

2017

GLOBAL RESPONSIBILITY REPORT



Walmart

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About this report

This report covers the global responsibility activities of Walmart and the Walmart Foundation, and information reported from grantees, suppliers and others, for fiscal year 2017, which ran from February 1, 2016, to January 31, 2017. For readers' convenience, we refer to this fiscal time period as FY2017 throughout the report, unless otherwise noted. Grant funds reported as awarded or committed may not have been disbursed in FY2017 and full payment of those amounts may be subject to receipt of satisfactory impact reports.

For information regarding forward-looking statements, please refer to pg. 173.

We want to make a difference, and we want to be a trusted retailer that customers, associates, communities and shareholders are proud of.



This year marks 25 years since then-President George H. W. Bush awarded our founder, Sam Walton, the prestigious Presidential Medal of Freedom.

President Bush came to Bentonville, Arkansas that March day to present the award. And while he spoke about Sam's business success, he focused most of his remarks on the personal qualities that set Sam apart from his peers: his determination, his decency and the good Walmart does in communities. As he accepted the award, Sam said that if we work together we'll give the world an opportunity to see what's it's like to save and have a better life.

That purpose still motivates us. We love making our customers' lives easier—saving them money and making shopping simple and convenient. Helping people live better also means supporting our associates and serving our communities, and doing the right thing every day. At the end of the day, it comes down to trust.

Earning trust means selling quality products at low prices and giving back to communities. But it goes even deeper than that. All over the world, we're seeing that customers are increasingly aware of the products they are buying and their impact on the world. They have less time to research the products they buy—yet they care even more about how they are sourced. They'll choose to shop with retailers who provide that transparency so they can feel good about the items they purchase. They expect us to use our strength to make a difference on environmental and social issues.

That is our expectation too. We believe we can deliver for our customers at the same time we create what Dr. Michael Porter from Harvard Business School calls "shared value" for our business and society. In 2005, we set three aspirational goals: to be powered by 100 percent renewable energy, create zero waste and sell products that sustain people and the environment.

We made good progress toward those goals, and last November we announced a new 10-year vision to create shared value, which we described as work toward a "new era of trust and transparency" for Walmart. What was once largely about our own operations has expanded and shifted into helping rewire whole social and environmental systems.

We made new commitments to increase the use of renewable energy, reduce greenhouse gas emissions in our operations and in our supply chain, to create zero waste in key markets, sell more products that sustain people and the environment and expand local sourcing. We're also working to support the human dignity of workers throughout our supply chain. You can read more about them in this report, as well as the progress we've made towards past commitments.

We're excited about our progress so far. We're very grateful to be joined in this work by other retailers, suppliers, governments and NGOs as we work toward these goals.

We will continue to look for ways to make it easier for customers to not only save money, but also save time to help them make sustainable and responsible choices when they shop with us, so they don't have to pay more or make tradeoffs.

We want to make a difference, and we want to be a trusted retailer that customers, associates, communities and shareholders are proud of. That is what motivated Sam Walton 25 years ago, it's what motivates us today, and it will be what motivates us for the next 25 years.

Doug

Doug McMillon
Chief Executive Officer
Wal-Mart Stores, Inc.

Performance highlights



Opportunity

We will increase economic opportunity in retail and retail supply chains



Increased economic mobility and inclusion

Completed our
\$2.7 billion
investment in the U.S. that
includes increases in training,
education and higher wages

Walmart enabled over a
half million*
people to grow
and succeed



Supporting local, diverse and small businesses

Fulfilled commitment
to source
\$20 billion
from women-owned
businesses over 5 years.

Investing in American jobs –
Walmart is committed to
purchasing an additional
\$250 billion
in products that support
American jobs between
2013 and 2023

* Based on number of Walmart associates who graduated from Pathways and Academies training programs, Walmart associates promoted and individuals receiving training through programs funded by Walmart or the Walmart Foundation.



Global Giving

\$1.4 billion+ in total

\$1.1 billion+ in-kind giving

\$299.9 million+ in cash giving



Sustainability

We will enhance the sustainability of operations and value chains

Reducing energy intensity and emissions in our operations



Approximately
26%
renewable energy
globally



Eliminating waste in our operations

77% of global waste
diverted from landfill*



Reducing environmental impacts

A reported
76 million acres committed
to fertilizer optimization programs

Providing affordable, safer and healthier food and products



96%**

suppliers reduction of high priority chemicals by weight in Walmart U.S. stores since 2014



Supporting the dignity of workers everywhere

Joined the Leadership Group for Responsible Recruitment



Supporting measurement and transparency in our supply chain

\$200 billion
worth of goods sold evaluated for sustainability performance

* Based on review of material handling and waste diversion processes in Argentina, Brazil, Canada, Central America, Chile, Japan, Mexico, South Africa, U.K., and U.S., as reported by waste vendors, food banks and stores. In cases where real numbers were not available due to industry challenges they have been estimated based on industry acceptable standards.

** A supplier reported number

Community

We will help strengthen local communities



Relieving hunger

Provided support for
2.4 billion+
meals provided to people in need since 2014



Enhancing resilience in the face of disasters



Supported
communities after 30 disasters

\$6.8 million
cash donations for disaster preparedness and relief

Developing local communities

1.2 million
associate volunteer hours



\$100 million
invested by Walmart and the Walmart Foundation in local communities



A message from our Chief Sustainability Officer

Over the past 30 years, global prosperity has increased by many measures. Life expectancy, school enrollment and access to drinking water are up and technology has opened new doors for billions of people.

Yet at the same time this progress occurs, growing population, globalization and technological disruption have created new social and environmental challenges. Inequality is increasing in many countries, while water supply, forests, air quality, biodiversity and our climate are under unprecedented pressure.

Last November, Walmart renewed our commitment to using our strengths as a large global retailer to do our part in helping to address these challenges. Our “Leadership 2025” agenda reaffirmed and extended our aspiration to help increase economic opportunity, enhance sustainability of value chains and strengthen local community resilience.

This report describes progress in support of that agenda, through our major environmental, social and governance (ESG) initiatives. As explained in the pages that follow, achieving fundamental, lasting resolution of complex ESG challenges requires systemic transformation and leadership across many sectors: companies, governments, civil society—and customers too.

The capabilities of the private sector are unique, and complement what governments and civil society can do. As the world’s largest omni retailer, our capabilities include our associates, jobs, purchase orders, supplier relationships, technologies, store network and our logistics infrastructure. We also have a daily relationship with hundreds of millions of customers and a presence and insight into hundreds of local communities. There’s also our philanthropy and our know-how in coding, marketing, operations, agronomy and product development. Perhaps most importantly, we have the ability to help create market-based solutions—where the behaviors that result in better environmental and social outcomes are also the behaviors incented by the market.

Our aim today is to keep using our strengths in collaboration with others to transform the systems we rely on. We believe that the value-maximizing strategy is the one that creates shared value—value for customers, business and society.

Ultimately, environmental, social and economic interests converge for all of us.



Kathleen McLaughlin

Kathleen McLaughlin
Chief Sustainability Officer
Wal-Mart Stores, Inc.



Our approach to global responsibility: Shared value



Whole-system change.

Working with others, we aspire to reshape whole systems to achieve significant and lasting improvement in social, environmental and economic outcomes. For example, enhancing environmental sustainability in retail supply chains means addressing their social and economic dimensions, too. We have placed, and will continue to place, increasing emphasis on social issues such as empowering women and promoting worker safety and dignity.

Create shared value for business and society.

We seek to create value for stakeholders across business and society, because shared value enhances the quality and viability of solutions. We believe that our social and environmental programs are of interest to long-term stakeholders because they strengthen the systems we rely on as a retailer.

Lead through the business.

We work to integrate our social and environmental priorities into our routine business activities (such as merchandising, sourcing, store operations, logistics, human resources and technology), through leadership practices, organizational roles, operational processes and tools.

Focus on actions that draw on Walmart's particular strengths.

We can make the most significant difference when we draw on our particular strengths as a retailer. These strengths include our 2.3 million associates globally, supplier relationships, purchasing in categories like food and apparel, physical assets and capabilities in logistics, marketing, operations and merchandising.

Use philanthropy to complement business initiatives.

We complement and extend the impact of Walmart's social and environmental initiatives through philanthropic efforts. Through both in-kind and cash gifts, Walmart and the Walmart Foundation give over \$1 billion annually to projects that create opportunity, enhance sustainability and strengthen community.



Collaborate with others.

Since we believe that collective action is essential to the transformation of systems, we shape our programs in collaboration with other leaders and stakeholders. We are also investing in enhancing the effectiveness and ease of dialogue and action across sectors through support for organizations and tools, such as the Consumer Goods Forum and the Sustainability Index.



Shared value priorities and aspirations for 2025

Ten years ago, Walmart set out three aspirational goals tied to sustainability: create zero waste, operate with 100 percent renewable energy; and sell products that sustain our resources and the environment. At the Net Impact conference on Nov. 4, 2016, Walmart President and CEO Doug McMillon outlined new targets that build upon the three original aspirational sustainability goals to guide the company on critical shared value priorities for the next decade.



Opportunity

Increase economic opportunity in retail and retail supply chains

PROVIDE GREAT JOBS AND TRAINING THAT BECOME GREAT CAREERS FOR OUR ASSOCIATES

- Building upon the \$2.7 billion investment we made in education, wages and training for millions of associates in the U.S., we will work to achieve the following
 - Be the place to go for a first job
 - Provide a clear path for career advancement
 - Put millions of associates through focused training
 - Foster predictability and stability and pay
- Accelerate the mobility of frontline retail workers beyond Walmart
- Promote culture, diversity and inclusion at Walmart
- Support economic inclusion in supply chains and communities

SUPPORT LOCAL, DIVERSE AND SMALL BUSINESS DEVELOPMENT

- Source more products locally around the world, including our goal to source \$250 billion in products supporting American jobs by 2023
- Support local and small farmers
- Foster growth of women-owned and diverse suppliers
- Support growth of small business





Sustainability

Enhancing the sustainability of our operations
and value chains

REDUCE ENERGY INTENSITY AND EMISSIONS

- Be powered by 50 percent renewable energy by 2025
- Reduce emissions in our own operations by 18 percent

ELIMINATE WASTE

- Achieve zero waste to landfill in our own operations in the U.S., U.K., Japan, and Canada by 2025. The commitment is designed to meet the guidelines developed by the International Zero Waste Alliance

IMPROVING SUSTAINABILITY IN VALUE CHAINS

- Support measurement and transparency in our value chain
- Reduce environmental impacts
 - Work with suppliers to reduce 1 Gigaton of emissions between 2015 and 2030
 - Expand sourcing of commodities produced with zero net deforestation by 2020
 - Expand and enhance more sustainable sourcing to cover 20 key commodities
 - Walmart private brand products will use 100 percent recyclable packaging
 - Work with suppliers to reduce product and packaging waste and help preserve natural resources
- Make food and products healthier and more affordable
 - Double the sales of locally grown produce in the U.S.
 - Reduce sodium, added sugars and saturated fat where possible
 - Work with suppliers and our own private brand products in key markets, beginning in the U.S., to remove certified synthetic colors and artificial flavors in products where customers don't expect to find them
- Support the dignity of workers in the retail supply chain
 - Walmart is joining the Leadership Group for Responsible Recruitment, a collaboration of businesses and NGO partners working to ensure ethical recruitment and treatment of workers globally



Community

Improve the lives of people in communities

HELP RELIEVE HUNGER

- Fulfill our existing commitment to donate 4 billion meals to fight hunger by 2020 and strengthen the charitable meal system

ENHANCE RESILIENCE IN THE FACE OF DISASTERS

- Walmart and the Walmart Foundation is contributing \$25 million towards disaster relief and resiliency around the world between 2016 and 2021

DEVELOP LOCAL COMMUNITIES

- Support community engagement
- Engage associates and customers to help others





Opportunity

Creating economic opportunity



Increasing economic
mobility and inclusion



Supporting local,
diverse and small
businesses

INCREASING ECONOMIC MOBILITY AND INCLUSION



In markets around the world, we've seen rising anxiety about economic inequality. This makes it especially important to provide new entry points for job seekers of all skill levels, as well as opportunities for advancement from day one on the job. We believe that Walmart is uniquely situated to provide this kind of opportunity. As a global retailer, we're well positioned to promote the role retail can play in economic mobility, provide training and job experience to new members of the workforce, and encourage suppliers do the same. Our goal is to increase economic mobility for workers, whether they work in a Walmart or other retail store, a factory or a family farm.

As in so many other areas, we've learned that to maximize our impact we need to think in terms of the entire system. To provide meaningful opportunity, it is not enough to simply address onboarding or training. We must strive to identify and reduce system-wide barriers and to give workers the tools they need to advance within our stores, within the sector, or even in other parts of the economy. We truly believe that retail can impart skills and accelerate progress for workers everywhere.

To achieve these goals, we collaborate with a broad array of stakeholders, including associates, employers, educational experts, nonprofit organizations, technology companies and governmental agencies. We see value in this approach for both society and our business: We hope to improve the economic mobility and inclusion of millions of people while also strengthening the talent pool our business relies on.

