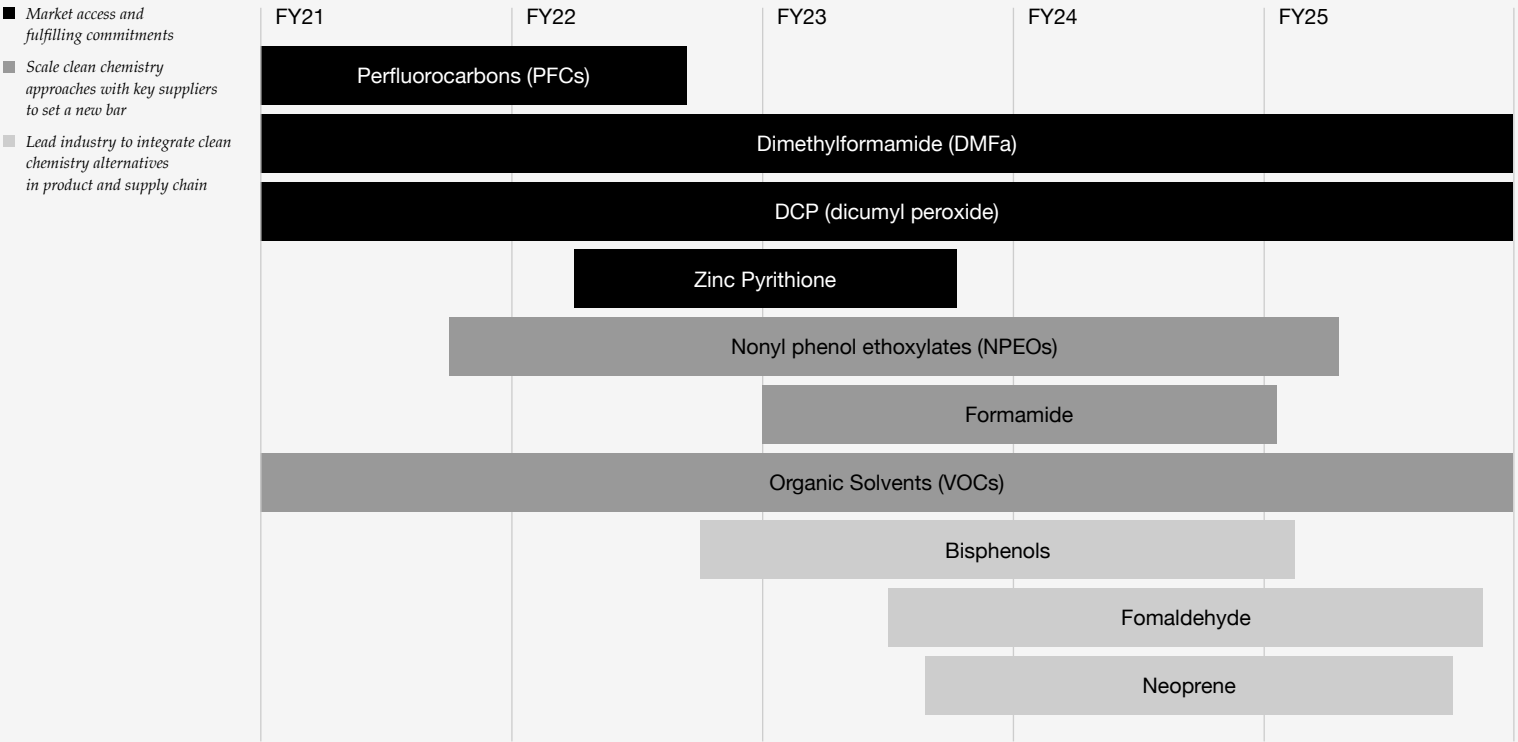
Industry alignment remains the key to success for our compliance focused work across a shared supply chain. We continue to support and drive development of transparent guidelines, tools and training programs within our industry through collective action work in groups such as the Apparel and Footwear International RSL Management (AFIRM) Group and the ZDHC Foundation.

The successful scaling of these transparent guidelines supports suppliers by reducing conflicting requirements and offering capability improvements where needed. Together, these programs continue to accelerate us toward realizing the vision of zero discharge of hazardous chemicals.

We also have an opportunity to move beyond compliance and accelerate the adoption of cleaner, more sustainable chemistry that moves us closer to the vision of responsible and circular design and manufacturing. We will continue to use chemistry to create innovations that support athletes while we move toward smarter, greener chemistry inputs.

Our assessment process for new chemistries provides a consistent measure that can be used across a variety of chemistry types. Our process has been in place since early 2018, and we've found it to be a valuable tool for enabling new chemistries support NIKE's sustainability goals. As part of the assessment, chemistries new to NIKE are evaluated against the same criteria, covering a range of attributes. For example, it checks if they are regulated in any regions where we sell products or if the formulation contains any chemistries of concern. Based on performance against each attribute, the assessment provides a score that can be used to compare formulations. The process is also adaptable so when we identify new attributes or proposed regulations we can quickly determine if any of the chemicals we've evaluated previously present a risk to the brand from their use.

