Wal-Mart Warns Suppliers On Stricter Measures

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BENTONVILLE, Ark. (AP) — Wal-Mart Stores Inc. has alerted its global suppliers that it will immediately drop them if they subcontract their work to factories that haven't been authorized by the discounter.

Wal-Mart's stricter measure, along with other changes to its policy, comes amid increasing calls for better safety oversight after a deadly fire at a Bangladesh factory that supplied clothing to Wal-Mart and other retailers. The fire in late November killed 112 workers at a factory owned by Tazreen Fashions Ltd. Wal-Mart has said the factory wasn't authorized to make its clothes.

In a letter sent Tuesday to suppliers of its Wal-Mart stores as well as Sam's Clubs in the U.S., Canada and the United Kingdom, the company says it will adopt a "zero tolerance" policy on subcontracting without the company's knowledge, effective March 1. Previously, suppliers had three chances to rectify mistakes.

Wal-Mart also said it plans to publish on its corporate website a list of factories that haven't been authorized to manufacture goods for Wal-Mart.

Also, starting June 1, suppliers must have an employee stationed in countries where they subcontract to ensure compliance, rather than relying on third-party agents.

"We want the right accountability and ownership to be in the hands of the suppliers," said Rajan Kamalanathan, Wal-Mart's vice president of ethical sourcing in an interview with The Associated Press. "We are placing our orders in good faith."

Wal-Mart will be holding a meeting for clothing suppliers from the U.S. and Canada on Thursday to explain the new policy changes.

Wal-Mart ranks second behind Swedish fast fashion retailer H&M in the number of clothing orders it places in Bangladesh. Before the fatal fire there, Wal-Mart had taken new steps to address the growing problem of safety such as mandating fire safety training for all levels of factory management. Building fires have led to more than 600 garment work deaths in Bangladesh since 2005, according to research by the advocacy group International Labor Rights Forum.

Kamalanathan said the company is looking to create a fund that factories can use to improve safety standards, but that is still in discussion. He also said local governments and other suppliers and retailers have to do their part in boosting work safety in factories.

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