We're increasing economic mobility and inclusion through four key strategies:



Providing great jobs, training and advancement for associates



Accelerating the mobility of frontline retail workers beyond Walmart



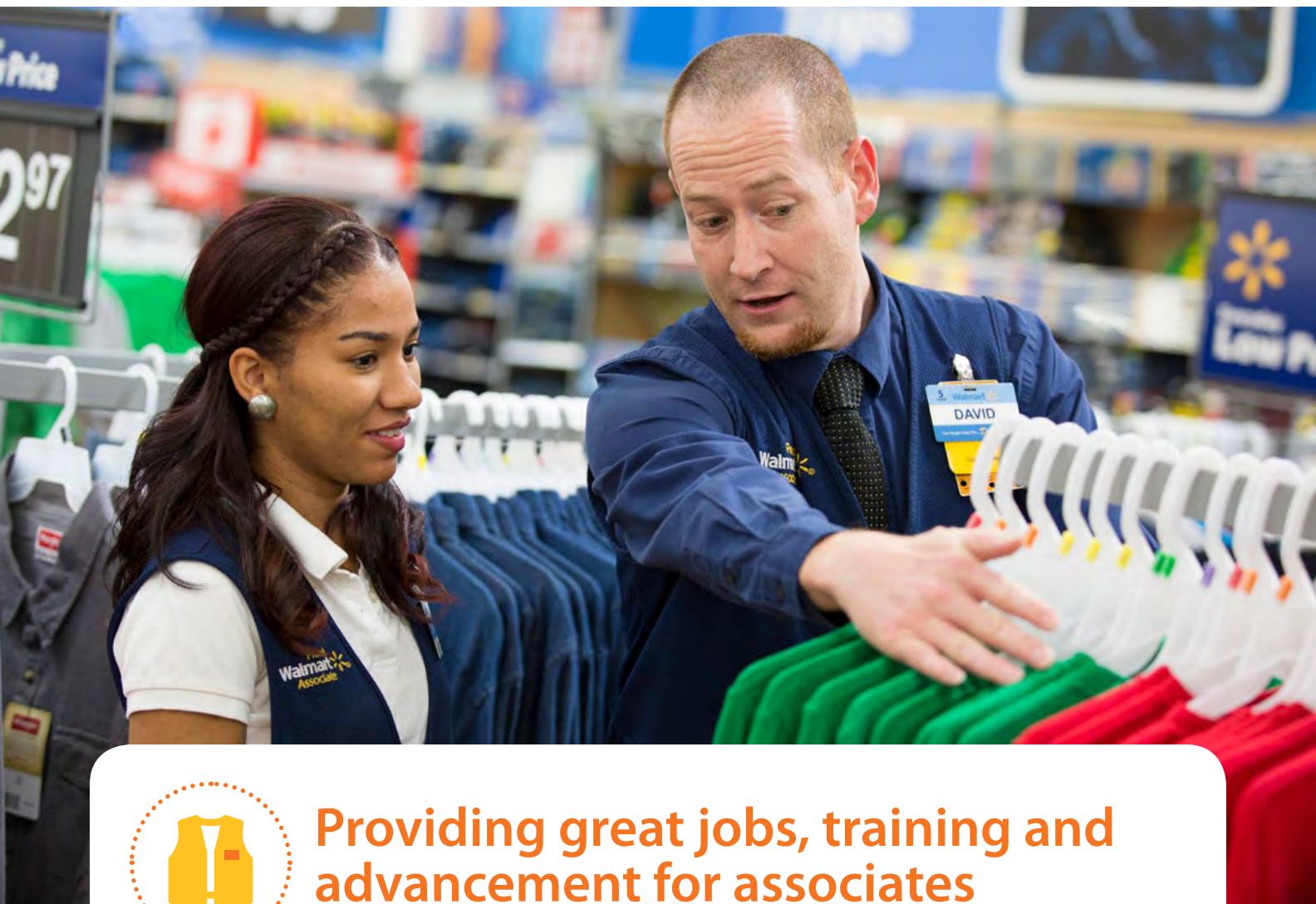
Promoting culture, diversity and inclusion at Walmart



Supporting economic inclusion in communities and supply chains



Our goal is to increase economic mobility for workers, whether they work in a Walmart or other retail store, a factory or a family farm



Providing great jobs, training and advancement for associates

Walmart is a company where it's still possible to start with a job stocking store shelves and build a career with unlimited opportunity. Our CEO, Doug McMillon, for example, began his career in a Walmart warehouse. Three quarters of our U.S. store management teams began as hourly employees. In the U.S., where millions of people live within 10 miles of a Walmart store or Sam's Club location, we believe that we can be a source for advancement in thousands of communities.

Providing that sort of opportunity is more important than ever. According to a study from Programme for the International Assessment of Adult Competencies, lower-skilled workers make up a significant part of the U.S. adult workforce. With an average 300 positions in each of our U.S. supercenter stores, Walmart can provide a broad opportunity for workers to learn important—and transferable—job skills while earning a paycheck.

To help enable that advancement, we aim to provide our associates with both stability and mobility. We firmly believe both are required for a fulfilling career experience. That means supporting our associates in the jobs they have while striving to provide the tools they need to advance. We see each job as a pathway to greater opportunity, whether it's within Walmart, within the sector or in another industry entirely.

Providing great jobs for U.S. associates

Walmart is committed to investing in our associates. In FY2017 we completed our \$2.7 billion investment in the U.S. that includes increases in training, education and wages. In addition, we continually evaluate our benefits and workplace policies to, among other things, look for opportunities to address barriers that may impede career advancement. Some of our actions follow:

- **Wage increase.** To help meet our commitment of providing stability, we maintained our U.S. entry-level wage of \$9 per hour for new hires, with an additional increase to at least \$10 per hour after successfully completing our Pathways training program, which associates can finish in as quickly as 90 days (as of 1/23/17). We also raised the wages of all U.S. hourly associates hired before Jan. 1, 2016, to at least \$10 per hour.

• **Scheduling.** Handling responsibilities at home can be difficult with an ever-changing schedule. When our associates have more stability at work, they have a greater ability to address demands outside of work and pursue training and education opportunities needed for greater mobility. Our associates get their schedules more than two weeks in advance, and in FY2017 we began piloting a new scheduling format to provide associates with more consistency, flexibility and control over their schedules. Some associates have fixed schedules, enabling them to work the same hours on the same days for a more consistent schedule—and more predictable paycheck—while others have the option to build their schedule (even pick up additional, unfilled shifts) each week, based on changing needs. The new scheduling format began testing in Neighborhood Markets in FY2017, and will be tested in other formats in FY2018.

• **Paid time off.** We know that our associates have responsibilities outside of work. Sometimes they need to cope with an illness, a sick child or other family responsibilities. In FY2017, we designed a paid-time-off (PTO) program for hourly associates in U.S. Walmart stores and Sam's Clubs to address these needs. The program groups paid vacation, sick, personal and holiday time into one category and eliminates a prior one-day wait to use sick time. Associates earn PTO based on tenure and hours worked and can carry over up to 80 hours

for full-time and up to 48 hours for part-time to the next year. Any PTO hours above those totals are cashed out and automatically added to their paycheck at the end of the program year.

- **Short-term disability.** Stability also means being able to weather illnesses or injuries that require time for recovery. That's why Walmart added a basic short-term disability plan at no cost to full-time hourly U.S. associates in FY2017. It pays 50 percent of an associate's average weekly wage, up to \$200, for up to 26 weeks. We also added an enhanced plan at a lower cost than our previous voluntary plan that provides up to 60 percent of an associate's average weekly wage for up to 26 weeks.
- **Quarterly bonuses.** Eligible associates will continue to qualify for quarterly bonuses based on the performance of their store. In FY2017, hourly associates (full-time and part-time) received more than \$700 million in quarterly bonuses.

Bonuses for hourly
Walmart U.S. associates topped
\$700 million+
in FY2017



Investing in training and advancement

Providing a ladder of opportunity is part of our investment in our associates. While Walmart has long been a place where frontline workers could advance in the organization, we want to make that upward progress easier and faster, helping enable more associates to reach positions of greater responsibility and income, both within Walmart and beyond.

Providing greater opportunity creates better outcomes, both for our business and for society. On the business side, a more engaged, productive and diverse workforce improves our customers' experience and grows sales. For society, as workers receive training in the skills that lead them to the next level, household incomes can rise, overall economic stability improves and the national workforce is strengthened. We are working toward our goals with the following programs:

- **Training for new workers.** In FY2017, we introduced Pathways, our new training program for U.S. entry-level associates. Pathways helps associates gain vital retail job skills and may be completed in as quickly as 90 days. Our goal is to better integrate new hires into Walmart's culture, reinforcing our core values and our focus on serving the customer. Pathways teaches valuable and transferable skills, including customer service, merchandising, teamwork and communications. The program incorporates both self-paced, computer-based learning and mentoring from a supervisor. Besides helping associates apply what they've learned through the online modules, supervisors are able to provide frequent feedback and check-ins as the training progresses and to engage associates in discussions on job performance and potential career opportunities.
- **Educational opportunities.** Since 2010, Walmart has broadened its view of how it can help associates succeed in retail careers. Through the Lifelong Learning initiative, 7,185 associates have enrolled

In FY2017,
20,000+

associates
completed the Academy
training program, and another
225,000
associates
slated to graduate in FY2018.

in our high school programs, and 74,000 associates have enrolled to use Rosetta Stone to learn languages since 2014. Another 8,500 associates have started college since 2011. In FY2017, more than 1,700 scholarships were awarded to associates and their dependents through funding from the Walmart Foundation.

- **Training for managers.** We also continue to build out our Academy training program. In FY2017, Walmart opened 60 Academies. The Academies are dedicated facilities that offer two to six weeks of hands-on, immersive learning, combining both classroom study and training on the sales floor. The Academies prepare associates for jobs as frontline hourly supervisors, department managers and assistant managers, teaching them to read spreadsheets, profit and loss statements and other skills necessary to take on greater responsibility. We expect to have 200 Academies in place by the end of FY2018, each of which will serve some 25 nearby stores.

From store cashier to district director: a Walmart career

At Walmart, we mean it when we say that a frontline retail job can be the first step in a rewarding career. Wellington Marinho, district director of Sam's Club in Brazil, is a great example. Marinho joined Walmart Brazil in 1998 as store cashier. Over the next 18 years, he was promoted through positions such as goods operator, cashier controller, auditor, training coordinator, support manager and store manager. In 2009, Marinho was promoted to district director of Sam's Club and today leads a team of 230 store associates.

We believe in nurturing and recognizing talent at Walmart, and we seek to fill our highest-level jobs from our own associate ranks. Wellington credits his success to Walmart's strong culture, values and leadership. "I want to keep growing with Walmart for the next 25 years," says Marinho. "If I could, I would retire in Sam's Club."



IMPACT

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A Walmart Department Manager graduates to her next step

By Kathrin Thacker, General Merchandise Co-Manager, Walmart #5443
February 08, 2017

When I was a student at the University of Indiana, my Walmart job was simply a way of paying bills. After graduation, I was encouraged by my store managers to stay, as they saw promise in me. Thirteen years later, I'm still here. So I fully understand the opportunity that exists to start a career.

Today I'm a co-manager at a supercenter in Beech Grove, Indiana, and it's awesome to watch others take that same journey. One young woman I recently crossed paths with—Kinder Kaur—is the most passionate associate I've ever met. Recently she worked her way up to managing an entire department.

Rewind this story back to 2006. Kinder was a first-generation immigrant from India here with her husband and son trying to make a better life. She worked in an audiovisual business that her husband owned and also as a restaurant server for two and a half years. Next, she got experience in retail as she worked in their family-owned convenience store. Wanting a change, Kinder decided to come to Walmart. She started in our back room, unloading and stocking inventory.

It's hard work, but Kinder excelled. Her attention to detail made her stand out. Seeing this, I thought she would be a good candidate to try something new: being out on the floor. While she was nervous, with a little support from her team she was ready.

Fast-forward to last fall, and Kinder was shining. She loves being out on the floor interacting with customers,

and her sharp eye really matters in the beauty department, where smaller items like nail polish and hair dye need to be meticulously organized.

Not too long ago, our store manager encouraged all of us to apply to enter the company's new Academy program, where associates can receive extra training that better equips them to help customers. Kinder was a natural candidate, and after completing the program, she participated in her first graduation.

In Kinder's native India, graduation ceremonies aren't common. Although she completed high school, she had never worn a cap and gown. Putting on these pieces was an extremely proud moment for Kinder and her family. Her son, Gurpreet, who works in electronics at Walmart, also graduated with his mother. It was awesome to see such a great day of celebration for their family!

Everyone I see return from the Academies training is more excited and attentive than before. They've returned with a fresh mindset about how to take care of customers. These Academy locations are opening nationwide, and soon there will be thousands of associates who've graduated.

The Academies program is empowering associates across the country to take charge of their careers. But even better, it's harnessing the passion of people like Kinder, which is a huge step forward in also transforming our shopping experience.