Adoption of Clean Chemistry Alternatives[54]



54 Approximate timeline for when clean chemistry alternatives are estimated to be adopted. Timeline represents point in time, not full year or trailing 12-month view.

Move To Zero TPU Jacket

We created a list of 10 priority chemistries where we have a target to go beyond our baseline compliance obligations. These priority chemistries continue our journey toward cleaner chemistry, solving specific challenges that we have uncovered, and helping us advance safer materials flowing into and through a circular economy.

We believe that our success in meeting our chemistry compliance goals gives us the opportunity to work toward our ultimate vision of more sustainable chemistry and zero discharge of hazardous chemicals.

Several of the 10 priority chemistries are not currently covered by any compliance obligations. However, because of quickly changing regulatory landscapes and our commitment to sustainability, we've decided to identify and adopt cleaner chemistry alternatives to replace them, hopefully setting an example.

One example is bisphenols in receipt paper. While bisphenol A has been restricted from use in many regions, often its replacement is another bisphenol that isn't regulated yet. With this target, we aim to stop using any bisphenols in receipt paper and use a more sustainable alternative.

DMFa is regulated and on the RSL but the regulated limit does not disallow for its use. We decided that we needed to not just meet the RSL limits but work with material suppliers to eliminate DMFa completely from synthetic leather production.

Zinc pyrthione is used for odor management in textiles. It is not currently regulated but information about its potential impacts leads us to reevaluate our use. Based on the new data, we have a target to remove zinc pyrthione from our supply chain by 2025.

Adopting these cleaner chemistry alternatives is NIKE's 2025 chemistry target. For substances such as formaldehyde and NPEO, which have been restricted on the RSL for years, our targets are for specific areas where risks still exist for their use, including in recycled content streams.

For the majority of our 10 priority chemistries, the focus in FY21 was on establishing multi-year plans to achieve targets by 2025. We expect to see measurable progress toward these targets in FY22 and beyond.

At the end of FY21:

85%

of footwear uses PFC-free finishes

100%

of accessories use PFC-free finishes

72%

of apparel uses PFC-free finishes

In FY21, we drove substantial progress in our PFC phase out[55]. Since 2015, the use of any C8-based fluorinated chemicals has been banned in our products. In 2017, we set a target to eliminate all PFC-based finishes from our product line. We're doing this without sacrificing our high durability, performance standards or aesthetics. We made significant progress in our goal as we approached our target to eliminate PFC-based finishes by the end of the 2021.

We focused on the most challenging material types and designs to enable us to achieve our target on schedule. Removing PFC-based finishes, especially in high-performance materials, requires product-by-product optimization and involves teams across the product creation process.

Throughout our phaseout, we have made a point of completing a toxicology assessment on all PFC alternatives to help enable better chemistry to be substituted into the supply chain. Our continued success and progress toward our goal of 100% PFC-free durable water repellents was made possible by close collaboration with material and chemical suppliers.

Highlights and Challenges

- **Solvents:** Our work to reduce the use of solvents in footwear manufacturing has been in progress for more than 20 years. Between 1995 and 2014, NIKE reduced solvent use by 96% per pair of shoes through the adoption of water-based adhesives. But we know there is still opportunity for improvement. FY21 was a year of looking for opportunities to meet our 10% reduction target by reviewing models, production numbers and solvent fractions in key areas where we use solvents, including in inks and paints applied to footwear. Lacking an industry approach with tools to monitor and calculate volatile organic compound (VOC) reduction, we are building the tools to collect further information. Once these tools are available, we can leverage them in other areas.
- **NPEO-free recycling processes:** While critical to advancing circularity, the use and reuse of materials from outside our typical supply chain presents challenges for ensuring chemical constituents in the product. As we consider new and different recycled or upcycled material streams, we face new challenges in ensuring these materials meet our extensive chemical guidelines. Each input stream, whether it is from our industry, from other industries, or pre- or post-consumer items, creates distinct challenges for brands to manage. Ensuring post-consumer materials are processed and prepared in a way that

55 Our PFC phase out includes all per- and poly-fluorinated (PFAS)-based finishes.

will not add in restricted substances is the basis of one of our top 10 priority chemistries in ensuring an NPEO-free recycling process. The lessons learned and systems developed to achieve this target will provide a roadmap for addressing similar challenges with other legacy chemicals that add complexity to circularity.

- **Unintended consequences:** Addressing our 10 priority chemistries is just one piece of our overall sustainable chemistry journey. We are also working to enable the cleaner chemistry alternatives we champion, and any new materials used in product will not become problematic in the future through our chemistry assessments. Our chemistry experts go beyond simple hazard identification when evaluating chemicals. We compare chemistry options at many steps along the way, where we collaborate with designers, chemists, engineers, safety professionals and more.

All of this work is required to make the right chemistry selection for NIKE, our athletes* and the planet. This drives our sought-after adoption of cleaner, more efficient, better chemistry. We anticipate that our 2025 target will not just change the course of NIKE's chemistry journey but influence the sustainable growth of our whole industry.