NIKE, Inc. Management Assertion

Fiscal Year ended May 31, 2020 Scope 1, 2 and 3 (Commercial Air Travel, Outbound Logistics) Greenhouse Gas (GHG) Emissions, Scope 1 and 2 Total Energy Consumption

December 31, 2020 Employee totals by gender (global) and race/ethnicity (US only)

Selected Environmental Sustainability Metrics	*For the Fiscal Year ended May 31, 2020 (FY20)*
Scope 1 and 2 Total Energy Consumption (MWh)[122]	871,342
Scope 1 (Direct) Emissions (Metric tons CO_2e)[122]	47,398
Scope 2 (Indirect) Location-Based Emissions (Metric tons CO_2e)[122]	269,593
Scope 2 (Indirect) Market-Based Emissions (Metric tons CO_2e)[122]	159,266
Scope 3 Emissions from Commercial Air Travel (Metric tons CO_2e)	81,340
Scope 3 Emissions from transportation and distribution (outbound) (Metric tons CO_2e)[122]	164,684

Prior to conversion to CO_2e, metric tons of GHG emissions by gas are, 205,187, 15, and 3 of CO_2, CH_4, and N_2O, respectively.

Selected Employee Metrics		*As of December 31, 2020*	
All employees gender (global)			
Employee totals by gender (number and percentage) (global)		#	%
	Male	33,268	50.49%
	Female	32,617	49.51%
All employees race/ethnicity (US only)			
Employee totals by race/ethnicity (number and percentage) (US only) Gender and racial/ethnic diversity are reported in accordance with the gender, race/ethnicity (as self-reported by the employee and recorded in the Human Resources information system as of December 31, 2020).		#	%
	American, Indian or Alaskan Native	128	0.4%
	Asian	3,097	9.3%
	Black or African American	7,953	23.9%
	Hispanic/Latino	6,055	18.2%
	Native Hawaiian or Other Pacific Islander	213	0.6%
	Two or More Races	1,899	5.7%
	Unknown	306	0.9%
	White	13,655	41.0%

122 As discussed in the GHG Base Data section below, NIKE changed its methodology for Scope 1 and Scope 2 consumption data and Scope 3 outbound logistics activity data for the fourth quarter of the fiscal year ended May 31, 2020 to normalize the impact of the COVID slowdown.

Overview

NIKE, Inc. ("NIKE") captures, calculates, and reports direct and indirect GHG emissions data in accordance with the principles and guidance of the World Resources Institute (WRI) and the World Business Council for Sustainable Development's (WBCSD) *Greenhouse Gas Protocol Initiative's Corporate GHG Accounting and Reporting Standard (Revised Edition)* ("GHG Protocol") and the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*, which are recognized external standards.

NIKE management is responsible for selecting or developing, and upholding, the assessment criteria, which management believes provide an objective foundation for measuring and reporting on the selected sustainability and employee metrics (the "metrics") presented in the table above. NIKE management is also responsible for the assessment, collection, quantification, and reporting of energy and emissions data, and for the completeness, accuracy, and validity of the GHG emissions calculations for the Fiscal Year ended May 31, 2020.

Organizational Boundary

NIKE uses the operational control approach in conformance with the GHG Protocol to report energy consumption and direct and indirect GHG emissions for 100% of the facilities where NIKE has operational control.

Scope

NIKE's Scope 1 and 2 emissions reporting coverage is outlined below.
A subset of Scope 3 emissions (commercial air travel and outbound logistics) is also shown.

