WALMART SUPPLIER FACTORY SAFETY ASSESSMENT OVERVIEW

Wal-Mart Stores, Inc. ("Walmart") engaged Bureau Veritas to conduct fire, building and electrical safety assessments at factories in Bangladesh designated by Walmart and directly producing goods for Walmart suppliers.

- The assessments are designed to identify unsafe factory conditions and provide a foundation for the development of effective remediation strategies.
- The process involves engineers visiting each factory multiple times during the assessment phases, during which times engineers identify potential safety issues.
- Factory management develop remediation plans to address the identified issues and the engineers conduct follow-up assessments to monitor each factory's remediation progress.

About Bureau Veritas

Bureau Veritas is a world leader in conformity assessment and certification services. The group has 180 years of experience in testing assessment and certification and more than 60,000 employees and 1,330 offices and laboratories in 140 countries, including Bangladesh.

The Safety Assessment Process:

Bureau Veritas' assessment teams consist of engineers with technical knowledge about fire, building and electrical safety. These teams use their skills and tools to identify certain unsafe factory conditions such as improper wiring, hot spots in electrical systems and visible building structural issues. Engineers visit each factory multiple times under the following fire and electrical safety factory assessment process.

Phase 1: Pre-Assessment	A team of experienced engineers conducts an initial safety risk assessment, focusing on issues that pose an immediate risk to worker safety. If issues are identified which pose an immediate risk to worker safety, Walmart will instruct production of its merchandise be halted until the factory remediates the issues. Appropriate authorities also would be notified by Walmart.
Phase 2: Initial Assessment	The team conducts an electrical and fire safety risk assessment ("Initial Safety Assessment") with the goal of identifying certain safety issues. At the end of the 8-20 day assessment, the team prepares a report that outlines the findings from the Initial Safety Assessment, including photos and notes for remediation, which is shared with the factory owners and managers.
Phase 3: First Follow-up Assessment	After development of the remediation plan by factory owners and managers, the engineering team revisits the factory for a follow-up assessment to evaluate the factory's remediation efforts ("First Follow-up Assessment"). After the First Follow-up Assessment the engineering team will produce another report that identifies key issues that are still in the process of being resolved.
Phase 4: Second Follow-up Assessment	The team verifies that the issues identified in the First Follow-up Assessment report have been addressed and conduct further assessments as deemed necessary by Walmart.

Grading System

Bureau Veritas developed a system by which key criteria are evaluated and rated based on the level of potential risk to workers' safety, with more weight being assigned to greater risk factors. For example, to calculate the electrical safety score in the "Summary of Observations and Occurrences" section of each report, issues categorized as an I-3 level risk are assigned 10 points, I-2 are assigned eight points and I-1 are assigned three points. The final electrical safety rating is then calculated by dividing the total number of points by the square footage of the factory being inspected and then multiplying by 1,000. The resulting "overall score" accounts for both electrical and building safety and is correlated to a letter grade based on a scale from "A" (lowest percentage of safety risk) to "D" (highest percentage of safety risk).

Report Presentation

The attached Bureau Veritas report is a summary of a larger detailed report which has been provided to both Walmart and factory management.

Report No.: DIVINE DESIGN-2ND FU-WM-139
Rev. No.: Final
Rev. Date: 06 JULY 2014

WALMART FACTORY SAFETY ASSESSMENT REPORT

FACTORY NAME: DIVINE DESIGN LIMITED
FACTORY ADDRESS: 12/13 BSCIC I/A, KALURGHAT, CHANDGAON, CHITTAGONG, BANGLADESH.
FIRST FOLLOW-UP INSPECTION DATE: 16 SEPTEMBER 2013
SECOND FOLLOW-UP INSPECTION DATE: 10 JUNE 2014
FIRST FOLLOW-UP REPORT SUBMISSION DATE: 27 OCTOBER 2013
SECOND FOLLOW-UP REPORT SUBMISSION DATE: 06 JUNE 2014
ASSESSMENT SERVICE PROVIDER: BUREAU VERITAS (BANGLADESH) PVT LTD.

2nd Follow-up Assessment Report

Report Keys
Overall Scores: Ratings represent overall safety risk identified based on a scale from D (highest safety risk) to A (lowest safety risk).
Importance of Issue: Indication of the importance of the identified issues based on the provided rating scale as follows: Importance 3 (I-3): Most Important Importance 2 (I-2): Highly Important Importance 1 (I-1): Moderately Important Importance 0 (I-0): Least Important.
Rating Score: Measure of the safety risk – based on both importance and frequency of issues – for the Factory (as defined below) with the best score being zero (0).
% Improvement: The change in the Rating Scores from the Initial Assessment to the First Follow-up Assessment.

