

7 April 2009

Hannah Jones, Vice President, Corporate Responsibility
Maria Eitel, President, Nike Foundation
Nike, Inc.
1 Bowerman Drive
Beaverton, Oregon
97005 U.S.A.

National

132 Leicester St, Carlton,
Victoria, 3053

Telephone: (03) 9289 9444

Facsimile: (03) 9347 1983

Dear Hannah and Maria,

Many thanks for your recent letter, which responded to the article in our newsletter and provided additional information about the work of the Nike Foundation. Oxfam Australia encourages corporations to engage in philanthropic giving and we value the financial contributions which the Nike Foundation is making to programs designed to empower girls.

We would like to clarify that the comments in our newsletter were focused not on the Nike Foundation's philanthropic giving but rather on Nike and the Nike Foundation's efforts to become advocates and campaigners for the rights of girls. We referred to Nike CEO Mark Parker's comments in support of girl's rights at the World Economic Forum in Davos in January. We also drew attention to the Girl Effect website, which calls on employers, governments, NGOs and private donors to adapt their current programs in order to prioritise empowering girls.

Oxfam Australia supports the goals expressed on the Girl Effect website and we agree with the points made by Mr. Parker. However, it is our view that living up to the ideals Nike are trying to promote is a pre-requisite for Nike and the Nike Foundation to be regarded as credible and effective advocates for girl's rights.

According to Nike's own figures, approximately 80% of the 800,000 people employed by Nike's suppliers are women, and the great majority of these women are young, aged between 17 and 24. Our research indicates that most of these young women live in poverty. Their standard wages are in many cases not adequate to cover their own basic needs, let alone those of their dependents. It was almost 13 years ago that Oxfam Australia first called on Nike to commit to ensuring that workers in your supply chain are paid a living wage, and we remain disappointed at Nike's refusal to accept and act on this proposal. As you know, many UK companies have made a living wage commitment as part of their membership of the Ethical Trading Initiative. While many of these companies have been slow to implement this commitment, they have at least taken that first step of adopting the policy.

We acknowledge that a living wage commitment is challenging for a company of Nike's size. If there are 800,000 people in Nike's supply chain, then increasing their wages by just \$US1 per day could

potentially add supply chain costs of US\$800,000 per day—or more than US\$200 million per year. This is much more money than the Nike Foundation is donating to projects designed to empower girls. Nonetheless, we believe that companies like Nike have a responsibility to make sure that the women and men who produce their goods are paid wages which meet their own basic needs and the basic needs of their dependents. We also believe that if they are educated about the issue, consumers will be willing to pay higher prices for their clothes and sneakers if they are confident that the young women and men who make those items are being treated properly.

We are also concerned that Nike is not putting enough effort into its factory monitoring program, which is supposed to check that your suppliers are respecting the rights of the young women and men who make your goods. As you know, last July an Australian television station exposed the systematic use of forced labour in one of Nike's supplier factories in Malaysia. Oxfam Australia publicly praised Nike for acting quickly to right this wrong after it had been publicly exposed. Clearly though, the failure of Nike's monitoring program to detect an egregious and long-standing violation of workers' human rights raises questions about the rigour with which Nike has been monitoring respect for the rights of the women and men who make your goods.

As mentioned in your letter, Oxfam Australia continues to regularly communicate with different members of Nike's compliance team, in order to exchange information and perspectives on labour rights issues. While we value this interaction, the extent to which these conversations can help lead to improvements in conditions for workers is severely hampered by Nike's ongoing refusal to commit to a living wage. We therefore repeat our request that Nike make this policy commitment. By making such a commitment, and acting on it, Nike would be truly taking moral leadership in your industry, a step which would add considerable credibility to Nike and the Nike Foundation's efforts to advocate for the rights of girls.

Sincerely,



Tim Connor
Labour Rights Advocacy Coordinator
Oxfam Australia



James Ensor
Director of Public Policy & Outreach
Oxfam Australia