Accelerating the mobility of frontline retail workers beyond Walmart

In 2015, Walmart and the Walmart Foundation launched the Retail Opportunity Initiative, a five-year, \$100 million sector-wide effort aimed at strengthening the transferability of skills of the U.S. retail workforce and developing ways to make it easier for front-line workers to advance their careers. Through the end of FY2017, Walmart and the Walmart Foundation invested more than \$59 million and collaborated with leading nonprofits, employers, government agencies and educational institutions to identify and implement innovations aimed at increasing mobility of retail and related sector workers. As we work to accelerate mobility in the sector, we are focusing on the following areas:

- Showing how retail can create opportunity
- Building effective approaches to retail training and advancement
- Engaging retail employers to improve the workforce development system

We believe that while frontline retail workers develop important job skills, too often those skills are underrecognized and undervalued, hampering the ability of workers to advance.

Showing how retail can create opportunity

Hiring managers, potential workers and even people already working in the retail sector often underestimate the potential for acquiring skills through frontline retail jobs. As part of the Retail Opportunity Initiative, we are working to reset assumptions about what is possible, and by doing so, increase interest in retail jobs, quality of job training and opportunities for advancement. Our goal is to reframe the thinking on frontline retail jobs so that the sector truly becomes a launching pad to earn and learn. Examples of our work in this area include:

- **Core job skills.** The Walmart Foundation invested in the human development nonprofit FHI 360 to launch a campaign in Baltimore and Chicago promoting the value of the core job skills frontline retail workers hone—skills like teamwork, customer service and problem solving. The program is aimed at employers in retail and beyond, as well as the workers themselves and is designed to increase the mobility of workers who have developed core job skills.
- **Impact of retail employment.** The Walmart Foundation also funded a report by Opportunity Nation that shows there is a correlation between increases in a state's economic prosperity, a composite measure based on factors including rates of poverty, crime and income equality.
- **Retention of entry-level employees.** In FY2017, Walmart made a grant to FSG to research and identify strategies and best practices for retaining young, entry-level employees, especially those who are out of school and not working. With additional Walmart funding, FSG will publish a report and conduct additional research on pre-hire interventions that could improve retention of entry-level employees. FSG's research is now being applied by the 100,000 Opportunities Initiative, as that project seeks to increase hiring and support of opportunity youth.

Retail's Opportunity

For many young workers, frontline retail jobs represent their first chance to earn a paycheck.

15 
million Americans
work in retail in
the U.S.

25% 
of workers in the
study were under
the age of 25

40% 
of workers were
completing their
education or
supplementing it

* According to Retail's Opportunity: Exploring the Industry's impact on people and places, 2016.



Retail training beyond the U.S.

Supporting talented graduates in South Africa.

Massmart, our South Africa business unit, runs two programs aimed at preparing young people for careers in retail. The year-long Graduate Development Programme (GDP) provides young, talented graduates with both classroom training and practical, on-the-job experience. Our program graduates earn an accredited post-graduate diploma in Business Management, which further aids them in their retail careers. Massmart also runs a Store Operations Development Programme (SODP) aimed at providing practical and theoretical training for future store managers. Both programs are focused on providing development opportunities to women and previously disadvantaged young people. Since its inception in 2007, these programs have supported a total of 404 graduates across our various divisions within Massmart. In FY2017, 64 percent of graduates found permanent jobs within Massmart.

Seiyu

Seiyu supports Sodateage.net, a certified nonprofit organization with a strong track record in employment support for young people who are unemployed, and not in education or vocational training. In an effort to promote social inclusion and economic empowerment for these youths, Sodateage.net and Seiyu created a program called "Seiyu Pack" providing young people job training and in-store training at Seiyu stores. In FY2017, 25 youths were trained.

Building effective approaches to retail training and advancement

We believe that entry-level retail jobs, which are widely accessible, can be a first step up the career ladder—but only if they are accompanied by effective training and credentials that are recognized throughout the sector and beyond.

- **Innovate new approaches to training.** To date, Walmart and the Walmart Foundation have provided funding for the training of over 8,000 prospective and current retail workers—supporting innovative and new approaches to training that we believe are crucial for enhancing economic mobility of workers. For example, according to a report from Brookings Institution, one in 10 working-age adults in the U.S. is held back from advancing to better-paid jobs by limited language skills. In FY2017, the Walmart Foundation made a grant of more than \$1.8 million to the National Immigration Forum (NIF) to support the development of a scalable English-language learning program that can be used throughout the sector for frontline workers. To date, 17 percent of participants have been promoted after just 12 weeks of training, and 80 percent have improved their English proficiency—compared to the 2007 national average of 39 percent for adults enrolled in ESL courses.

- **Support workforce investment boards.** We are also encouraging workforce development organizations that have strong track records of placing and advancing workers to focus more deliberately on the retail sector. For example, the Walmart Foundation's \$10.9 million grant to the Chicago Cook Workforce Partnership, one of the nation's largest Workforce Investment Boards (WIBs), distributed 10 re-grants to leading WIBs across the U.S. to design career pathways for retail. To date, the participating WIBs have provided retail training and support services to over 28,000 prospective and current retail workers. The Northwest Indiana WIB even opened a Retail Training Lab in a local mall so that job seekers can take classes that cover the interpersonal and technical skills necessary to create an overall outstanding customer experience.

Walmart believes that workforce development can happen faster when organizations and employers have a way to learn from one another. Walmart is a founding member of 100,000 Opportunities Corporate Coalition.

Engaging retail employers to improve the workforce development system

Walmart believes a stronger, more highly skilled workforce benefits the entire retail sector. We're working with other retail employers to improve the system overall by designing jobs, practices and programs that support stability and mobility for the workforce. We believe these improvements will lead to greater opportunity for workers and stronger communities, as well as driving positive returns for the sector. Our work in this area includes the following:

- **Develop and share best practices.** We believe that workforce development can happen faster when organizations and employers have a way to learn from one another. Walmart is a founding member of 100,000 Opportunities Corporate Coalition, a group of more than 40 employers committed to developing and spreading hiring practices that lead to better outcomes for youth who are out of school and seeking to enter the workforce. Building on this experience, Walmart and Rockefeller Foundation funded FSG to create a community of companies interested in identifying best practices and proving the business case for hiring and developing individuals who may face barriers to economic opportunity.
- **Improve worker assessment, training and evaluation.** In Dallas, Walmart has funded Innovate+Educate (I+E), an initiative aimed at helping employers improve the way they assess, train, and evaluate workers. Specifically, I+E is working with Workforce Solutions Greater Dallas (the Workforce Investment Board for Dallas County), community colleges, NGOs and employers to assess front-line workers and provide training that increases the opportunities for advancement. Participating employers will track candidates to measure the effectiveness of the program.



"I+E's efforts with the Dallas Regional Chamber and the Dallas WIB have led to the development of a retail sector strategy for Dallas that is co-led by I+E and the DFW Regional Workforce Leadership Council—which has received funding from the Workforce Solutions Greater Dallas Board to bolster retail workforce development efforts."

Laurie Bouillion Larrea, President,
Workforce Solutions Greater Dallas



Promoting culture, diversity and inclusion at Walmart

Walmart employs more than 2.3 million associates in thousands of communities around the world. We are, by definition, a diverse organization. We believe that it is our people, in all their diversity, and our culture that helps Walmart to be successful.

Creating a culture that fosters diversity and inclusion is fundamental to everything we do at Walmart. What do we mean by that? First, our culture is how we live out our values in the workplace. Second, diversity refers to the unique styles, experiences, identities, ideas and opinions that make our associates who they are. And third, inclusion results when we create a workplace in which all associates feel welcome and comfortable.

An inclusive culture helps associates around the world experience the full potential and opportunity available at Walmart. In a truly inclusive workplace, associates are engaged and able to perform at their best. As a result, they provide better service to our customers and members by creating a clean, fast and friendly shopping experience. By fostering a workplace culture where everyone is—and feels—included, everyone wins.

Setting the agenda

When we talk about diversity, we include life experiences, where you went to school and the perspectives that influence how you interact with the world around you. When we get inclusion right, our diverse backgrounds and experiences become a catalyst for innovation and business growth. Our commitment to creating a culture of inclusion begins at the top of our company and cascades throughout the enterprise. Here are some of the ways Walmart meets our culture and diversity goals:

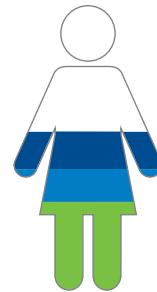
- Walmart's Global Office of Culture, Diversity & Inclusion (CDI) aligns our diversity and inclusion programming with our broader efforts to modernize the corporate culture. Our goal is to create a Walmart culture that is consistent around the world and results in a global workplace in which everyone is included. We do this by infusing aspects of diversity and inclusion into our training on Walmart values and behaviors, and by ensuring that our CDI principles are a part of every facet of the associate life cycle—from recruiting and hire through development, promotion and retirement. We're using scorecards and next-generation metrics such as culture and inclusion indices to help measure our progress and inform future priorities.
- In early FY2017, we created the President's Inclusion Council, chaired by our president and CEO Doug McMillon, which comprises a diverse group of 17 leaders from our business segments around the world. The mission is to advise and collaborate with our CEO and other senior leaders in efforts to build an inclusive environment. The group is charged with finding the best solution for the company while learning and benchmarking against external best practices in diversity and inclusion.

Building a diverse talent pipeline

Walmart seeks to hire and develop talented people who represent the perspectives and interests of our global customers. We are excited that women and people of color (see right) represent a greater proportion of leadership at Walmart than the Fortune 500 average—but we are not satisfied. As competition within the retail sector continues to increase, we are focused on recruiting and retaining the best people we can—and that means redoubling our efforts to foster diversity. With the right training and development and an inclusive environment, we believe we can build a diverse pipeline of talent that is committed to helping our customers live a better life around the world.

WOMEN REPRESENTATION

55%
Total U.S. workforce
43%
U.S. management
30%
U.S. corporate officers



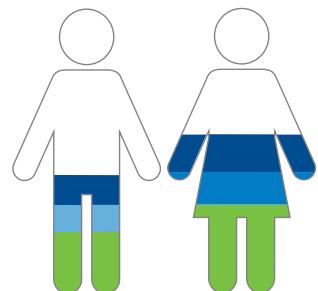
57%
U.S. hourly promotions
47%
U.S. management promotions

U.S. new hires for the past five years:

50% 51% 53% 48% 52%
FY2013 FY2014 FY2015 FY2016 FY2017

PEOPLE OF COLOR REPRESENTATION

43%
Total U.S. workforce
31%
U.S. management
21%
U.S. corporate officers



45% 34%
U.S. hourly promotions U.S. management promotions

U.S. new hires for the past five years:

45% 49% 51% 51% 53%
FY2013 FY2014 FY2015 FY2016 FY2017



The Walmart Foundation provided more than **\$500,000** in grants to support community cohesion in FY2017

Fostering constructive dialogue

We believe that constructive dialogue is essential to strengthening cohesion and building a culture of diversity and inclusion. We employ a variety of mechanisms to foster conversations among our associates and within our communities. These conversations are opportunities to interact with each other as we discuss challenges and articulate our shared values. Here are some of the ways we encourage these conversations:

- Walmart established seven Associate Resource Groups (ARGs) in 2005 that help enrich cultural awareness, increase engagement in the local diverse communities we serve and build a greater sense of community and connection among diverse associates at Walmart. They are also a strong development tool for our diverse talent and a significant channel for driving change and impact across the enterprise.
- When challenges occur, we hold town hall meetings and listening sessions to explore the issues. For example, the African American Business Resource Group (AABRG) collaborated with the Global Office of Culture, Diversity &

Inclusion in July 2016 to begin a dialogue about inclusion following acts of violence occurring in communities across the U.S. The issues currently facing the U.S., and indeed the world, are complex, and the solutions won't be easy to implement. At Walmart, we believe these events underscore the need for inclusion (see Supporting diversity and inclusion in our communities, pg. 160)

- We offer a variety of classes, training sessions and presentations across the organization to help associates at all levels create an inclusive culture. Examples include a session with actor and gender advocate Geena Davis on the power of inclusion, as part of the Bentonville Film Festival, and in-depth presentations by leading external experts on recognizing and mitigating unconscious bias.

Just as diversity and inclusion build stronger and more vibrant organizations, we believe those same elements contribute to stronger communities. Only by coming together can we solve the complex issues facing our communities and indeed the world. At Walmart, we believe this underscores the need for a movement toward inclusion. The Walmart Foundation provided more than \$500,000 in grants to support community cohesion in FY2017.



IMPACT

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Finding opportunity at Walmart

by John Geter, Walmart Dairy Sales Associate, Tyler, Texas

If an enemy is trying to get to you, there's a way he or she won't get through...Laugh.

That's a line from one of my poems—I've been writing inspirational poetry most of my life. I've tried to live by the truth in those words ever since I was a young child who loved to ride bikes and dreamed of growing up to be a football player.

When I was five years old I was confronted with a very real and dangerous enemy—a brain tumor that was pressing on my optic nerve. Doctors successfully removed the tumor—likely saving my life. When I woke up from the surgery, however, it was to a world of blindness.

