



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

1.1 Board level responsibility for ethical issues in the supply chain -No reported evidence of formal board sub-committee or board member with explicit responsibility for ethical issues in supply chain	0	40
1.2 Reporting of labour standards issues in the supply chain as a risk factor -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. 15, March 2006 10-K report</i>	66.7	30
1.3 Risk analysis of labour standards issues in the company's existing supply chain -No mention of comprehensive risk analysis of labour standards issues in the company's supply chain	0	30
Section total score / section weighting	20	X 10%

2. Code for Labour Standards in the Supply Chain

2.1 Quality and scope of the code for labour standards in the supply chain -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: <i>Favours</i> suppliers "who do not discriminate..." -It does not meet the hours of work standards -It does not include a living wage requirement	0	60
2.2 Publication and availability of the code for labour standards in the supply chain -It is publicly available and included in their Report on Standards for Suppliers <i>p.28-29, 2005 Report on Ethical Sourcing (http://walmartstores.com/Files/05_ethical_source.pdf)</i>	100	20
2.3 Application of the code for supply chain labour standards -Supplier Standards apply to entire supply chain <i>p.28, 2005 Report on Ethical Sourcing (http://walmartstores.com/Files/05_ethical_source.pdf)</i>	100	20
Section total score / section weighting	40	X 15%

3. Stakeholder Engagement

3.1 Multi-stakeholder processes -No reported evidence of membership in a multi-stakeholder initiative that includes representation from both NGOs and labour.	0	30
3.2 Engagement with NGOs and/or trade unions relating to labour standards in the supply chain -Mention of engagement with NGOs but it is unclear from public reporting whether this is ongoing or ad-hoc. No mention of in-country engagement with NGOs or trade unions. <i>p.20, 2005 Report on Ethical Sourcing</i>	25	30
3.3 Worker and third party complaints - has a Global Ethics Helpline with 38 local numbers worldwide with local language support. <i>p. 22, 2005 Report on Ethical Sourcing</i>	33.3	40
Section total score / section weighting	20.8	X 20%

4. Management

4.1 Resource Commitment -There is a President of Global Procurement who is responsible for Wal-Mart's Ethical Standards Program and reports to the CEO <i>p. 1 and 6, 2005 Report on Ethical Sourcing</i>	100	25
4.2 Training for Buying agents -There is no mention of training for buyers in 2005.	0	25
4.3 Training for factory management personnel and workers -In 2005, Wal-Mart associates trained 11,000 suppliers and factory managers. There is mention of regular training sessions for both suppliers and factory management to increase their familiarity with the requirements... -There is no evidence of training for factory workers <i>p. 8, 2005 Report on Ethical Sourcing</i>	33.3	25
4.4 Rewards and Incentives - decreases auditing for factories that achieve higher ratings in earlier assessments, but no reports of positive incentives or incorporation of labour rights performance as an explicit positive factor in sourcing decisions.	0	25
Section total score / section weighting		33.3 X 20%

5. Supply Chain Auditing and Reporting

5.1 Commitment to auditing labour standards in the supply chain -There is a commitment to conduct audits across the entire breadth of the supply chain <i>p.4, 2005 Report on Ethical Sourcing</i>	100	15
5.2 Status of the audit schedule -An auditing work plan has been scheduled and is currently being implemented <i>p.10, 2005 Report on Ethical Sourcing</i>	100	5
5.3 Public disclosure of manufacturing sites -No reported evidence	0	10
5.4 Transparency of the labour standards auditing methodology -The auditing methodology is publicly available and follows generally accepted practices <i>p.17, 2005 Report on Ethical Sourcing</i>	100	15
5.5 External verification of labour standard audits - Third party audits carried out by: Accordia, Bureau Veritas, Cal Safety Compliance Corporation, Global Social Compliance, Intertek Testing Services and Société Générale de Surveillance. - No evidence of input by NGO's or trade unions in county of supply <i>p.11, 2005 Report on Ethical Sourcing</i>	33.3	20
5.6 Reporting the results of audits of labour standards in the supply chain -There disclosure and analysis of aggregate audit findings -There is no reported disclosure or analysis of audit findings at the factory level <i>p. 12-16, 2005 Report on Ethical Sourcing</i>	40	20
5.7 Dealing with non-compliance -There is reference to handling non-compliance with the code. -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. 10-11, 2005 Report on Ethical Sourcing</i>	66.7	15
Section total score / section weighting		59.7 X 35%

Total Score 40 /100