Emissions Source	*Scope Description*
Retail	– Includes NIKE owned or operated NIKE Brand, Converse, and Hurley[1] stores globally. – Energy consumed includes natural gas and electricity. Natural gas usage outside of the U.S. and Canada (and for landlord-managed sites in the U.S. and Canada), and electricity usage outside of the U.S., Canada, and EU (and for landlord-managed sites in the U.S., Canada, and EU), is estimated. Our estimation methodology is described below. – Refrigerant leakage from HVAC units are not included in reporting at this time.
Distribution Centers (DCs)	– Includes top 45 NIKE owned or operated Distribution Centers ("DCs") globally as of May 31, 2020, which represent about 90% of shipped units. – Energy consumed includes natural gas, hi-sene, diesel, propane, bio-gas, electricity, onsite solar, and onsite wind. – Diesel is used in backup generators. – Propane is used in at least two DCs for scrubbers/ floor sweepers. A portion of propane usage is estimated leveraging known propane usage. Our estimation methodology is described below. – In addition, emissions include fugitive emissions from refrigerant gas loss.
Headquarters (HQs)	– Includes emissions from building facilities at 5 HQs: World Headquarters U.S. ("WHQ"), European HQ, Greater China HQ, Converse HQ, and Hurley[123] HQ. This covers over 8 million ft^2. Emissions from new construction at HQ locations are reported separately under Other Offices & WHQ Building Construction discussed below until buildings become operational. There weren't any facilities that made this shift in FY20. – Energy consumed includes natural gas, diesel, propane, electricity, and onsite solar. – Diesel is used in backup generators. – Propane is used in food services, vendor landscaping services, and some forklifts. – Refrigerant leakage from HVAC units are not included in reporting at this time.
Air Manufacturing Innovation	– Includes NIKE-owned manufacturing facilities and related facilities that are the primary producers of NIKE air units. – Energy consumed includes natural gas, diesel, propane, and electricity. – Diesel is used in backup generators. – Propane is used in a single limited application in one Air Manufacturing Innovation ("Air MI") facility. – Refrigerant leakage from HVAC units are not included in reporting at this time.
Other (NON-HQ) Offices and HQ Building Construction	– Includes non-HQ office facilities (such as regional sales offices) and new building construction at WHQ prior to newly constructed sites becoming operational. Once new construction becomes operational, in alignment with NIKE's financial reporting approach, new construction is reclassified to HQ scope. In FY20, no facilities transitioned into HQ scope. Energy consumed includes natural gas and electricity. Natural gas usage outside of the U.S. and Canada (and for landlord-managed sites in the U.S. and Canada), and electricity usage outside of the U.S., Canada, and EU (as well as for landlord-managed sites in the U.S., Canada, and EU), is estimated. Our estimation methodology is described below.
Vehicles	– Vehicles include service vehicles at WHQ. Company-leased vehicles for use by employees in other geographies are not included in reporting at this time.
Jets	– Includes jet aviation fuel from our business travel using NIKE's corporate jets, operated from the U.S.
Commercial Travel	– Data represents commercial business air travel across 46 countries. – Commercial air travel emissions are estimated based on mileage calculated from number and route distance of trips.
Outbound Logistics	– Data represents ~95% of global outbound transportation and distribution of products sold via the following modes of transportation: air, ocean, truck, and rail. Reported figures reflect well to wheel emissions.

123 NIKE divested of Hurley in Q3 of FY20 and transferred ownership of energy invoices to Hurley's new owner in FY20 Q4. Hurley is included in reported FY20 figures.

Exclusions

Each year, we aim to increase the quality of the data reported. As tenants of leased facilities, we do not yet have access to complete refrigerant sources and certain energy sources for shared building common spaces.

GHG Base Data

FY15 is used as the base year for purposes of assessing FY20 targets.

Due to the effects of COVID-19, the fourth quarter of fiscal year 2020 (FY20 Q4, March 1, 2020–May 31, 2020) resulted in lower than normal activity, impacting the final measurement year of our FY20 targets. Given the impacts to our metrics during this unprecedented time, we have adjusted FY20 Q4 Scope 1 and Scope 2 consumption data and Scope 3 outbound logistics activity data included in our metrics for the year ended May 31, 2020. These Q4 adjustments provided a FY20 Q3 trailing twelve-month view of consumption (i.e., actual consumption data for the period March 1, 2019 – February 29, 2020, except as described below) to provide a more normalized view of results on FY20 targets than would be rendered using actual performance figures during the pandemic's global shutdown. The resulting adjusted metrics will be used as the baseline for our FY25 targets measurement. Future fiscal years will be measured using the unadjusted fiscal year consumption.