That tumor might have gotten to my sight, but it didn't get to my spirit, and it hasn't stopped me from dreaming. I still get to ride bikes. I live out in the country where I can ride freely. And I shifted from a dream of playing football to the reality of playing baseball. Beep baseball, that is. In beep baseball we use a ball that beeps so you know where and when to swing and where to track to catch. We also have beeping bases so you know where to run and throw. I play outfield and I'm pretty good, and so is my team the Tyler Tigers. In fact we've traveled to places like Georgia and Minnesota for the beep baseball championships.

Today I'm working on a new dream: to grow in my career at Walmart. About three years ago I started in a training program with Goodwill. After proving myself in the Goodwill program, Walmart hired me as an associate. I celebrated my one-year



anniversary in February, and now I work in the dairy department. I used Braille labels on signs when I first started so I'd know where everything was supposed to go. Now I've learned my department so well, I don't even need the signage. If a customer asks me where to find the butter or milk, I can take her right to it.

I like working for Walmart. They helped me find a place where I could fit. The thing I like most is helping my fellow associates get used to working with a person with a disability. The next step is to work with department managers and other leaders in my store to determine what I need to learn in order to pursue more growth opportunities with Walmart.

I tell everybody that I look at each day as a challenge. I'm ready to take that challenge head on because I want more for myself and for those who come behind me. I want to leave a legacy that other people with disabilities can follow.



By 2020, Walmart
commits to hire
250,000
veterans since
May 2013.



Supporting economic inclusion in communities and supply chains

Inclusion is just as important in our supply chains and the communities in which we operate as it is in our own organization. We believe that retail and its supply chain can be the start of a career that helps lift individuals and families to a higher economic level. For example, in the U.S., we focus our efforts on supporting our military men and women as they transition to civilian life. In emerging markets, we support women in different parts of the supply chain, from farm to factory to store.

Supporting the reintegration of U.S. veterans into the civilian workforce

Founder Sam Walton was fresh out of the army (where he served as a captain in WWII) when he opened his first store. Walmart has always welcomed U.S. veterans into our workforce; it's part of our history. We know firsthand the value veterans bring to our business and to our communities.

To aid in the transition to civilian life, Walmart made a commitment in 2013 to offer a job to any eligible, honorably discharged U.S. veteran within 12 months of active duty. We expanded that commitment in 2015 to include any veteran discharged since Memorial Day 2013, and set a goal to hire 250,000 veterans by the end of 2020.

To strengthen our support of veterans as they reintegrate into their local communities, Walmart and the Walmart Foundation committed to investing \$20 million over five years beginning in 2011 in job training, education and innovative public-private community-based initiatives. After fulfilling the \$20 million commitment a year early, Walmart and the Walmart Foundation announced an additional \$20 million investment through 2019 for a total of \$40 million over a nine-year period. Our investments help veterans navigate the wide array of resources available to them to smooth the transition.

We've learned a lot about the challenges veterans face and the most effective way of integrating them into our business and the broader workforce. And as they transition to civilian jobs, the security and stability of their families and communities are strengthened. As veterans reintegrate into society, everyone benefits. With their work ethic and leadership skills, veterans form an important talent pool for business. Our initiative focuses on the following:

- **Hiring veterans as Walmart associates.** Veterans bring skills that are of enormous value in our operations. Since Memorial Day 2013, Walmart has offered jobs to more than 162,000 U.S. veterans and has promoted more than 20,000 veterans to roles of greater responsibility. We also support our veterans and their families through Walmart's Military Family Promise, which guarantees a job at a nearby store or club for all military personnel and military spouses employed at Walmart and Sam's Club locations who are transferred to a different part of the country by the U.S. military. In addition, when our associates are called away to active military duty, Walmart promises to pay any difference in their salary if their military assignment pays less.

- **Reintegrating veterans into local communities.** One of the challenges returning veterans face is having to navigate a complex web of resources in job placement, housing, health care, education and training. We support organizations that help streamline and improve access to these resources, especially in military-connected communities in California, the Carolinas and Texas. Walmart and the Walmart Foundation work closely with many veteran and military family organizations, and two that received funding from the Foundation in FY2017 for support of their collective-impact work are the Institute for Veterans and Military Families (IVMF) and Mission Edge: zero8hundred. IVMF has focused on using technology to bring organizations serving veterans into streamlined care networks, providing a single gateway to resources. Since going live in January 2015, IVMF AmericaServes networks have connected more than 4,700 service members, veterans and families to available community resources. San Diego-based z8h connects transitioning service members and their families to a broad range of resources within their community and expects to face increased demand over the next two years.

- **Supporting veterans as entrepreneurs.** As founding members of the Coalition for Veteran Owned Business, Walmart and Sam's Club are committed to helping the organization grow and support veteran-owned businesses in communities throughout the U.S. The coalition connects these businesses with education and training, small business resources and solutions, and commercial and supplier opportunities. According to the Census Bureau, there are currently more than 2.5 million veteran-owned small businesses in the U.S., which generate \$1.2 trillion in annual sales and employ more than 5.8 million Americans.

- **Engaging the public in supporting veterans.** In FY2017, Walmart celebrated the second year of Greenlight a Vet, a campaign to help create national recognition for American veterans. Associates, customers and community members replaced an ordinary light



Walmart and the
Walmart Foundation
have given more than
\$5 million
in cash and in-kind donations
to Operation Homefront over
the last 10 years.

in their home or business with one that was green as a way to show support for veterans and then recorded this effort on GreenlightAVet.com. Walmart continues to support veterans and military families during the holiday season with support for two organizations, Wreaths Across America and Operation Homefront. Walmart associates joined thousands of people on National Wreath Laying Day in December to lay wreaths on the graves of veterans. And, between Thanksgiving and Christmas, Walmart supported Operation Homefront's Holiday Meals for the Military helping put a meal on the table of 8,500 military families in 26 locations across the country. Over the past 10 years, Walmart and the Walmart Foundation have given more than \$5 million in cash and in-kind donations to Operation Homefront for various programs.



IMPACT

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New hope for a hero



As a disabled combat veteran, Jeff Cece faced some challenges when he transitioned to civilian life. But those challenges became a lot easier to bear when he started working with NCServes—Metrolina, one of the AmericaServes networks. NCServes gave him counseling on a range of issues, including resume writing, job search, insurance claims and health and wellness.

"Knowing I'm part of a network where the main focus is to help veterans in any way possible gives me so much hope," says the former paratrooper.

"I've met some great people. It gave me a lot of hope that there are agencies out there focused solely on getting veterans out to work. I'm so much more at ease discussing my situation with these providers, knowing that they understand my challenges. Now I feel like I have hope and help."

Finding NCServes was easy for Jeff; his wife Sharon is the portal administrator for Triangle Family Services (TFS). Sharon coordinates veteran referrals from NCServes to TFS' Financial Stability Division, where a number of veterans are now receiving foreclosure prevention, rental assistance and financial coaching. "Since Jeff became connected with NCServes, he has been noticeably more relaxed. He told me he now feels like he's not alone and that he has guidance," said Sharon. "It's profound to see it from both sides: as the wife of a disabled veteran receiving services, and as an agency that provides services to veterans; it's incredibly important."

Empowering women in product supply chains

Women play a crucial role in retail supply chains around the world, as well as in the economic well-being of families and communities. In agriculture alone, women are responsible for 43 percent of farm production in low- and middle-income countries, and in China they make up 60 percent of the workers who migrate from rural areas to work in city factories. Women who earn an income typically invest 90 percent of it back into their families and their communities, breaking the cycle of poverty. Yet around the world, women's average earnings are almost half of men.

In 2017, Walmart and the Walmart Foundation will complete a five-year commitment with funding in place to train 1 million women around the world with the aim of improving their access to markets and enhancing their career opportunities. This work was done through the Walmart Global Women's Economic Empowerment Initiative (WEE). The training components focus on women in four parts of the global supply chain: farms, factories, retail in emerging markets and low-income women in the U.S. (see Sourcing from women-owned businesses, pg. 43). The goal is to help women enhance their incomes and build their confidence as leaders in their workplaces, families and communities, while increasing factory and agricultural productivity.

With funding in place to complete our goal of training over 1 million women, we expect to exceed our goals in three out of our four focus areas. While we have not completed training for women in retail in emerging markets, we will continue this work over the coming years.

- **Women in agriculture.** Women farm workers in low- and middle-income countries are a vital link in our global supply chain. The Walmart Foundation has now funded training projects for more than 500,000 women smallholder farmers through the end of 2016. For example, a grant to One Acre Fund is expected to help improve livelihoods for 50,000 farmers in Western Kenya, 32,000 of whom are women, through hands-on agricultural training and improved utilization of farm inputs.

- **Women in factories.** In 2011, we launched the Women in Factories Training Program. The goal of this five-year initiative was to train 60,000 women in factories and processing facilities that produce goods for top retail suppliers and to develop a curriculum that could be adapted to a variety of cultural contexts.



Over the past five years,
Walmart and the Walmart
Foundation have invested
in training **1.1 million**
women



Women's Economic Empowerment training

Cumulative for life of the program

| | ACTUALS | FUNDED |
|---|----------------|------------------|
|  Farm | 475,405 | 611,464 |
|  Factory | 128,519 | 120,130 |
|  Retail Training | 89,329 | 148,928 |
|  U.S. | 249,886 | 276,271 |
| TOTALS | 943,139 | 1,156,739 |

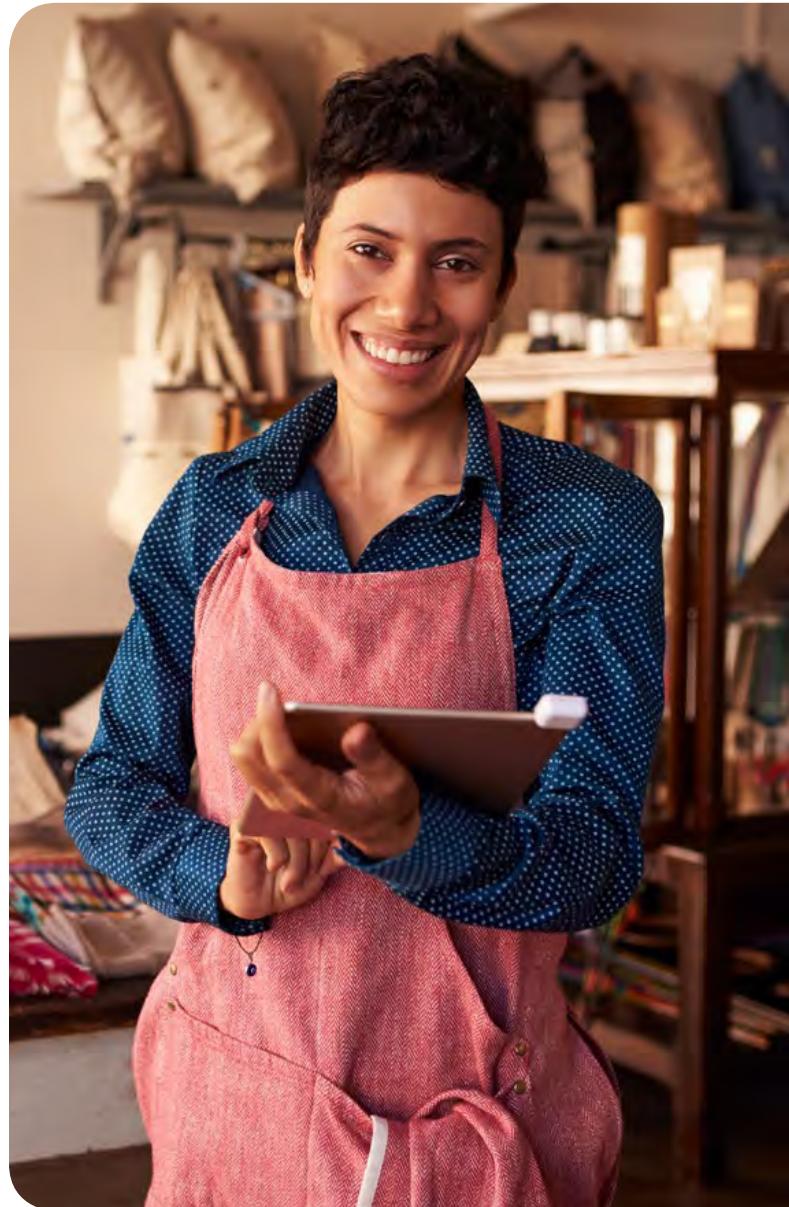
We continue to support economic opportunity for women in retail in the U.S. through our **Retail Opportunity programs.**

The program, which was implemented in collaboration with local NGOs, trained the women in skills that help them become more active decision makers, both on the job and in their home lives. The training program has been implemented in 181 factories in Bangladesh, China, El Salvador, Honduras and India, and delivered training to 128,519 women. The curriculum, available on the Walmart corporate website, was designed to be "open source" so that others can use it to provide training. The Women in Factories program is being evaluated by experts from Tufts University.

- **Women in retail in global markets.** Because we believe that the retail sector can be a powerful force for economic mobility around the world, training for entry-level retail jobs in emerging markets has been an important part of the WEE training effort. As of the end of 2016, Walmart and the Walmart Foundation have put funding in place to train 148,928 of the 200,000 we committed to train in 2011. In China, for example, the Walmart Foundation supported the China Chain Store & Franchise Association (CCFA) to prepare women for working in the food retail sector. Progress on this goal has been slower relative to other parts of the WEE program because the retail sector in emerging markets is less developed in terms of organized retail, and the training landscape is fragmented.

