

WAL-MART

ETHICAL STANDARDS



**MORANDUM OF UNDERSTANDING (MOU)
Between
WAL-MART STORES, INC. and ONE STEP UP
Regarding
Chong Won Fashion, Inc.**

The Parties:

Wal-Mart Stores, Inc. – Buyer of products produced by the Chong Won Fashion, Inc.'s factory through One Step Up (Supplier) and ONA (Agent of the supplier).

One Step Up – Wal-Mart's supplier of the products produced by the Chong Won Fashion, Inc.'s factory.

ONA – Agent used by One Step UP

The Stakeholders:

Factory Management: Chong Won Fashion, Inc.

Dismissed Workers: Union member workers dismissed as a result of the strike

Purpose of the MOU:

The purpose of the MOU is to bring about a resolution to the conflict between the Chong Won Fashion, Inc.'s factory management and the Chong Wong factory workers and to establish the conditions that must be met before the Chong Wong factory is reactivated so that it may be allowed to produce products for Wal-Mart sourced through One Step Up and ONA. A successful resolution to the conflict would ensure that the interests of all stakeholders are met by the factory staying in business producing products for all buyers.

Conditions:

In order for the factory to be reactivated, the following condition must be met:

1. Full reinstatement of workers – All dismissed striking workers must be reinstated with full back wages before a new purchase order can be placed in the factory. The factory must be willing to issue an unconditional return to work order for the workers terminated during the strike. The process must be done fairly and peacefully. The factory should be encouraged to drop the illegal strike charges.

2. Collective Bargaining Agreement – One Step Up and its agent ONA should solicit the assistance of a third party to mediate meetings between the factory management and the Union prior to the review and negotiation of a Collective Bargaining Agreement.

Mediation by a third party would help in achieving a better environment for the negotiations between the parties.

3. Freedom of Association training – The factory management must undergo training regarding the development of an effective freedom of association and collective bargaining policy and procedures to ensure sustainable resolution to the conflict between the management and the union.

4. Working Conditions in the Factory – One Step Up and its agent ONA must mandate that the working environment in the factory and the relation between Chong Won management and workers be professional, and consistent with Wal-Mart Standards for Suppliers.

5. Rigorous social compliance improvement plan that is monitored quarterly – The factory will be subject to quarterly audits to ensure that all identified areas of improvements are being addressed to ensure compliance with Wal-Mart's Standards for Suppliers.

Outcome of Obligations:

1. In order for One Step Up to proceed with the placement of additional Wal-Mart Purchase Orders at the Chong Won Factory, all of the above conditions must be met. Additionally, the factory

2. In the event that the obligations outlined above are not met, Wal-Mart would deactivate the factory.

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Date

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Date