In most cases, we used FY19 Q4 activity data as a replacement for FY20 Q4 activity data. However, we used the most recent (FY20) emissions factors throughout the entirety of FY20 to apply to all FY20 data, including the FY20 Q4 data which, in most cases, used FY19 Q4 activity data.

Exceptions:

- In the extrapolated portion of our footprint, we applied FY20 Q3 extrapolations to FY20 Q4 data since they were the closest available months, reflecting both seasonality and the most proximate real estate footprint.
- Hurley: excluded from FY20 Q4 as NIKE divested in December 2019.
- Renewable Electricity (RE) in Oregon: as the RE is contractually tied to consumption of meters, it was necessary to ensure that claimed RE did not exceed actual electricity used, even during the period of reduced consumption (due to the rollover of FY19 Q4 data to FY20 Q4 due to COVID shutdowns). As a result, for each month of March/April/May 2020, the RE claimed for each site in the OR PPA is the lesser of that month's actual electricity consumption in FY20 or FY19.
- European Energy Attribute Certificates (EACs): revised EAC amounts during FY20 year end reconciliation to ensure that claimed EAC consumption did not exceed actual contracted EAC consumption for the month (i.e., actual electricity consumption), nor the amount of electricity actually consumed or reported as 'consumed' (resulting from the rollover of FY19 Q4 data to FY20 Q4 due to COVID shutdowns).
- For new sites that existed in FY20 Q4 but didn't exist in FY19 Q4, NIKE used FY20 Q4 actual data, in the absence of any other proxy data.
- For closed sites that were open in FY19 Q4 but closed before FY20 Q4, removed these sites from the inventory since they were no longer part of the footprint.

Activity data used to calculate Scope 1 (direct) emissions is sourced from direct measurements or third-party invoices (e.g., diesel, jet fuel and natural gas). Activity data used to calculate Scope 2 (indirect) emissions is sourced from third-party invoices (e.g., electricity) wherever possible and is collected across the business via a variety of internal processes and systems. Scope 3 (commercial air travel) data used to report GHG emissions from transporting our employees is obtained from reports provided by third parties which includes number of flights and distance data. Activity data used to calculate Scope 3 outbound emissions is sourced from third-party invoices (e.g., supplier expenditure including weight, transportation type, distance, and weight/volume) and is collected across the business via a variety of internal processes and systems.

As described in this assertion, activity data for Scope 1 and Scope 2 is sourced from estimates where actual consumption data is not available. NIKE continues to work on obtaining systematic access to more actual consumption data. Estimates are described in more detail below. Reported data has been rounded to the nearest whole number.

Estimation Methodology

Estimation methodologies employ reasonable assumptions to avoid understating NIKE's emissions footprint and are described below.

Estimated Data	*Estimation Methodology*
Natural Gas (retail and non-HQ offices outside of the U.S. and Canada)	Natural gas usage is estimated for sites outside of the U.S. and Canada, and for landlord-managed sites in the U.S. and Canada where visibility on energy consumption is low. Square footage of retail and non-HQ offices per country is used, along with country-level climate assumptions and CBECS energy use intensity (kWh per square foot) based on climate region. In the U.S. and Canada, where some sites are landlord-managed and visibility on energy consumption is low, our internal known average country-level energy use intensity is used instead of the external CBECS benchmark. Approximately 92% of retail scope 1 emissions in FY20 were estimated, and approximately 80% of non-HQ scope 1 emissions in FY20 were estimated.
Electricity (retail and non-HQ offices outside of the U.S., Canada, and EU)	Electricity usage is estimated for sites outside of the U.S., Canada, and EU and for landlord-managed sites in the U.S., Canada, and EU where visibility on energy consumption is low. Square footage of retail and non-HQ offices per country is used, leveraging actual FY20 square footage data, along with electricity intensity (kWh per square foot of known FY20 NIKE electricity usage in retail or offices). About 76% of retail scope 2 market-based emissions in FY20 were estimated. About 72% of non-HQ scope 2 market-based emissions in FY20 were estimated.
Propane (DC)	Propane usage at one DC is estimated leveraging propane consumption intensity at a comparable DC based on relative square footage.
Fugitive emissions from refrigerant gas loss	Refrigerant leakage from HVAC units was calculated by applying an operating emissions factor (i.e., leak rate) of 10% (sourced from EPA's *Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases)* to the total system capacity across all units. The Global Warming Potential ("GWP") of R410a was sourced from the *Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report* published in 2014.