For the past eight years, Walmart Canada has prioritized gender diversity, focusing on the development of female associates through its Women in Retail program. Since the inception of the program, Walmart Canada has seen a positive increase in the percentage of female store managers—from 15.5 percent at the end of 2009, to 23.6 percent by the end of FY2017—an increase of 52 percent. The success of the program in Canada has led to its rollout to other Walmart international markets.

- **Women in entry-level U.S. jobs.** Walmart and the Walmart Foundation have also supported pre-employment training for low-income women in the U.S., funding support for more than 276,000 women to gain job skills and prepare for employment. With the completion of this part of the WEE training goal, we continue to support economic opportunity for women in retail in the U.S. through our Retail Opportunity program (see pg. 16). Through that program, we hope to help women working in the front lines of retail advance at similar rates to their male peers.





IMPACT

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Empowering a richer life



Devi hails from Karur, India, and works as a trimmer at Asian Fabricx, Karur. She lives with her husband and two children and, until recently, was the sole breadwinner in the family, as her husband did not work. Devi struggled to make ends meet. She says she was unhappy and felt powerless. She never questioned her husband and feared asking him to find a job, as it would lead to fights. She lacked the confidence to speak to people, and would not answer even if someone asked her a question.

That started to change when Devi attended the advanced training at her factory under the Women in Factories program. She says it was a turning point in her life, especially the second module on "Bridging the Future." The session on communication taught her to be assertive and improve her

communication skills. She shared the learnings from the program with her husband and children after each session.

One day, Devi decided to speak to her husband. She explained her struggle to meet the family's expenses on her own and motivated him to go to work. What happened next changed her life. Her husband found a job, and has started going to work regularly. He also helps her with the chores at home. Devi taught her children to prepare a timetable for studying, and ways to control their anger, as they would lose their tempers even for the smallest reasons. She also shared learnings on menstrual hygiene with her daughter.

She says, "Participating in the advanced training built my confidence and helped to mold me as a person. My husband was lazy and never went to work. I was the sole breadwinner. After the training, I gained the confidence to convince him to work. What happened in my life is nothing short of a miracle. My husband found a job. I have taught my children to control their anger. Now peace prevails at home, and my family's finances are improving. All this has been possible because of the training. It has helped to improve my confidence, which has helped me to be assertive and to steer my life in the right direction."



CHALLENGES

Increasing economic mobility and inclusion

Complexity of the retail workforce system.

Coordinating with multiple employers and their employees makes it a challenge to schedule training sessions and other interventions. Building a successful workforce system requires careful coordination among various actors.

Designing credentials around soft skills.

Most credentials validate technical skills, such as welding or plumbing in the building trades. Retail competencies, however, are heavily dependent on soft skills such as customer service. Programs must be carefully designed to lead to measurable benefits for employers and win their commitment and recognition.

Need for wholesale culture shift.

Transforming the retail workforce system requires large-scale shifts in mindsets and behaviors of every stakeholder, including employers, incumbent and prospective workers, training providers, workforce boards and others. That is why we are investing in efforts to shift perception as well as investing in tools and capabilities.

Lack of experience serving female veterans.

Women are the fastest growing cohort among those transitioning out of the military—yet many veteran-serving organizations do not have experience in meeting the unique needs of female veterans.

WEE Training.

While it is important that training programs focus on meeting the needs of female participants, it is also critical to engage and train men in order to foster shared understanding. While philanthropy is an important resource for developing and testing initiatives, sustainability in the long term can be accelerated by integrating training into standard ways of working.

SUPPORTING LOCAL, DIVERSE AND SMALL BUSINESSES

Across the thousands of communities Walmart is privileged to operate in, we see firsthand the importance of business as a source of jobs and tax revenue. As a major retailer, Walmart can help strengthen farmers, manufacturers and small businesses around the world through our sourcing and other initiatives. For example, we can help advance local manufacturing, empower women entrepreneurs and help improve local agricultural production by working with others to support technological innovation, access to capital and access to markets. Whether they supply Walmart or not, stronger producers make for stronger supply chains and economies—which in turn helps drive customer demand.

We seek these outcomes through four key strategies:



Investing in
American jobs



Supporting
local and
small farmers



Fostering the growth
of women-owned
and diverse suppliers



Supporting
growth of small
businesses



Diverse-owned businesses can be an essential source of innovative, high-quality products



Investing in American jobs

Walmart aims to use our purchase orders, supplier relationships and philanthropy to promote local manufacturing innovation and growth. In 2013, we launched a major initiative in the U.S. to purchase an additional \$250 billion in products supporting American jobs through 2023. From drinkware to toolboxes, from patio furniture to giftwrap, suppliers are expanding the manufacturing and assembly of products in the U.S. According to Boston Consulting Group 2013 Study, 1 million new U.S. jobs could be created through the Investing in American Jobs Initiative, including direct manufacturing job growth of approximately 250,000, and indirect job growth of approximately 750,000 in the support and service sectors.

Sourcing to expand U.S. manufacturing

Many customers tell us that where a product is made is second only to price in influencing their purchasing decisions. Sourcing locally allows our stores to respond to our customers faster, respond to seasonal demands and help mitigate risks such as volatility in currency and port delays, which increase the chance of running out of stock.

We enlist our suppliers to help us identify opportunities to increase production in the U.S. by increasing the amount of U.S.-made goods we already buy (like sporting goods, apparel, storage products, games and paper products), sourcing “new to Walmart” U.S. manufactured goods, and helping to onshore U.S. production in high-potential areas like textiles, furniture and higher-end appliances. To raise awareness of our initiative and encourage suppliers to identify new product opportunities, Walmart hosted the U.S. Manufacturing Summit and Open Call for new U.S.-made products in June 2016. Entrepreneurs from 40 states participated in 800 meetings at the 2016 Summit, and almost every shelf-stable item pitched was offered to be featured on Walmart.com.

U.S. Manufacturing Innovation Fund

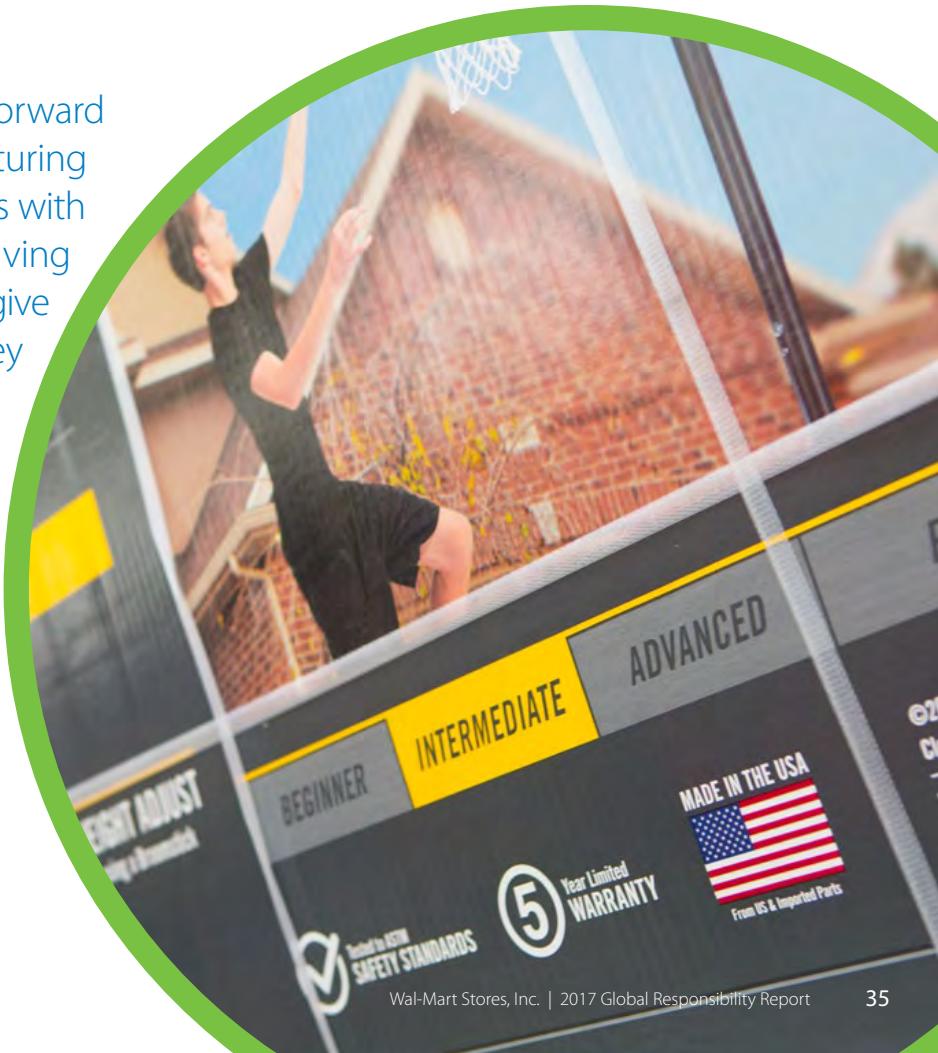
As a complement to Walmart’s sourcing initiative, a \$10 million U.S. Manufacturing Innovation Fund was launched in 2014. The Fund, a collaboration between Walmart, the Walmart Foundation and the United States Conference of Mayors (USCM), supports innovative research into manufacturing processes. The research seeks solutions to common manufacturing challenges, such as production waste, environmental sustainability and process efficiency. The aim is to make it easier and more appealing for companies to produce household goods in the U.S.

In FY2017, nearly \$3 million was awarded to six universities focused on sustainable manufacturing innovations in textiles. This funding cycle marks the completion of the \$10 million Innovation Fund commitment. While the funding is done, the projects continue to advance, and we hope to learn what works and what does not over the next few years as the Fund’s grantees advance commercial application of their research.

“The Innovation Fund’s straightforward strategy to strengthen manufacturing makes sense: Find the researchers with the most innovative ideas for solving manufacturing problems, then give those researchers the funding they need so their innovations can get to manufacturers across the U.S. that can use them to become more productive and competitive.”

Tom Cochran
CEO and Executive Director
of the U.S. Conference of Mayors

Completed the
\$10 million
in U.S. Manufacturing
Innovation Fund
commitment launched
in 2014





Supporting local and small farmers

Promoting locally grown produce in the U.S.

We strive to source produce from local farms wherever possible in each of our retail markets as a way to support local economies, increase freshness for customers and reduce transportation costs and greenhouse gas emissions. We've learned that customers prefer to buy locally grown produce, and in the U.S. we define "local produce" as grown and sold in the same state. Sourcing locally allows our stores to offer fruits and vegetables that are fresh and in season.

We continue to look for ways to increase our assortment of fresh, locally sourced produce for our customers around the country. In the U.S., we more than doubled our sales of locally grown produce from 2010 to 2015, from \$404 million to \$825 million and have committed to doubling it again by 2025.

In the U.S., we set a goal to **double our sales** of locally grown produce again by 2025.

EXAMPLES OF POPULAR LOCAL PRODUCE ITEMS



Florida
strawberries



**North
Carolina**
tomatoes



Texas
watermelons



Washington
potatoes



Arkansas
sweet potatoes



**Great Lakes
States**
corn



IMPACT

Going local with Frey Farms

Twenty years ago, Frey Farms started adding pumpkins to the local produce they sold at nearby Walmart stores in Wayne County, Illinois—and the pumpkin patch has been growing ever since. A women-owned business, Sarah Frey and her four brothers have expanded their operations to 11 farms in seven additional states, allowing them to employ more than 500 American workers seasonally.

We're proud to celebrate two decades of working with the largest grower and shipper of pumpkins in the nation. Not only has Frey Farms' success helped grow the local and state economies where their farms operate, it has allowed us to offer healthier and more affordable locally sourced food options at even more locations across the country.





IMPACT

A bountiful harvest in Brazil



Since 2002, Walmart Brazil has supported small and medium farmers through its Producers Club. Today, more than 7,400 growers are involved from all around the country, supplying items such as lettuce, strawberries and tomatoes. Walmart Brazil buys directly from these cooperatives and individual farmers and has a team of agronomists that help the farmers strengthen their production and marketing techniques. These interventions not only allow Walmart Brazil to put fresh, local produce on its shelves, they can also make a real difference in the lives of individual farmers.

Silvia Mineko is one of those farmers. She was born in Mogi das Cruzes, São Paulo State, and her father was a grower of lettuce and other vegetables. She and her three sisters took over their family farm and saw an opportunity to grow their business. They started looking for supermarket customers in the city of São Paulo and found Walmart. Today, Silvia delivers fresh vegetables to eight Walmart Brazil stores. She also built a small processing facility and expanded her offering to include ready-to-eat salads. Today, Silvia and her sisters run a business of 70 hectares of vegetable production and employ 180 people.

