



# NIKE'S SUPPLIER CLIMATE ACTION PROGRAM (SCAP)

## YEAR STARTED:

2020

## PRIORITY REGIONS:

**Vietnam:** 44% of footwear manufacturing,  
26% of apparel manufacturing

**Indonesia:** 30% of footwear manufacturing,  
20% of apparel manufacturing

**Greater China:** 20% of footwear manufacturing

All information accurate at the time of publication in February 2023

## SUPPLIER TARGETS:

- Suppliers set a validated science-aligned emissions target for Scope 1 and 2 emissions for the entirety of their footwear, apparel, and materials facilities and operations.
- These targets adhere to guidelines from the [Science Based Targets](#) initiative (SBTi) and amount to a projected 42% cut in baseline emissions over 10 years.

**2030**  
LET'S HALVE  
GLOBAL  
EMISSIONS BY

## ■ SCAP is a critical enabler for NIKE to achieve the following targets:

**2025:** Limit GHG emissions from key suppliers' manufacturing and transportation operations to be at or below 2020 levels – despite anticipated business growth – through increased energy efficiency and the use of renewable energy and alternative fuels.

**2030:** SBTi commitments of 30% reduction of Scope 3, and 65% reduction of Scope 1 and 2 emissions by 2030.

Eliminate coal from finished goods and materials suppliers by 2030, aligned with NIKE's participation in the United Nations' Fashion Industry Charter for Climate Action.

**2050:** Net zero by 2050.

## SUMMARY:

**NIKE focuses on building long-standing relationships with suppliers who share its values. This allows NIKE to develop innovative products and co-invest in manufacturing capabilities that help address the needs of the planet and people across its complex and far-reaching value chain.**

These close relationships also form the backbone of supplier responsibility programs, which include environmental and sustainability initiatives, labour practices, and community impact projects.

When it comes to climate action in particular, NIKE is focused on addressing the area with the highest carbon impact – its supply chain. In doing so, NIKE has established a comprehensive greenhouse gas (GHG) reduction platform, spearheaded by the Supplier Climate Action Program (SCAP), in addition to an Energy Minimum Program, workforce capacity building, and onsite solar photovoltaics (PV) acceleration initiatives.

SCAP was established in 2020 following NIKE's consultation with its Supplier Sustainability Council (SSC), a group of strategic suppliers committed to innovating and scaling sustainability programs. SSC members raised concerns around climate risk areas, including rising energy costs, hotter working conditions, extreme weather events, and emerging policies around GHG emissions. Eleven of NIKE's finished goods and materials suppliers committed to SCAP, accounting for approximately 60% of its strategic supplier emissions, and the program will continue to grow over the coming years. By providing technical assistance to suppliers and helping them to set more ambitious climate goals, SCAP aims to turn the process of achieving supply chains emissions reductions into an aligned strategic effort.

**The SCAP has impact beyond products supplied to NIKE, and it asks suppliers to take the following actions across the entirety of their footwear, apparel, and materials facilities and operations:**

- Develop a company-wide greenhouse gas inventory.
- Set a validated science-aligned 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.

## PROGRESS:

**Since establishing SCAP in 2020, NIKE and its suppliers have made progress in several areas.**

- NIKE and its SSC members created a joint climate action plan to serve as a roadmap for collective emissions reductions over the next 10 years.
- During FY21, the suppliers within the SCAP successfully completed all the foundational requirements of the program, including having their science-aligned Scope 1 and 2 emissions reductions targets validated by the World Resources Institute (WRI).
- NIKE has deployed an Energy Minimum Program, which is an energy management foundation geared at achieving energy and cost savings through organisational capabilities, data analytics, and energy management activities. Recent key projects include working with apparel suppliers to increase motor efficiency and partnering with footwear suppliers to reduce energy use in midsole processing.
- 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 megawatts of solar energy.
- In FY21, suppliers contracted over 90 million kWh of offsite renewable electricity for NIKE production by engaging in Power Purchase Agreements (PPA). This includes Feng Tay Group, which contracted nearly 50 million kWh at three of their facilities in India.
- As of FY21, all finished goods suppliers have eliminated direct use of coal, and 50% of materials suppliers had coal elimination plans in place, in support of the commitment to eliminate coal consumption by 2030.

