Nike’s Climate Accomplishments
Climate neutral nitrogen is now used in all Nike Air products.
The Ken Griffey, Jr. building at Nike’s World Headquarters received LEED Gold certification from the U.S. Green Business Council.
Nike is purchasing renewable energy credits offsetting 100% of the electricity consumption at its World Headquarters.
Nike’s European Headquarters in The Netherlands, runs on 100% renewable energy.

Nike’s Climate Initiatives
2001 (October)
Nike joins WWF Climate Savers program as a founding partner and sets CO₂ emissions reduction targets for owned operations and business travel.
2003
Nike develops a baseline of its supply chain footprint, including inbound logistics and subcontracted manufacturing.
2007
Nike is recognized for leadership in climate change by WWF-US. Nike attained its company-wide target, of reducing annual CO₂ emissions to 13 percent below 1998 levels by the end of 2005; actual reductions were 18 percent.

Nike’s Climate Goals
All Nike, Inc. Facilities are targeted to be climate neutral by 2015.
Created baselines for Nike’s major contracted footwear and clothing manufacturing facilities and determining emissions reduction strategies for them.
Examining Nike’s supply chain for opportunities to reduce greenhouse gas emissions from supply chain activities and determine a greenhouse gas reduction strategy for logistics.

Analyst Interviews
Interviewed five analysts working in various sectors to discuss the models they use when assessing risk and valuing stocks.

Event Study
Identified carbon-related announcements from key firms and looked for resulting changes in stock performance and/or analyst valuation.

Literature Review
Reviewed the literature on climate initiatives being undertaken by both firms and investors; climate initiative clearinghouses (e.g. Carbon Disclosure Project), and climate-related regulations.

Analysis of Best-in-Class Firms
Identified four firms with active climate initiatives (e.g. Tesco), and profiled what they are doing.

Analysis of Wall Street Initiatives
Identified seven investment banks that have recognized climate change as an issue and are responding in various ways (e.g. UBS), and profiled their initiatives.

FINDINGS
Wall Street Perceptions
Wall Street analysts do not include climate risks in their forecasting models. Reviewing over 40 analyst reports from various sectors, we found no information on climate risks or initiatives.

Environmentally and Socially Responsible Investments
The one exception is the rapidly growing industry of ‘ethical investments’. These are specialized funds that include or exclude firms on the basis of various criteria, and do use climate initiatives as a means to identify best-in-class firms.

News Coverage and Stock Price
Climate initiatives are receiving a great deal of attention in both the mainstream and financial press. This is not yet directly impacting stock price, but may over the long term as climate risks are recognized and brands are associated with climate behavior. Historically, environmental disclosure has led to a 5% increase in stock value.

Climate as an Emerging Trend
Increasing attention is being paid to climate change by investors, regulators and consumers. Savvy stakeholders are starting to demand information, and this is likely to expand both horizontally (broader demand) and vertically (more detailed information required).

RECOMMENDATIONS
1. Communicate the benefits of climate reporting to shareholders and Wall Street
The connection between sustainability and firm value should be made explicit by including climate-related information in the Annual Report. Communication with shareholders should emphasize the strengths of Nike being a market leader and better prepared for the long-term.
Nike should continue to support and cooperate with initiatives like the Carbon Disclosure Project.

2. Link sustainability efforts to the bottom line
Historical data links CSR to higher stock price; Nike should demonstrate that projects implemented to lower emissions and mitigate carbon risks are improving financial performance.
Nike should focus on sustainability efforts that are relevant to the core business. These may include brand enhancing activities – like better promoting its green products - and improving the supply chain to reduce CO₂.

3. Engage internal stakeholders through motivation and incentives
Nike should permeate a culture of sustainability throughout the organization. It should be a part of everyday conversation, like innovation and growth.
Employees should be educated on climate change, and be encouraged to consider what they can do both at work and in their personal lives.

4. Engage consumers through awareness campaigns and product education
Nike has the opportunity to leverage its strong brand and creative marketing to raise consumer awareness and brand itself as a strong sustainability market leader.
Nike should increase publicity around climate-friendlier products, such as its Considered line. It could also consider putting carbon footprint labels on all of its products, engaging and informing consumers.