Connecting small producers to global supply chains

We know that many of the world's poor live in rural areas and are dependent on agriculture for their livelihoods. According to the World Bank, many survive on less than \$2 a day and are not part of the formal economy. World Bank also found that economic growth in the agriculture sector is twice as effective at reducing poverty as growth in other sectors of the economy. Yet, too often, significant barriers, such as a lack of capital and lack of access to predictable and functional markets, stand in the way of small-scale farmers' escaping a life of poverty.

Walmart is committed to helping improve the livelihoods of small and medium farmers in emerging markets. We do this in two ways. The first is through our purchase orders for produce and other food items from small and medium farmers in emerging markets. The second is through training. The Walmart Foundation supports training of small farmers, actively looking to identify and remove barriers that may prevent them from participating in markets that supply Walmart and other retailers. We believe Walmart's work in this area will help increase opportunity for small and medium farmers while enhancing environmental sustainability in our fresh-produce supply chain.

For example, the Walmart Foundation met a commitment to fund training for a million farmers and farm workers by the end of 2016, half of whom were women (see Women in agriculture, pg. 27). Walmart also helps to provide technical assistance to small and medium-sized growers in our supply chain through our various sourcing organizations. The training ranges from information sessions on retail sourcing standards to store visits that allow farmers to see how our customers experience their products.

Walmart and the Walmart Foundation are working to help **improve livelihoods of small and medium farmers** in emerging markets.



Investing in farmer training

The Walmart Foundation helps to develop and support farmer training projects around the world, with a goal of equipping smallholder farmers with the tools and knowledge they need to succeed. Between 2011 and 2016, the Walmart Foundation funded training for over 1 million small and medium farmers, of whom more than half were women. Going forward, the Foundation expects to focus investments on market access and business-skills training for farmers in priority regions. The Foundation's efforts in this area include the following:

- **Bangladesh.** Helping small farmers increase their productivity is an important part of improving their livelihoods. The Walmart Foundation has invested nearly \$1.2 million in the International Fertilizer Development Center over two years to train 52,000 women smallholder farmers in precision fertilizer practices in Bangladesh. The training links vegetable-marketing seminars designed around gaps in farmer knowledge to local market needs.

- **Kenya.** In many markets, smallholder farmers are held back by a lack of financing necessary to buy seeds, equipment and fund operations until harvest. One Acre Fund (OAF) works to improve the livelihood of smallholder farmers by providing access to financing and training. A \$1 million grant to OAF from the Walmart Foundation provides income-sensitive financing and hands-on training to 50,000 farmers in Western Kenya, including 32,000 women. The grant aims to increase yields, and ultimately, income for the largest and most underserved groups of farmers.

- **China.** The Walmart Foundation made a commitment of close to \$1.5 million to Cornell University to train more than 70,000 apple farmers in China, including over 35,000 women. The training will focus on adoption and proper management of high-density apple orchard systems on dwarfing rootstocks, which allows for increased planting density, decreased inputs and higher-quality fruit. This grant follows a previous \$3.7 million grant that trained more than 200,000 farmers over three years. The latest grant will help extend the work from two provinces to five apple-growing regions in China.

- **Mexico.** Business skills are important to farmers of any size who hope to market their crops. The Walmart Foundation is working with TechnoServe, a nonprofit that creates business solutions to alleviate poverty, to help provide training and market-access programs to farmers across Mexico who are working with both formal and informal markets and a variety of retailers and brands. A grant of \$4.8 million will help farmers gain skills in both production and business processes to grow their enterprises. Building on our commitment to support women around the world, the Walmart Foundation is also funding the Aspen Network of Development Entrepreneurs (ANDE) in Mexico with a grant of \$181,000 to find ways to help address the unique barriers women farmers face in gaining access to markets.



IMPACT

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Strength in numbers: How the women farmers of Matala joined forces to start their own small agribusiness

In 2013, a group of women farmers in Zambia banded together to form the Matala Women Farmer's Association. Their idea was that by pooling resources, they could pursue bigger opportunities. "We want to promote women doing things outside the family," said Clare Mukupa, Secretary of the Association. "It is not easy for us to find resources and make money as individuals, so we thought that coming together would help us use our social capital and resources together."

The group soon began working with the Women's Improved Marketing and Asset Control (WIMAC) Project, which is run by Agribusiness Systems International (ASI) with support from the Walmart

Foundation. WIMAC works with more than 1,000 other farmer organizations to improve their organizational capacity, marketing acumen and business practices. The goal is to empower women to pursue business opportunities and save for the future.

After some general business training, WIMAC and the Matala Association decided to focus on the production, storage and processing of soya beans, a lucrative and highly nutritious crop. With their newly acquired knowledge, the Association set to work planting and producing its first crop. The Matala women pooled their harvest and sold more than 6,600 pounds of soya to a large-scale buyer. Encouraged by their success, the women decided to branch out into poultry production. They created their own high-nutrition chicken feed by combining surplus soya from their first harvest with maize and sunflower seeds. Starting with 20 chickens collected from group members, the association now counts a flock of 75.

With the help of the WIMAC project, the association took their profits, along with membership fees and donations, and opened a savings account with a local bank. At their current rate of savings, the Matala Women Farmer's Association reports that it expects to qualify for a larger loan by the beginning of the next planting season—just in time to buy the high-quality seed they need to ensure another good harvest and continued business success.





Fostering the growth of women-owned and diverse suppliers

As a global retailer, we see firsthand the astonishing diversity among our customers and communities in different countries. Just as our customer base is diverse in gender, race and ethnic background, we believe our supplier base should be, too. Diverse-owned businesses can be an essential source of innovative, high-quality products for our stores, reflecting the needs and the values of our customers. We are committed to using the power of our purchase orders to support a roster of suppliers that includes an expanding number of businesses owned by women and minorities.

Sourcing from diverse-owned businesses

Walmart is committed to promoting, increasing and improving the participation of the diverse businesses within our supply chain. We believe that doing so increases choice and quality for our customers and creates jobs. Here are two examples of our work in this area:

- **Summits.** Each year, our U.S. Manufacturing Supplier Summit brings our suppliers and buyers together to build relationships, while also promoting inclusion. The summit seeks to advance a conversation between diverse businesses and internal stakeholders and helps potential suppliers understand our Every Day Low Cost and Every Day Low Price strategy. Suppliers get the chance to present products to our buyers, while buyers get to experience the insights, innovation and expertise of diverse suppliers.



IMPACT

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Goldbug

As a global retailer, we see firsthand the astonishing diversity that exists across our suppliers in different countries. At Walmart, we believe we're at our best when we promote that diversity for the benefit of our customers. We believe diversity among suppliers not only allows us to broaden the range of products and services we bring to the communities we serve, but also helps us tailor product lines to the local tastes of a given store or region. In this way, we're able to create a more inclusive and resilient supply chain, allowing us to source from and support suppliers both large and small, especially those owned by minorities, women, U.S. Veterans and people with disabilities. Diversity and inclusion in our supply chain is fundamental to our continued success.

In the U.S., our Walmart Supplier Diversity team focuses on increasing sourcing from diverse businesses and helping diverse businesses become suppliers. Our merchant team and professional service business segments understand the value of supplier inclusion and what it means to be truly reflective of our associates and the customers and communities we serve. Their diligence has resulted in numerous examples of innovation, development, savings, sales and profit for our company as we nurture our diverse supplier base.

Goldbug, a distributor of infant and children's accessories based in Aurora, Colorado, is a good example of the support we provide our diverse suppliers—and the value we get back in return. Goldbug CEO Katherine Gold took the helm in 2012 after the death of her father, who founded the company more than 40 years earlier. Gold keenly felt the responsibility of making sure Goldbug continued to thrive, so when the opportunity to become a

supplier to Walmart arose, she was eager—but nervous about taking on such a large commitment.

Walmart merchants and U.S. Supplier Diversity Team worked closely with Gold to make the relationship a success. Taking a product from idea to store shelf can take nine months. The production process for a single apparel item can entail more than 80 steps. It's a daunting process, but Walmart held frequent joint planning sessions with Goldbug to make sure it went smoothly.

Walmart recommended several key actions that might accelerate Goldbug's success, including creating a revised business plan and gaining certification as a woman-owned business. Once Goldbug was able to promote the brand using the Women Owned logo.

Walmart also nominated Gold to join a week-long business program for diverse suppliers at the Tuck School of Business at Dartmouth College. "Walmart's investment in my development turned out to be a life-changing opportunity," says Gold, who was able to share her concerns and challenges with other business owners. Dartmouth professors reviewed Goldbug's financials and provided an analysis of her value chain, invaluable tools that Gold often shares during meetings and presentations.

Gold says that Walmart has helped her company thrive. "With Walmart's help and support, we are able to scale our business and keep growing. I will continue to learn from and support diverse companies, just as Walmart supports Goldbug."



Nutricion Creativa,
a women-owned business
supplier who participated
in Walmart Mexico's
capacity building program
with Endeavor Global.

- **Coalitions.** We support and collaborate with leading organizations that advocate for diverse-owned businesses, including National Minority Supplier Development Council, Women's Business Enterprise National Council, U.S. Pan Asian American Chamber of Commerce, Department of Veterans Affairs Center for Veterans Enterprise and others. Collaborations with these advocacy organizations provide access to more than 25,000 suppliers and supplier development, thought leadership, brand and reputation management experts.

Sourcing from women-owned businesses

In 2011, Walmart and the Walmart Foundation launched the Women's Economic Empowerment (WEE) Initiative. As part of that effort, Walmart committed to sourcing \$20 billion in products and services from Women-Owned Businesses (WOBs) for Walmart U.S. operations over five years, as well as doubling the amount sourced from WOBs in Walmart's other markets around the world.

WOBs offer a tremendous opportunity to empower women economically. According to an estimate from

the "American Express 2016 State of Women-Owned Businesses" report, WOBs employ nearly 9 million people in the U.S. alone and represent one of the fastest-growing business segments. It also projected between 2007 and 2016, WOBs would grow 45 percent, compared with just 9 percent growth in all businesses. The 2015 Global Entrepreneurship Monitor Women's Report estimated that there are more than 200 million women starting or running a new enterprise and 128 million managing established businesses in 83 representative economies. The study also found that women in nearly half of these countries report equal or higher innovation levels than their male counterparts.

On Nov. 1, 2016, Walmart surpassed its \$20 billion U.S. sourcing goal, achieving \$21.2 billion through January 2017. Our efforts to strengthen women-owned businesses include:

- **Finding and sourcing items from women-owned businesses.** As our buyers meet with suppliers and learn about new products at industry events such as Toy Fair in Dallas or the Canton Fair in Guangzhou, China, they are always on the lookout for new items from WOBs that fit the needs of our customers as well as our category strategy.

Increasing our supplier diversity—spending with diverse-owned businesses

| Spend results (in millions)* | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Merchandising | \$8,188.4 | \$8,443.7 | \$8,213.5 | \$8,735.4 | \$9,232.8 |
| Services | \$1,074.8 | \$1,424.6 | \$1,492.3 | \$2,126.1 | \$1,279.9 |
| Direct import | \$978.3 | \$1,262.5 | \$1,440.9 | \$1,568.1 | \$1,693.1 |
| Tier 2 indirect spend | \$10,241.5 | \$11,130.8 | \$11,146.7 | \$12,429.6 | \$12,205.8 |
| Total direct spend | \$2,626.7 | \$2,572.4 | \$3,156.5 | \$2,592.9 | \$2,495.4 |
| Direct & indirect spend | \$12,868.2 | \$13,703.2 | \$14,303.2 | \$15,022.5 | \$14,701.2 |

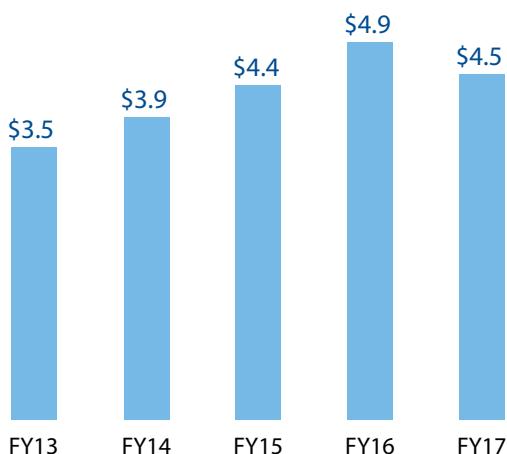
* Through third-party validation, diverse suppliers are identified and their spend is retroactively added.



**Walmart has sourced
\$21.2 billion** in products
and services from WOBs for Walmart
U.S. operations over five years

5-year spending with women-owned businesses

(in billions)



"As a long-standing Walmart supplier, I found the accelerator training comprehensive in content and well-instructed by experienced executives. In today's rapidly changing retail environment, it is a must-attend summit for suppliers new and old."

Robyn Smalletz
President/CEO Gloria Duchin, Inc.