## KEY SUCCESS DRIVERS:

- Building close relationships and fostering mutual trust with manufacturing suppliers.
- Onsite solar generation can typically provide up to 15% of electricity requirements at supplier facilities and can be scaled quickly across sites, making it a major component of NIKE's renewable energy strategy with its suppliers.
- NIKE works end-to-end to enable greater deployment of renewable energy solutions where most of its products are manufactured.
- NIKE has been a strong advocate for more supportive renewables policies in the countries it operates in.

It has collaborated with the US Agency for International Development (USAID) Vietnam Low Emission Energy Program (V-LEEP) 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.

- NIKE has assisted several suppliers in preparing for Vietnam's DPPA pilot application. NIKE and its suppliers stand ready to participate in the program when it is launched. Through the pilot or other offsite procurement options, NIKE may be able to secure renewable electricity for nearly 100% of its owned and operated spaces in Vietnam, and suppliers may be able to power nearly 40% of their manufacturing load in Vietnam with renewable energy.

## LESSONS LEARNED:

- Suppliers often face difficulty obtaining financing to invest in decarbonisation solutions. NIKE is working with the International Finance Corporation (IFC) to scale up global trade finance opportunities. The IFC program provides competitive rates for suppliers based on their participation in SCAP.
- Facilitating access to offsite renewable electricity through mechanisms like PPAs will offer even greater opportunities than on-site projects for suppliers to reduce their emissions footprint.

## INFLUENCING ACTION AT SCALE:

After raising climate change as a top risk to their businesses, SCAP members committed to ambitious GHG reductions for their Scope 1 & 2 emissions footprint across the entirety of their footwear and apparel business in line with what is needed collectively to avoid the worst impacts of climate change. At its core, this program helps NIKE's extended supply chain take climate action, creating ripple effects across the industry.

## BARRIERS:

- Renewable electricity is typically cost-competitive with fossil fuels, but in critical geographies in NIKE's supply chain, the policy and regulatory mechanisms enabling suppliers to procure renewable electricity from the grid or through other offsite mechanisms, do not exist, further demonstrating why partnership and collaboration is critical.
- Although NIKE works with suppliers who share its values, they are not NIKE owned and operated. Long-standing relationships help drive progress, but organisations need buy-in at all levels in order to be successful.

With greater availability of offsite renewable electricity in Vietnam, suppliers may be able to power nearly

**40%**

of their nationwide manufacturing with renewable energy



What would be your key advice to other businesses looking to decarbonise their supply chain?

**“At our size and scale, we know we have a responsibility to drive impact, but we also know we can’t do it alone. That’s why we work closely with suppliers, governments, NGOs and industry associations. With collaboration, we are able to find solutions to some of our biggest sustainability challenges. SCAP helps suppliers take a leadership role, address their climate risk and drive collective impact beyond NIKE’s footprint.”**

**Marine Graham,**  
Vice President, Responsible Supply Chain, Nike, Inc.

## DEPLOYMENT TOOLS:

- GHG inventory tools and trainings.
- CDP reporting tools, webinars, outreach, and feedback.
- Convening forums and platforms for suppliers to share challenges, successes, and best practices, as well as foster collaboration across the industry.
- On the ground advocacy for better policies.
- Supporting suppliers with knowledge gaps on carbon reduction mechanisms.
- Supporting pilots of new technologies that reduce GHG emissions.
- Leveraging sustainability commitments to increase competitive financing options for suppliers.



**‘By providing technical assistance to suppliers and helping them to set more ambitious climate goals, SCAP aims to turn the process of achieving supply chain emissions reductions into an aligned strategic effort.’**

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The Exponential Roadmap Initiative is for innovators, transformers and disruptors taking action in line with 1.5°C, with the mission to halve emissions before 2030 through exponential climate action and solutions.

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