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August 30, 2007

Mr. H Lee Scott, Jr.
CEO
Wal-Mart Stores, Inc.
Bentonville, AR 72716-8611

Dear Mr. Scott,

We are concerned with the recent initiative developed by Carrefour, Metro, Migros, Tesco, and Wal-Mart. The Global Social Compliance Programme is being lauded as a new effort to create a unified code of best practices to improve labor standards and create a new efficiency in the auditing process. However, we have several reservations regarding the code.

First, the fact that stakeholders were only invited to join such a discussion after the fact suggests that there is not a real commitment on the part of business to involve unions and labor rights NGOs in the development of this new program. Multi-stakeholder involvement is an important part of lending any sort of credibility to this kind of initiative; independent advocates are needed to express the interests and concerns of workers in ways that businesses and their suppliers cannot. The GSCP says that it wants to include stakeholders and will take their advice into consideration, but already it has excluded such groups from the development of the initial processes and does not include any ideas for bringing these groups more fully into the process.

Second, this initiative notes that it will combine the best practices of companies; however, even current best practices have numerous flaws documented in such reports as the Clean Clothes Campaign's 2005 Report "Looking for a Quick Fix" and the Maquila Solidarity Network's 2005 Transparency Report Card "Coming Clean on the Clothes We Wear." Any new program must take account of, and improve upon, the flaws of current programs to be credible and meaningful. The GSCP has suggested that it will share audit results among the companies taking part in the program. This will not inherently take on the deeper issue in that, generally speaking, the audits done by GSCP participating companies haven't been able to remediate various codes of conduct violations. Simply sharing audit information without developing a clear plan for an audit process to become more of a long-term monitoring and corrective action plan will continue to identify the same violations rather than moving through a process of resolving the violations. Developing a role for independent grassroots monitoring organizations will provide an opportunity for short and long-term remediation given that the local organizations are constantly working to improve labor rights in their communities.

Furthermore, several other multi-stakeholder initiatives exist and we find it unreasonable to begin yet another process. Wal-Mart is already part of the MFA Forum and the Ethical Trading Initiative (ETI). Both the MFA Forum and ETI have brought various perspectives to the table and have been grappling with many of the same issues of concern that the GSCP will consider. There are even meetings scheduled for next month to bring together MFA Forum and ETI stakeholders with purchasing practices on the agenda. Wal-Mart stated in its recent release of its 2006 Report on

Ethical Standards that it wanted to “identify internal processes that might contribute to non-compliance with Wal-Mart’s Standards for Suppliers, such as short lead time for production and last minute design changes.”

We accept that companies will want to work together and combine resources to improve working conditions throughout their supply chains; however, they should do this by focusing on existing initiatives and fixing flaws before embarking on new, repetitive programs.

We cannot condone this initiative. Furthermore, we think that current initiatives need to expand their focus and develop programs that investigate other issues. While most programs are geared toward workers in factory production, many of the companies involved in the GSCP participate in the food and agricultural sector. Labor rights and codes of conduct in the past have focused on manufactured goods. According to Wal-Mart’s recent Ethical Standards Program fact sheet, the “GSCP covers both food and non-food production for retailers and brand owners” We encourage those involved in the GSCP to engage those working on labor rights in food and agricultural production in order to capture the expertise of stakeholders as the GSCP moves forward.

Companies need to make auditing information and factory disclosure available to stakeholders so that information can be verified. NGOs and other independent worker advocates can be useful partners on this issue only if they are informed and kept as part of the process.

Some of the companies involved in the GSCP have a history of violating freedom of association with their retail stores workers. For example, Wal-Mart has made it a public policy in the United States to be anti-union and has even gone so far as to create a kit with specific tools to prevent employees from associating. Wal-Mart and other corporations need to recognize their contradictory claims toward a commitment to the principle of freedom of association as they proceed to undermine unions in their domestic policies. Provisions and codes of conduct need to apply to domestic employees as well as those abroad.

I would welcome the opportunity to speak with you in order to discuss ways in which this code can either be more constructive within the context of existing initiatives or its creation be more seriously considered. If you would like any additional information at this time, please do not hesitate to contact me at 202.347.4100 or bama.athreya@ilrf.org. Thank you for your attention to this letter and I look forward to your reply.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bama Athreya', with a long horizontal stroke extending to the right.

Bama Athreya
Executive Director