- **Helping to provide access to capital.** To help potential suppliers gain access to capital, Walmart launched the Supplier Alliance. Through our banking service providers, the program allows qualifying suppliers to receive invoice payments earlier than the negotiated Walmart terms, giving them greater access to capital and better cash flow as they ramp up to supply Walmart. The program was piloted by several of our WOBs and has been expanded to include all Walmart suppliers. There are currently more than 300 suppliers in the program, accounting for approximately \$10.5 billion in purchase orders.
- **Encouraging diversity on key account teams.** To encourage our suppliers to reflect on their own diversity goals, in 2014 Walmart began asking suppliers to report the gender and ethnic makeup of their teams supporting Walmart. In FY2017, 61 suppliers took Walmart's survey, including professional services firms and 16 merchandising suppliers, each with over \$1 billion in Walmart sales. Suppliers reported a 50 basis point increase in overall team diversity over the past year.
- **Training for women-owned businesses.** We provided 2.5-day Accelerator Training classes for Walmart's women-owned suppliers, covering topics such as retail math and logistics. To increase access, we created short whiteboard videos, providing several videos with translations into Mandarin and Spanish. WOBs that participated in Accelerator Training in 2015 saw greater sales performance than other WOBs for the same time period.
- **Promoting women-owned businesses.** Walmart continues to support the Women Owned logo for placement on products produced by WOBs. In 2014, the label was launched with our support by Women's Business Enterprise National Council (WBENC) and



Women-owned suppliers attending accelerator training in Bentonville, Arkansas.

WEConnect International. In 2015, the logo was made available in French, Mandarin and Spanish for use by certified women-owned businesses. This year, the logo went international, appearing on products in Walmart India stores. We also continue to use the logo in digital marketing campaigns and promotions.

- **Empowering women entrepreneurs beyond the U.S.** In other markets such as Central America, Chile, India, Japan and Mexico, we have also been developing women-owned suppliers and encouraging women entrepreneurs. In Mexico, Walmart supported Endeavor Global to train 11 small producers on topics such as being a CEO and setting up the right governance model and mentoring. In India, Walmart supported Vrutti and WEConnect International's launch of the Women Entrepreneurship Development Program (WEDP) with 32 WOBs. The program aims to help the women develop their personal and professional skills to build robust businesses. During the nine-month program, the WOBs will receive capacity-building training, mentoring and technical support customized to the needs of their businesses.



IMPACT

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Crafting designs for the world market



Babita Gupta's road to entrepreneurship began with a simple gesture. In an effort to find more work for her housekeeper, Gupta offered her some basic home décor projects to work on. The extra income had a dramatic effect on her housekeeper's life; it gave her the wherewithal to free herself from an abusive marriage. News of this life changing experience soon spread in the community and other women approached Babita for work.

As Babita supervised, explained and taught, it occurred to her that she had the opportunity to create an independent venture, one that could provide income—and empower the women in her community. Thus was born Nirmal Designs. In 2007, Nirmal started manufacturing and exporting household items such as cushion covers, bedspreads, and aprons to leading brands in the United States and Europe. Babita's sister, Neeta, joined her in the venture, and together they grew the company.

The entrepreneurs made significant strides with their venture, but when the opportunity arose to push themselves further with the Walmart Women Entrepreneurship Development Program (WEDP) they didn't hesitate. "I got selected as a participant and a lot changed for us. WEDP exposed me to a different world altogether. It broadened my horizon as I learned the nuances of running a business," says Babita.

Nirmal is now a supplier to Walmart India. The company's 35 women employees have learned to sew professionally, providing them with a valuable job skill. "Bringing underprivileged women into the workforce has given us the opportunity to empower others," says Babita, who adds that these women, who have attained a new level of dignity and self reliance, provide the company with a loyal workforce in which absenteeism is rare. Her goal now is to continue increasing sales, while instilling in the women working with her the belief that if she can, they can.

Babita finds appreciation in the hand-written notes sent by her customers lauding her great designs & timely deliveries. She can be reached on 9873428040 and some of her designs created from surplus fabric can be seen on her website www.below300.com.



Supporting growth of small businesses

Small businesses are critical to job growth and a strong economy. According to the Small Business and Entrepreneur Council and the Small Business Administration, they account for almost half of the gross domestic product in the U.S. Since the 1970s, small businesses have accounted for 66 percent of all net new jobs. Small businesses also provide our stores with countless products and are a source of innovation.

While many small-business owners have the drive, the ingenuity and the grit to be successful, they may face serious challenges in securing the capital necessary to fund and scale their enterprises. In the U.S. alone, more than half of all credit requests from small businesses were declined in 2014, according to the New York Federal Reserve Small Business Credit Survey. Other small-business owners may lack critical skills.

These companies are not just our suppliers; in many cases they are our customers as well. Sam's Club was founded to give small businesses access to everything from produce to paper products at a lower price. Supporting small business is good for our business, good for our communities and good for society.

Enabling access to capital for small business

Securing capital and other resources to survive and grow is a serious challenge for small businesses. To help, Sam's Club and the Sam's Club Giving Program launched the Small Business Access to Capital Initiative in 2015 to help mission-driven lenders such as Community Development Financial Institutions (CDFIs) increase their ability to lend to small, underserved businesses. The program also supports educating small-business owners about best practices on obtaining financing. This initiative aims to enable 5,000 loans from CDFIs to underserved businesses, unlock \$100 million in new capital and reach 1 million small-business owners to help educate them about best practices in lending and borrowing. Our focus includes:



source: *The Big Picture: A Larger View of the Small Business Market* (Association for Enterprise Opportunity)

- **Strengthening institutions that provide affordable capital.** Small businesses are sometimes disadvantaged because the institutions meant to serve them have outdated technology and cumbersome processes. To address this problem, the Sam's Club Giving Program made a \$3.1 million grant to the Accion U.S. Network, a nonprofit dedicated to providing access to high-quality, affordable financial services, to strengthen the group's ability to serve small businesses by streamlining and modernizing its technology and loan-making process. Similarly, the Sam's Club Giving Program awarded \$2 million in the Community Reinvestment Fund USA, a CDFI, to increase the capacity and capability of other mission-driven lenders by helping them streamline processes and reduce costs associated with loan origination. This grant helps improve Community Reinvestment Fund (CRF) lending tools and systems to reach more business borrowers while promoting efficiencies to reduce the costs of making a loan. By investing in the capacity of mission-driven lenders, Sam's Club Giving hopes to decrease the costs of making a loan and allow lenders grow the number of small businesses they serve.

- **Educating borrowers.** To help meet our commitment of providing training on how to finance a business, the Sam's Club Giving Program awarded two key grants: a grant of \$1 million to the Small Business Majority Foundation to scale business operations and expand educational programs for minority, women and other underrepresented entrepreneurs. Programs will provide training in key areas of running a business, such as preparing and understanding financial statements, pricing and marketing, as well as finding the right financing for the business need; and a \$3.6 million grant to Opportunity Finance Network to launch www.venturize.org, an online resource center for business owners that provides access to financial tools.



IMPACT

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Easy rider: How one U.S. veteran made his dream of opening a motorcycle repair shop come true



Kevin Edgmon, a disabled Desert Storm veteran, was optimistic that his hard work had paid off as he prepared to open a Harley Davidson repair shop outside of Denver. But when Kevin went to find financing, bank after bank turned him down. "I almost gave up, thinking my business degree, experience and mechanic certification were wasted, and I was not going to fulfill my dream," Kevin recalls of that grim period.

Then, one of the bankers who had rejected his application suggested Kevin contact Community Reinvestment Fund (CRF), USA. CRF is a mission-driven Community Development Financial Institution (CDFI) dedicated to providing financial services to America's underserved communities. An important part of CRF's mission is to provide access to capital to small businesses, helping them to grow and create jobs.

"When I first met with CRF representative Brian Burke, I could tell he had done his research on me and believed in me," says Kevin. "He worked with me to understand my business, and without CRF my dream would not have come true."

CRF provided Kevin with a \$245,000 loan, made possible in part with funding from the Sam's Club Giving Program. Today, Road Skulls, the name Kevin gave his Harley repair shop, is up and running. Kevin opened his shop in a low-income community and has two employees. To meet increasing demand, Kevin is now planning to open a second shop.



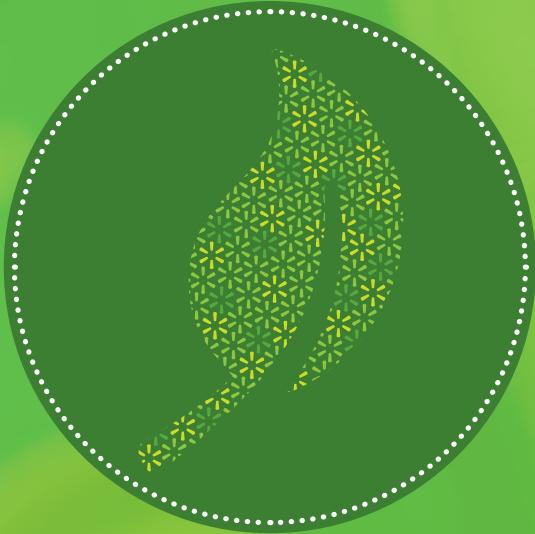
CHALLENGES

Supporting local, diverse and small businesses

Lack of small business-appropriate financing.

Private investment has ignited innovation in financial services, resulting in new online lenders that offer fast, easy approval and swift loan disbursement. There is growing concern, however, that some loan products are ill matched to the needs of small business owners. CDFIs are exploring collaborations with online lenders willing to share technology platforms. While this promises to reduce costs and help scale mission-driven lending, the impact of these collaborations has yet to be evaluated.





Sustainability

Enhancing the sustainability of our operations



**Reducing energy
intensity and
emissions in our
operations**



**Eliminating waste
in our operations**

REDUCING ENERGY INTENSITY AND EMISSIONS IN OUR OPERATIONS

Greenhouse gas (GHG) emissions are the leading contributor to the rapid rise of global temperatures and resulting climate change. Scientific consensus calls for a rapid de-carbonization of global economic systems in order to limit this temperature rise to safe and manageable levels (2°C above preindustrial levels). At Walmart, we are working hard to be a part of the solution and to reduce emissions in our operations while supporting reductions in emissions across our supply chain.

In October 2016, we were the first retailer to set an emissions-reduction plan approved by the Science Based Targets initiative, in alignment with the Paris Climate Agreement. Under this plan, we aim to:

- Reduce emissions in our own operations by 18 percent by 2025 (from 2015 levels), through a combination of measures such as increased energy efficiency, sourcing of renewable energy and improvements in refrigeration systems and fleet efficiency
- Work with suppliers to reduce emissions by 1 gigaton from the production and use of the products we sell between 2015 and 2030, equivalent to taking more than 211 million passenger vehicles off U.S. roads and highways for a year

We recognize that achieving this goal will require the collective effort of our suppliers, customers, associates and other stakeholders.

Our core strategies to reduce energy intensity and emissions in our operations include:



Scaling clean,
affordable,
renewable
energy



Improving
energy efficiency
in our facilities



Improving
refrigeration
systems in
our facilities



Maximizing the
efficiency and
safety of our
trucking fleet



"The announcement of Walmart's target marked a real turning point in the progress of the Science Based Targets initiative, both due to the scale of the company and the footprint of its value chain. When Walmart takes action, other companies pay attention. Setting targets to cut greenhouse gas emissions in line with science is not just good for the planet, it's good for consumers and the bottom line. Walmart has sent a strong signal to other companies by shifting their business strategy to secure competitive advantage in the transition to a low-carbon economy."

Alberto Carrillo Pineda, leader of the
Science Based Targets Initiative

Walmart's work to reduce emissions, explained

Since 2005, we've been working toward a goal of operating with **100% renewable energy**

But we know that we can also help

promote energy efficiency

across our global supply chain, and our work to reduce emissions can also help us to reduce operational cost.

That's why we became the **first retailer** with a goal approved by the Science Based Targets initiative, which helps companies to be in line with the level of reduction needed to help prevent the worst impacts of climate change.



SO WHAT'S WALMART'S PLAN, EXACTLY?



Installing more efficient lighting in our stores and parking lots



Powering 50 percent of our operations with renewable energy by 2025



Upgrading our refrigeration, heating and cooling systems



Continuing to improve fleet technology

WE'LL WORK WITH OUR SUPPLIERS TO REDUCE CO₂ EMISSIONS IN OUR VALUE CHAINS BY 1 GIGATON BETWEEN 2015 AND 2030. THAT'S EQUIVALENT TO:

Emissions from **211 million** average passenger vehicles in a year, more than all the cars in the U.S.



