

## KnowTheChain 2023 Apparel & Footwear Benchmark

### Additional Disclosure

Company Name: Walmart

Date: August 10, 2023

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note **KnowTheChain has already undertaken a review of your website**. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

#### INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

#### INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

#### INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

#### INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

4.2 details on forced labour risks identified in different tiers of its supply chains; and

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

#### INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

5.2 the percentage or number of supply chain workers who are migrant workers' and

5.3 the percentage or number of supply chain workers that are being paid a living wage.

#### INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

#### INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

#### INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

#### INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

#### INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.

#### INDICATOR 11: MONITORING

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities).

#### INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

In addition, where an allegation is identified in a company's supply chains:

B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)

*We have reviewed the ASPI report, and do not believe that it links Walmart to allegations of forced Uyghur labor in China. The report does not claim that Walmart has received merchandise from any facility mentioned in the report. Nevertheless, because the practices described in the report run counter to our Standards and values, we wanted additional assurance. As soon as the report was released, we reviewed the 27 factories*

*referenced in the report to determine if we have any record of them in our active disclosed supply chain. None of the factories named—including Shandong Zoucheng Guosheng and Qingdao Jifa Huajin Garment Co. Ltd.—are listed as factories that our suppliers are using to produce merchandise for Walmart.*

In April 2020, Walmart responded to a request for information from US Representative Ilhan Omar with the following letter:

The Honorable Ilhan Omar  
United States House of Representatives  
Washington, D.C. 25015

Dear Representative Omar:

Thank you for your letter of April 3rd regarding allegations of forced labor in a recent publication from the Australian Strategic Policy Institute (ASPI). Forced labor is strictly prohibited under Walmart’s Standards for Suppliers, and we take allegations like this seriously. Substantiated findings of forced labor will result in consequences for the supplier, factory or both—up to and including termination of business with Walmart and its subsidiaries globally.

We have reviewed the ASPI report, and do not believe that it “links” Walmart to allegations of forced Uyghur labor in China, as your letter indicated—the report does not claim that Walmart has received merchandise from any facility mentioned in the report. Nevertheless, because the practices described in the report run counter to our Standards and values, we wanted additional assurance. As soon as the report was released, we reviewed the 27 factories referenced in the report to determine if we have any record of them in our active disclosed supply chain. None of the factories named—including Shandong Zoucheng Guosheng and Qingdao Jifa Huajin Garment Co. Ltd.—are listed as factories that our suppliers are using to produce merchandise for Walmart.

Walmart’s Responsible Sourcing program monitors suppliers and the facilities they use to produce merchandise for compliance with our Standards for Suppliers. We require our suppliers globally to provide to us the names and locations of factories they are using to produce Walmart-branded merchandise and merchandise Walmart will import into any country. We require our suppliers to obtain audits of those factories from internationally recognized, independent, third-party audit programs and performed by qualified independent auditors. We then review every audit for indications of forced and underage labor and unsafe working conditions, among other issues. Just last year we reviewed more than 15,000 such audits. And if we get indications of such practices from audits, private tipsters, non-government organizations, or the media, we have a dedicated team of investigators that looks into the allegations.

Beyond compliance, Walmart takes proactive steps to combat forced labor and human trafficking because it is the right thing to do, it makes us a stronger business, and it enhances trust with our customers and stakeholders. For example, we are members of the Leadership Group on Responsible Recruitment, through which we are working to make responsible recruitment—a key indicator of forced labor—the standard business practice for employers within global supply chains. In addition, we have leveraged philanthropic giving from Walmart.org to invest in innovative solutions to help address the highest risks of forced labor and human trafficking in targeted supply chains and geographies.

Thank you again for your letter.

Sincerely,

Jeff Rice

Vice President, Responsible Sourcing Compliance

Walmart

Cc: Rep. James P. McGovern

Rep. Rashida Tlaib

Rep. Andy Levin

Rep. Jan Schakowsky

Rep. Jamie Raskin

B.1.2 outcomes of the remedy process in the case of the allegation(s); and

B.1.3 evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

Where an allegation is identified in the company's supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and

B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

NON-SCORED RESEARCH

### Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

## High Risk Sourcing

*Please indicate whether your company sources any of the below high-risk raw materials. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.*

- Bamboo
- Cashmere
- Cotton
- Leather (cattle)
- Rubber (natural)
- Silk
- Viscose
- Wool

*Please indicate whether your company sources from any of the below high-risk locations.*

- Argentina
- Bangladesh
- Brazil
- China
- Ethiopia
- India
- Malaysia
- Nepal
- North Korea
- Thailand
- Vietnam