

REPORT ON STANDARDS FOR VENDORS -- WAL-MART STORES

Whereas: The public is increasingly concerned about the conditions under which the goods they purchase and the clothing they wear are produced.

As U.S. companies import more goods, consumer concern is growing about working conditions in facilities around the world that fall far below basic standards of fair and humane treatment. Reports indicate that retail items sold in the United States are being manufactured under unhealthy working conditions or using child labor.

Our company purchases products from China where human rights abuses persist, unfair labor practices occur and low wages are paid. Recently, Wal-Mart received negative publicity because the company contracted with Chun Si Enterprise Handbag Factory in Zhongshan, China, a sweatshop producing handbags for Wal-Mart. After a three-month investigation, *Business Week* reported that workers were forced to work long hours at poverty wages and were subject to beatings and exorbitant fines for small infractions, such as taking too long in the bathroom. Auditors hired by Wal-Mart to monitor its Standards for Vendors found some problems at Chun Si, but the "audits missed most of the more serious abuses,...including beatings and confiscated identity papers." (*Business Week*, October 2, 2000)

Socially responsible companies need to assure shareholders and consumers that workers are treated with respect and paid fairly in factories where the products they buy are produced or assembled. Currently, Wal-Mart's monitoring program is heavily dependent on auditors who do not have the trust of workers and miss serious labor rights violations.

We believe Wal-Mart should demonstrate enforcement of its Standards for Vendors by developing independent monitoring programs with local non-governmental and independent labor rights groups. Adding little to production costs, a policy should be established for providing a sustainable living wage for employees and encouraging support for fundamental workplace rights as defined by the International Labor Organization.

A number of companies have implemented independent monitoring programs in conjunction with local non-governmental organizations and labor rights groups. Independent monitoring provides greater assurance that the company's Standards for Vendors are applied, protecting the company from negative publicity associated with the discovery of sweatshop practices.

Resolved: The shareholders request the Board of Directors to prepare a report at reasonable expense describing Wal-Mart's actions to ensure it does not purchase from suppliers who manufacture items using forced labor, convict labor, or child labor, or who fail to comply with fundamental workplace rights protecting their employees' wages, benefits, working conditions, freedom of association, collective bargaining and other rights. The report will be made available by November, 2001.

Supporting Statement

We believe the report should include a description of:

1. Current monitoring practices enforcing the company's Standards for Vendors for its manufacturers, vendors, sub-contractors and licensees.
2. Plans for independent monitoring programs involving local respected religious, labor rights and human rights groups.
3. Policies to implement wage adjustments to ensure adequate purchasing power and a sustainable living wage.
4. Incentives to encourage suppliers to comply with standards, rather than terminate contracts.
5. Plans to report to the public on supplier compliance reviews.