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Top News

Wal-Mart Supplier Accused of Sweatshop Conditions; Workers at a Bangladesh factory were made to work up to 19-hour shifts and paid as little as \$20 a month, says a SweatFree Communities report

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The world's largest retailer, Wal-Mart Stores (WMT), is being accused of buying school uniforms that were made under extreme sweatshop conditions at a factory in Bangladesh.

The JMS Garments Factory in Chittagong, Bangladesh, produces school uniforms that are sold in Wal-Mart stores under the Faded Glory brand name. A report from SweatFree Communities, an anti-sweatshop activist group based in Bangor [Me.], found that workers at the factory work up to 19-hour shifts to finish Wal-Mart's orders under tight deadlines; are made to stand for hours as punishment for arriving late to work; and are frequently subject to verbal abuse and kicking or beatings. Some workers earn as little as \$20 each month, the group says -- even lower than the country's legal minimum wage of \$24 per month.

The report is based on interviews with more than 90 workers conducted away from the factory in workers' homes by a Bangladeshi nongovernmental labor research organization on behalf of SweatFree Communities, a five-year-old nonprofit group funded by activist foundations such as the Solidago Foundation, CarEth Foundation, and Presbyterian Hunger Program. The group works to get commitments from schools, cities, and other employers to buy goods with employee rights in mind.

Wal-Mart Asked Group Not to Publish

In August, Wal-Mart received a draft of the report with information about the abuses. On Sept. 30 the company released a statement to BusinessWeek that said: "Consistent with our concern for the workers and their working conditions, we took immediate action when we received the SweatFree draft report. We visited the factory unannounced and then met with the principal factory owner and our suppliers to ascertain conditions. Additionally, we proposed using an independent third party to work with factory management over the next twelve months to monitor factory operations."

Wal-Mart acknowledges that it urged SweatFree Communities several times not to publish its report. In its statement, Wal-Mart said it "offered to partner with them in addressing industrywide issues in Bangladesh." The company pointed out that "there were at least five other brands and/or retailers using the same factory, and felt a collaborative approach partnering with all key stakeholders including governments, suppliers, and nongovernmental organizations would be the best approach to address labor standards in Bangladesh."

SweatFree Communities Executive Director Bjorn Claeson felt that it was fair to single out Wal-Mart, since his group believes it is by far the factory's largest customer. Claeson emphasizes that Bangladesh is known to have among the worst factory conditions in the world and that about 15% of the nearly \$11 billion worth of garment orders annually exported from Bangladesh go to Wal-Mart, according to local press reports.

"Wal-Mart has incredible economic muscle in that country," says Claeson. "If it takes the leadership position as a retailer and works with other brands, there is no question that it can really have an impact."

Most Factory Inspections Preannounced

The group's refusal to hold back the report drew support from other activist organizations. "People are not going to suppress reports, especially since one of the most important tools organizations like ours have is transparency," says Bob Jeffcott, policy analyst at the Maquila Solidarity Network of Toronto, an activist group that works to improve conditions in factories that make products for multinational companies.

While allegations of sweatshop conditions in apparel factories that produce for Wal-Mart aren't new, the latest report raises questions about the auditing process the chain has set up to monitor its suppliers, most in distant countries. On Aug. 15, 2007, Wal-Mart released its annual "ethical sourcing report" in which CEO H. Lee Scott contended that Wal-Mart conducts more factory working-condition audits than any other company in the world -- as many as 16,700 audits at 8,873 factories.

However, at Bangladesh's JMS Garments Factory, workers say that the visits are always preannounced. Managers prepare them for the auditors' visits and threaten to fire them if they tell the truth, employees told the labor research group. One worker, Ritu, is quoted in the SweatFree Communities report as saying: "The day when the Wal-Mart representative comes to visit, everything changes in the factory."

Fewer Ethical Sourcing Reports

Wal-Mart spokesman Richard Coyle said the company uses its own staff of 200 people to conduct audits and also supplements that with independent audits. Wal-Mart wouldn't provide any names of third-party groups that conduct its audits.

The retailer's own Web site says that only 26% of its auditors' visits are unannounced. Critics say that reflects an incomplete commitment to improve labor conditions in its supply chain.

"Wal-Mart has taken positive steps on environmental and sustainable issues, but when it comes to working on issues that question its purchasing practices or where its way of doing business would have to change, that's where things hit a wall," says Ruth Rosenbaum, executive director of CREA, a Hartford-based socioeconomic research center that focuses on human and labor rights. Rosenbaum has advised Wal-Mart as part of a group of activists who were invited to be in a Transparency Advisory Committee.

This year, Wal-Mart decided to stop issuing ethical sourcing reports annually, as it had done every year since 2004. Wal-Mart said it now will issue one every two years and will post quarterly progress updates on its Web site. BusinessWeek asked Wal-Mart to point to any updates since last year, but the company didn't provide any. A visit to the company's Web site seems to show that since last year's publication, Wal-Mart has not updated the information on ethical sourcing and its progress.

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