

HUMAN RIGHTS WATCH

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April 16, 2012

Mr. Mike Duke
President and CEO
Walmart Stores, Inc.
702 SW 8th Street
Bentonville, Arkansas 72716

Cc: Mr. Rajan Kamalanathan
Vice President of Ethical Standards
Walmart Stores, Inc.
702 SW 8th Street
Bentonville, Arkansas 72716

Re: Phatthana Seafood Co., Ltd of Thailand

Dear Mr. Duke,

I am writing on behalf of Human Rights Watch to request information about Walmart's business relationship with Phatthana Seafood Co., Ltd of Thailand ("Phatthana"). We understand that Phatthana is a member of the Rubicon Group, a leading supplier of seafood and shrimp to Walmart and Sam's Club stores across the United States and other countries.

Phatthana runs a seafood factory located at 70/8 Moo 3, Khao-rup-chang, Muang district, in Songkhla province in Thailand. Human Rights Watch has received credible information indicating that this factory processes shrimp for Phatthana, and that the company has shipped Phatthana-processed shrimp to Walmart in the United States. U.S. Customs data show specific shipments throughout 2011 and into 2012, and Wal-Mart packaging shows Phatthana's processor identification number.

Human Rights Watch has received credible allegations that serious labor rights abuses have been occurring at Phatthana's factory in Songkhla, as well as in connection with recruitment companies who supply workers to the factory. (It is our understanding that most of the workers at the factory are from Cambodia and Burma.) We have received allegations that many of the workers at the Songkhla facility, convinced by recruiters to pay excessive placement and transport fees, and compelled by Phatthana to relinquish portions of their wages to pay these debts as well as various "fees" to Phatthana, exist in a financial situation amounting to debt bondage. Many cannot pay off their debts to recruiters and as a result are unable to stop working at the factory.

Credible allegations have been made that Phatthana officials at the Songkhla factory have been holding the official identification documents, including passports and national ID cards, of as many as 2,000 migrant workers employed at the factory, presumably as a disincentive for workers to flee. As you may be aware, seizure and retention of worker documents is a violation of

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many countries' labor laws, including Thailand's, no matter what reasons factory management offer to justify this action. It is also a key indicator for determining whether a person may be a victim of human trafficking.

We have also received credible reports of other labor abuses. Reportedly, Phatthana has paid workers less than the minimum wage contained in contracts, while failing to keep promises made to workers about providing housing and minimum work hours. Reportedly, work at the factory is often irregular, and workers are not paid for days when there are no orders, though they are reportedly still required to pay for their accommodation.

The net result of irregular work, low pay, housing costs, and, when needed, medical care costs, is that workers barely make enough money to support themselves in Thailand, and in some cases have to take loans from informal sources just to remain at work.

These activities appear to violate key provisions in your company's "Standards for Suppliers." In particular, the provisions related to compliance with relevant laws, voluntary labor, labor hours, freedom of association and compensation are implicated.


A major labor dispute erupted at the Songkhla factory last week, following a decision by employers there to cut a daily food allowance. Workers began a strike on April 8, and agreed to leave the factory when Phatthana managers agreed to negotiate on the morning of the next day, April 9. When workers arrived that morning, they found management had locked them out, and began to protest. The assembly was dispersed by Thai police who fired shots in the air. As of April 13, the situation at the factory remains tense.

We have a number of questions about Walmart's possible role in this situation and we would greatly appreciate your response.

1. Can you confirm Walmart packaging and U. S. Customs data indicating that Phatthana is one of Walmart's shrimp suppliers in the US market?
2. Can you confirm that shrimp processed at Phatthana's Songkhla facility is among the shrimp supplied to Walmart for the U. S. market?
3. Can you list what steps Walmart has taken or will take to investigate alleged labor rights abuses reported at the Phatthana factory in Thailand? Has Walmart taken steps to ensure that similar abuses are not occurring in other Walmart supplier factories in Thailand?

We would appreciate a prompt response. Thank you for your assistance in these matters.

Sincerely yours,



Arvind Ganesan
Director, Business and Human Rights Division
Human Rights Watch