Emissions Factors

Emissions are reported in metric tons of carbon dioxide equivalent and include CO_2, CH_4, and N_2O.

Exceptions to reporting CH_4 and N_2O are as follows:

- Facilities' emissions are reported in CO_2e, however, within a limited subset of consumption data, emissions factors for other gases (CH_4, N_2O) are not provided. These exceptions include AIB/EU Residual Mix Emissions factors, Green-E/US Residual Mix, and certain supplier-specific emissions factors. In these cases, CH_4 and N_2O emissions are sourced from the next available step in the market-based emissions factors hierarchy.
- Commercial Travel emissions are in CO_2 due to data availability. The emissions from other gases are not material to NIKE's reported GHG emissions.

Carbon dioxide emissions and equivalents resulting from the activities and business units described above have been determined on the basis of measured or estimated fuel and electricity usage, multiplied by relevant, published carbon emission factors, which are updated annually according to an internal policy to use the most recent emissions factors available before the annual internal cutoff date, which is 15 days after the fiscal year end. Carbon dioxide equivalent emissions utilize GWPs primarily sourced from the Intergovernmental Panel on Climate Change Fifth Assessment Report (Assessment Report 5 – 100 year), and EPA emissions factor sources use Assessment Report 4.

In quantifying market-based electricity GHG emissions, GHG Protocol Scope 2 Guidance defines a hierarchy of factors for quantifying market-based emissions, in order from highest to lowest precision. The table below describes the hierarchy and the relevance to NIKE for the current year reporting.

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Emission Source Type	*Emission Factor Employed*
Direct Line Connection	Not applicable
Energy Attribute Certificates	NIKE applies a zero emission factor for on-site solar and wind generation where Renewable Energy Credits (or Guarantees of Origin) generated are retained by NIKE; and for purchased renewable energy attribute certificates applied to NIKE's operations. Biomass renewable energy credits employ a zero emission factor for CO_2; however, biomass source-specific emissions factors are applied for CH_4 and N_2O.
Electricity Contracts	NIKE applies a zero emission factor for all facilities in scope of its Power Purchase Agreements (with the exception of instances where the Q4 adjustments resulted in some of the electricity consumed in Oregon not being covered by renewables).
Energy Supplier-Specific Emissions Factors	U.S., Canada, & EU: NIKE applies publicly available supplier-specific emission factors where available. (Due to the U.S. vPPA that went live in FY20 H2, use of supplier-specific emissions factors in U.S. and Canada stopped after FY20 H1 ended, with the exception of instances where the Q4 adjustments resulted in some of the electricity consumed in Oregon not being covered by renewables.)
Residual Mix	U.S. & Canada: NIKE applies residual mix emission factors from Green-e Energy U.S. Residual Mix Emissions Rates. EU: NIKE applies country emission factors from Association of Issuing Bodies (AIB).
Location-Based Factors	If none of the above options are available, NIKE uses location-based factors as described in the table below.

The table below outlines the emissions factor sources used in FY20 emissions calculations.