OVERALL SCORES

	Initial Assessment	First Follow-up Assessment	Second Follow-up Assessment
Electrical Safety	**10.77 [B]**	**7.75 [B]**	**2.67 [B]**
Building Safety	**5.54 [C]**	**5.02 [C]**	**2.03 [B]**

SUMMARY OF OBSERVATIONS AND OCCURRENCES

Audit	Audit Date	Area	I-0	I-1	I-2	I-3	Rating Score
Initial Assessment	**17-July-2013**	Electrical	0	39	43	18	10.77
	27-July-2013	Building	0	3	5	5	5.54
First Follow-up Assessment	**16-September-2013**	Electrical	0	37	30	11	7.75
	16-September-2013	Building	0	1	3	5	5.02
Second Follow-up Assessment	**10-June-2014**	Electrical	0	11	7	7	2.67
	10-June-2014	Building	0	1	1	2	2.03

% of Improvement vs. Initial Assessment: Electrical – 75.21%; Building – 63.36%

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Introduction

Divine Design Limited. (the "Factory") was subject to an initial Electrical and Building Safety Assessment ("Phase 2 Assessment") on 17 July 2013 - Report **DIVINE DESIGN-INI-WM-139 -** pursuant to the Ethical Sourcing Audit Agreement between Wal-Mart Stores, Inc. (the "Client") and Bureau Veritas Consumer Products Services, Inc. dated April 11, 2012, as amended. The agreed scope of the Phase 2 Assessment was as described in Appendix A. Upon conclusion of the Phase 2 Assessment, the Client and the Factory were provided with a list of findings.

The First Follow-up Assessment ("Phase 3 Assessment") performed on 16 September 2013 - Report **CAP-WM-139 -** was limited to considering the remediation of findings identified during the Phase 2 Assessment.

The Second Follow-up Assessment ("Phase 4 Assessment") performed on **10 June 2014** was limited to considering the remediation of open findings from the Phase 3 Assessment performed in connection with the Phase 2 Assessment. The Factory addressed some of the issues raised during the Phase 2 Assessment which had not been remediated as of the Phase 3 Assessment and presented the Client with a plan to address the remaining issues as soon as possible. The Overall Scores indicated above for the Phase 4 Assessment reflect such outstanding issues.

In connection with the Client's participation in the Bangladesh Alliance for Workers Safety (the "Alliance") a separate assessment related to specific Alliance requirements not considered in the scope of work outlined in Appendix A was performed and is the subject of a separate report.

Disclaimer and Limitations

This Phase 4 Assessment report and any related assessments were issued strictly in accordance with the agreed scope described in Appendix A. It is intended for the Client's exclusive use and shall not be deemed to create any rights in third parties.

This Phase 4 Assessment report, and any other reports issued in connection with this subject matter, do not constitute a guarantee of continued or absolute safety against fire, building integrity issues or loss of life or property. They are solely intended to provide non-exhaustive information to assist the Client's effort to evaluate its level of fire and building integrity safety within its supply chain factories.

The Client is responsible for exercising its own, independent judgment with regard to the information contained in this Phase 4 Assessment report. Neither we nor any of our agents warrant the quality, outcome, effectiveness or appropriateness of any decision or action undertaken on the basis of this Phase 4 Assessment report.

The findings set forth herein do not guarantee compliance with applicable laws and regulations.

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Appendix A

Building and Electrical Safety Assessment
Follow-up Assessment Summary Report

Electrical Safety

- Assessment of existing installations in light of relevant parts of local legislation (BNBC-2006, Bangladesh Electricity Rule) and global standards (NFPA 70) is referred to when applicable.
- Measurement of circuit parameters including voltage, current, insulation, and leakage to identify system performance and risks
- Review of circuit load in relation to system protections to identify degree of protection against overload and hotspots/sparks
- Thermal circuit imaging to determine temperature profile of the system

Building Safety

- Confirmation of existence of approved building design and verification civil design as compared to with major dimensions of existing building construction
- Review of building utilization per permits and as utilized
- Review of compliance with selected chapters of local legislation, namely BNBC- 2006, Dhaka City Building Construction Rule 2008, Factory Act 2006 and Factory Rule 1979 for the following items:
  - Review of routes of egress – including exits and passages
  - Review of fire detection systems
  - Review of fire response elements – including sprinkler systems and fire mains
- Visual inspection of building for indications of structural distress
- Review of means of egress in case of emergency in shared facilities

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