



Wal-Mart Stores Inc.

Type of company: Public, NYSE: WMT

Notes on Findings	Company Score	Question weighting (%)
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### 1. Governance and Risk Management

<b>1.1 Board level responsibility for ethical issues in the supply chain</b> -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain <i>p. 9, 2005 Proxy statement, 2005 Annual Report</i>	0	40
<b>1.2 Reporting of labour standards issues in the supply chain as a risk factor</b> -There is mention of labour standards issues as a risk factor in the annual report -"Risks associated with the vendors from whom our products are sourced could adversely affect our financial performance" <i>p. 14, 2005 10-K report</i>	66.7	30
<b>1.3 Risk analysis of labour standards issues in the company's existing supply chain</b> -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
<b>Section total score / section weighting</b>		20.01 X 10%

### 2. Code for Labour Standards in the Supply Chain

<b>2.1 Quality and scope of the code for labour standards in the supply chain</b> -There is a list of "Supplier Standards" -It does not meet the core ILO conventions with respect to child labour, -Minimum age set at 14. -It also limits the company's commitment to: -Freedom of association: "...so long as such groups are legal in their own country." -Discrimination: Favours suppliers "who do not discriminate..." -It does not meet the hours of work standards -It does not include a living wage requirement	0	60
<b>2.2 Publication and availability of the code for labour standards in the supply chain</b> -It is publicly available and included in their Report on Standards for Suppliers <i>www.walmartstores.com</i>	100	20
<b>2.3 Application of the code for supply chain labour standards</b> -Supplier Standards apply to entire supply chain (but not their own procurement) <i>p.6, 2004 Report on Standards for Suppliers</i>	66.7	20
<b>Section total score / section weighting</b>		33.34 X 15%

### 3. Stakeholder Engagement

<b>3.1 Multi-stakeholder processes</b> -No reported evidence of involvement in a multi-stakeholder initiative that includes representation from both NGOs and labour. (Asda, which is wholly owned by Wal-Mart, is a member of ETI. This precedes the purchase of Asda by Wal-Mart.) -Member of Business for Social Responsibility (BSR)	0	50
<b>3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain</b> -Mention of some engagement with NGOs, but there is no information regarding who, when or where <i>2004 Report on Standards for Suppliers</i>	0	50
<b>Section total score / section weighting</b>		0 X 20%

## 4. Management

<b>4.1 Resource Commitment</b> -There is a senior VP of global procurement managing director, but it is not clear if his primary responsibility includes labour standards in the supply chain -There is a director of compliance but he is more than two reporting levels from the board <i>p. 8, 2004 Report on Standards for Suppliers</i>	50	30
<b>4.2 Training for Buying agents</b> -There is mention of ad hoc training for buyers in 2003 <i>p.4, 2003 Factory Certification Report</i> -There is no mention of training for buyers in 2004. There is mention of training for over 1,000 Wal-Mart associates to increase awareness of factory certification program but it is unclear what positions these associates have <i>p.7, 2004 Report on Standards for Suppliers</i>	50	25
<b>4.3 Training for factory management personnel and workers</b> -In 2004, Wal-Mart associates trained 7,910 suppliers and factory managers. There is mention of monthly training sessions for both suppliers and factory management to increase their familiarity with the requirements... -There is no evidence of training for factory workers but there is mention of plans for worker training in the future <i>p.7, 2004 Report on Standards for Suppliers</i>	33.3	25
<b>4.4 Rewards and Incentives</b> -No reported evidence	0	20
<b>Section total score / section weighting</b>		<b>35.82 X 20%</b>

## 5. Supply Chain Auditing and Reporting

<b>5.1 Commitment to auditing labour standards in the supply chain</b> -There is a commitment to conduct audits across the entire breadth of the supply chain <i>p.6, 2004 Report on Standards for Suppliers</i>	100	15
<b>5.2 Status of the audit schedule</b> -An auditing work plan has been scheduled and is currently being implemented <i>p.6, 2004 Report on Standards for Suppliers</i>	100	5
<b>5.3 Public disclosure of manufacturing sites</b> -No reported evidence	0	10
<b>5.4 Transparency of the labour standards auditing methodology</b> -The auditing methodology is not publicly available, (except explanation on how worker interviews are conducted) <i>p.31, 2004 Report on Standards for Suppliers</i>	0	15
<b>5.5 External verification of labour standard audits</b> -Third party audits account for 15% of all audits -Inspections conducted by Global Social Compliance and Intertek Testing Service -There is no reported evidence of input from NGOs or labour in the country of supply <i>p.26, 2004 Report on Standards for Suppliers</i>	33.3	20
<b>5.6 Reporting the results of audits of labour standards in the supply chain</b> -There is disclosure of aggregate audit findings -There is no reported disclosure or analysis of audit findings at the factory level <i>2004 Report on Standards for Suppliers</i>	50	20
<b>5.7 Dealing with non-compliance</b> -There is reference to handling non-compliance with the code (4 colour system) -However, there is a zero tolerance policy on "serious violations related to child labour, forced and prison labour, ... discrimination, human rights abuses..." Since the above list includes 3 core labour rights, we concluded that Wal-Mart does not have a staged approach to dealing with non-compliance. <i>p.30, 2004 Report on Standards for Suppliers</i>	66.7	15
<b>Section total score / section weighting</b>		<b>46.66 X 35%</b>

**Total Score** 30 /100