Emission Source	*Emission Source Type*	*Emission Factor Employed*
Scope 1	Natural Gas	GHG Protocol Emissions Factors from Cross-Sector Tools March 2017
Scope 1	Hi-sene	GHG Protocol Emissions Factors from Cross-Sector Tools March 2017
Scope 1	Diesel	GHG Protocol Emissions Factors from Cross-Sector Tools March 2017
Scope 1	Propane	EPA Center for Corporate Climate Leadership's Emission Factors for Greenhouse Gas Inventories
Scope 1	Bio-gas	Supplier specific emission factor
Scope 1	Gasoline	GHG Protocol Emissions Factors from Cross-Sector Tools March 2017
Scope 1	Refrigerants	*Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report*; EPA's *Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases*
Scope 2	Electricity (U.S. & EU)	Contractual instruments (Power purchase agreements [PPA]; energy attribute certificates [EAC]) *In FY20, we employed a zero emissions factor for facilities at NIKE facilities in Oregon, U.S. that are in scope of NIKE's PPA with Avangrid. Similarly, we used a zero emissions factor for facilities in Europe that purchase GOs/EACs.* (Exception: instances where the Q4 adjustments resulted in some of the electricity consumed in Oregon not being covered by renewables.)
Scope 2	Electricity (U.S., Canada, and EU)	Supplier-specific emission factors (various sources) *In the absence of a contractual instrument (or electricity consumption that exceeds onsite renewables and contractual instruments), we apply supplier-specific emission factors where they are available and meet a third-party quality criteria review. In the first half of FY20, supplier-specific emission factors covered about 65% of NIKE's electricity consumption in the U.S. and Canada. In the second half of FY20, this dropped to less than 10% coverage due to the go-live of NIKE's US vPPA and the Q4 adjustments resulting in some of the electricity consumed in Oregon not being covered by renewables. In FY20, supplier-specific emission factors covered 3% of consumption in EMEA.*
Scope 2	Electricity (U.S. and Canada)	Green-e Energy US Residual Mix Emissions Rates *For facilities in the U.S. that do not have contractual instruments or supplier-specific emissions factors available, NIKE uses residual mix factors.*
Scope 2	Electricity (U.S.)	eGRID (location-based) *In the absence of contractual instruments, supplier-specific emissions factors, and residual mix factors, NIKE applies a regional/national grid mix factor. This only applies to landlord-managed facilities in the U.S.*
Scope 2	Electricity (EU)	AIB European Residual Mixes *For facilities in the EU that do not have contractual instruments or supplier-specific emissions factors available, NIKE uses residual mix factors.*
Scope 2	Electricity (Global)	IEA World Electricity CO_2 Emissions Factors *In the absence of contractual instruments, supplier-specific emissions factors, residual mix factors, and a regional/national grid mix factor, NIKE applies a protocol that covers all countries globally. This global protocol serves as a catch-all for any sites that haven't obtained an emission factor from a more granular step in the market-based hierarchy.*
Scope 2	Biomass	2006 IPCC Guidelines for National Greenhouse Gas Inventories *NIKE purchases biomass RECs at one distribution center.*
Scope 3 (Commercial Travel only)	Air travel	GHG Protocol Emissions Factors from Cross-Sector Tools March 2017
Scope 3 (Outbound Logistics)	Air, Ocean, Truck, and Rail Shipping	Outbound logistics emissions factors are sourced in compliance with DIN EN 16258

Uncertainty

GHG emissions quantification is subject to inherent measurement uncertainty because of such things as GHG emissions factors that are used in mathematical models to calculate GHG emissions and the inability of these models, due to incomplete scientific knowledge and other factors, to accurately measure under all circumstances the relationship between various inputs and the resultant GHG emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could result in materially different amounts of metrics being reported.

The preparation of the other sustainability metrics requires management to establish the criteria, make determinations as to the relevancy of information to be included, and make assumptions that affect reported information. The selection by management of different but acceptable measurement techniques could result in materially different amounts or metrics being reported.

NIKE recognizes that commercial air travel remains an estimate since unforeseen circumstances can occur (e.g., different routes due to adverse weather or unforeseen aircraft fleet changes), however the figure presented is considered to be a reasonable estimate of NIKE's commercial air travel emissions.