Almost **3 times** the size of California's emissions in 1 year

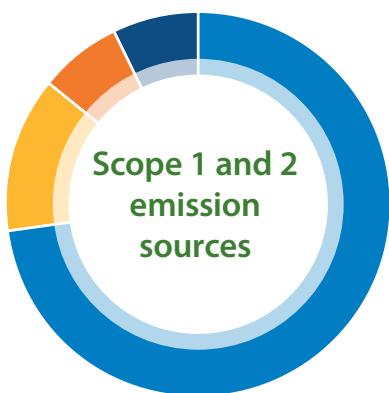
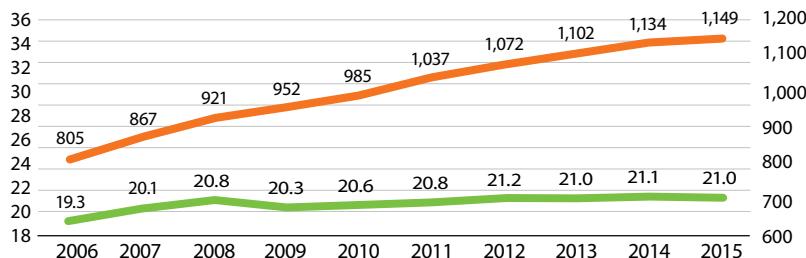


100 million homes average energy use in 1 year



Carbon emissions (Scope 1 and 2) vs retail area

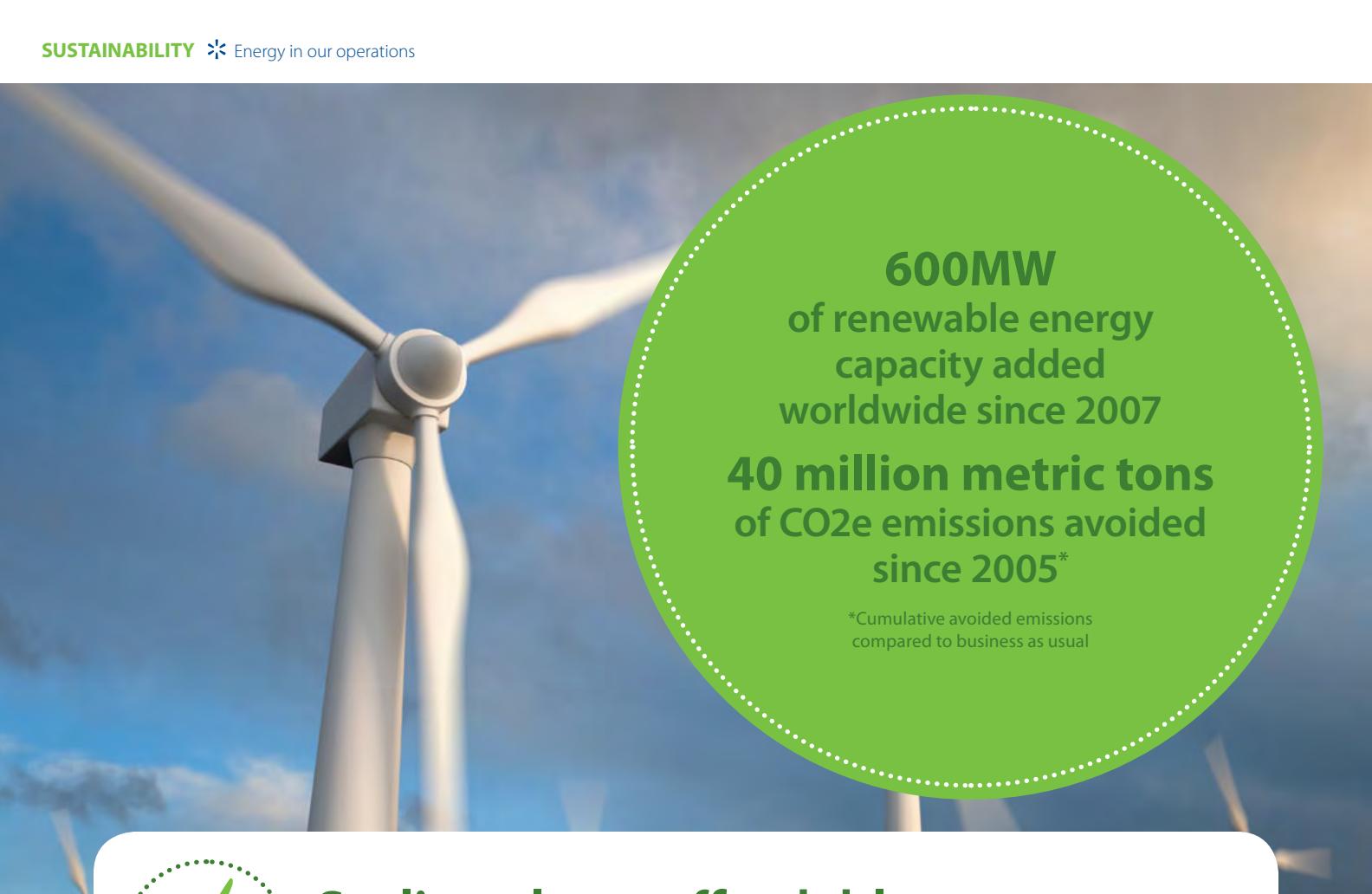
- Retail area (million sq. ft.)
- Carbon emissions (million MT CO₂e)



- Purchased Electricity – 73%
- Refrigerants – 13%
- Onsite Fuels – 7%
- Transport Fuels – 7%

MEASURING AND MANAGING EMISSIONS: WALMART'S CDP CLIMATE DISCLOSURE

At Walmart, we track our Scope 1 (direct), Scope 2 (indirect, including a and b) and some Scope 3 (other indirect, such as a, b and c) GHG emissions, following the guidelines of the World Resource Institute's GHG Protocol. Since 2006, we've publicly reported this information annually to CDP (formerly known as the Carbon Disclosure Project). In FY2017, Walmart received a CDP score of "B," which is well above our industry group average according to ADEC Innovations, an independent analyst, and indicates that we are taking coordinated action on climate change issues. Still, we are striving to do better. Over the past year, we announced ambitious science-based targets that we believe will further advance our performance over the coming years. Our latest response, along with all previous responses to the Climate Investor Questionnaire, can be found at the CDP website <https://www.cdp.net/en>.



600MW
of renewable energy
capacity added
worldwide since 2007

40 million metric tons
of CO₂e emissions avoided
since 2005*

*Cumulative avoided emissions
compared to business as usual



Scaling clean, affordable, renewable energy

The burning of fossil fuels—mainly coal, petroleum and natural gas—accounts for the majority of the world's energy use and ranks as the primary source of carbon dioxide emitted into the atmosphere. Renewable energy sources, such as hydropower, wind, solar, geothermal and biomass, offer cleaner, more sustainable alternatives, but often at higher prices and with varying availability.

Fossil fuel-based energy continues to be a significant driver of GHG emissions in Walmart's operations. We are committed to changing this by meeting our needs with 100 percent renewable energy. In meeting this aspiration, we aim to power 50 percent of our operations with renewable energy by 2025—both through onsite installations and through purchases from external providers.

To date, we have found the Power Purchase Agreement (PPA) to be a highly effective model for Walmart to leverage our scale and buying power to accelerate renewables. Under these arrangements, Walmart agrees to buy renewable power from an energy provider over a period of time. Under PPAs, the energy provider also owns, installs and operates the renewable energy systems. At the end of FY2017, we had more than 480 onsite and offsite projects in operation or under development in seven countries and 16 U.S. states, supplying over 2.3 million kWh of renewable energy to our facilities. Together with renewable electricity from the grid, an estimated 26 percent of our electricity needs globally are supplied by renewable sources. That makes Walmart a leader in renewable energy. According to the U.S. E.P.A. Green Power Partnership and the Solar Energy Industries Association (SEIA), as of 2016, we rank ninth among U.S.-based companies for total procured renewables, first for onsite solar capacity in three of the past four years, and first for the number of sites with solar PV systems.

During FY2017, we made progress in our own onsite installations of solar and advanced energy technologies. We also increased our procurement of offsite renewable energy and collaborated with other companies to advocate for more widely available, more affordable renewable energy.

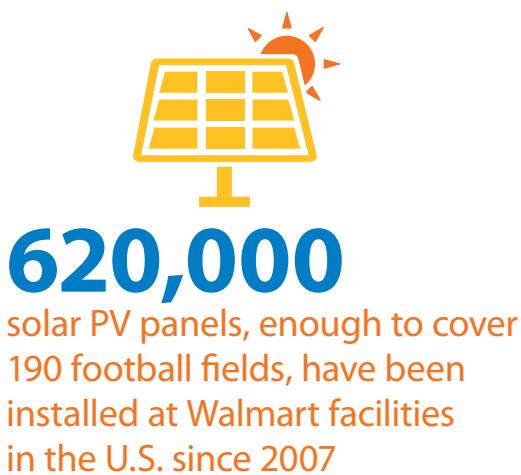
Walmart envisions a world where people do not have to choose between energy they can afford and renewable energy that is better for communities and the planet.

Installing onsite solar and advanced energy technologies

We have over 460 renewable energy systems installed at our stores, clubs and distribution centers worldwide. These onsite systems, including solar and fuel cells, provide clean electricity and heat directly to our buildings. Combined, these onsite systems make up 11 percent of our total renewable energy portfolio. Walmart is already a recognized leader in the use of onsite solar energy, but we believe there is much more that we can do. We are pursuing opportunities to expand our use of solar around the world, as well as expanding other clean energy technologies:

- **Solar in the U.S.:** By the end of FY2017 Walmart had 364 onsite solar installations throughout the U.S., significant progress toward our commitment of having at least 480 by 2020. Walmart has been recognized by the U.S. EPA for being a leader in onsite renewable energy and has held the top spot on the Solar Energy Industry Association's list of companies for installed solar capacity for three out of the past four years.
- **Solar in India:** Walmart India made a major push in FY2017 to expand its use of rooftop solar power to 90 percent of our buildings. We commissioned photovoltaic (PV) solar rooftops for 15 Best Price stores through a power-purchase agreement with a leading renewable energy supplier. Once online, the new installations are expected to provide nearly half of Walmart India's electricity needs. A cloud-based software solution will make it possible to monitor the solar power generation in real time.

- **Solar in South Africa:** Our South African business, Massmart, has been piloting commercially viable renewable energy projects at select standalone stores.
- **Energy storage:** To complement our solar installations, we are also ramping up our investments in energy storage. In partnership with Tesla, a pioneer of advanced battery technologies, we have completed major energy storage projects in 18 of our stores in California. These include the installation of mega-batteries linked to our onsite solar installations. Six of these energy storage systems are also designed to provide backup power in the event of a utility grid power outage.
- **Electric vehicle charging stations:** At the end of FY2017, we had added electric vehicle charging stations to more than 90 sites across the U.S., bringing our total to over 300 stations. Nearly 20 percent of these charging stations are 50kW (480 V) DC Fast Charging Stations—the fastest type of public charging currently available—which will charge a typical electric vehicle to roughly 80 percent of its battery capacity in 30 minutes. This infrastructure enables Walmart to provide a valuable service to its customers. Our partner, EVgo, is recording positive feedback from our customers via independent mobile apps for electric vehicle drivers.



Procuring offsite renewable energy

Our renewable energy aspiration cannot be achieved with onsite generation alone. This is why Walmart's renewable energy strategy includes procuring power from energy providers whose operations, typically utility-scale wind and solar farms, sit far from the facilities that they supply. As of FY2017, we had nine large agreements supplying our operations in Mexico, the U.S. and the U.K., comprising 75 percent of our renewable portfolio. In the U.S., for example, Walmart signed a long-term agreement with Alabama Power in FY2017 to purchase power from a new 72MW solar facility to be built in Chambers County. This will help supply a portion of the power needs of Walmart's retail units and distribution centers in Alabama. We hope such deals will encourage other utilities to play a key role in helping meet the demand for renewable energy across the country.

Advocating for more affordable, widely available renewable energy

Walmart envisions a world where people do not have to choose between energy they can afford and renewable energy that is better for communities and the planet. That's why we're working together with other major companies to boost global demand for renewable energy, accelerate innovation and make renewable energy technologies more affordable.

We are a founding signatory to the Renewable Energy Buyers Principles, developed to identify needs and develop cost-effective solutions for large renewable-energy customers. As of January 2017, 65 companies had signed on, representing over 48 million MWh of annual demand by 2020. Walmart is also a member of the global RE100, an organization representing companies with a stated goal of being 100 percent powered by renewable electricity.

"Walmart is pursuing an ambitious renewable energy goal that increases demand for an affordable, clean energy system. More importantly, they are dedicating time and internal capacity to meeting that goal in ways that open doors for others to follow."

Letha Tawney
Director of Utility Innovation
World Resources Institute





Improving energy efficiency in our facilities

As we began working toward our 100 percent renewable energy goal, we quickly realized that to be successful we needed to reduce our energy demand—the denominator in the percent renewable equation—by achieving greater energy efficiency.

Energy use, especially electricity, is the biggest contributor to our operational emissions. And energy costs are typically the second- or third-largest operating expense for our business. Reducing the energy intensity of our operations is not only a cost-effective way to contribute to our renewable energy goal and reduce emissions, but it also improves our bottom line by reducing our annual operating expenses and limiting our exposure to future increases in energy prices.

The majority of our global electricity use comes from our buildings around the world—11,600 in total—including our stores, clubs, distribution centers and, increasingly, our data centers. In buildings, our energy use can be broken into four main areas: lighting; heating, ventilation and air conditioning (HVAC); refrigeration; and other categories such as plug loads. In each of these areas we are focusing on energy efficiency in the way we design, procure, operate, monitor and maintain our systems. Our investment in energy efficiency has reduced our energy use per square foot by 12 percent since 2010, as of Q3 FY2017.



By the end of FY2017, Walmart had upgraded the parking lot lighting at

1,900 stores and 260 Sam's Club locations

in the U.S.



Design and installation of efficient technologies

Walmart engineers look for ways to incorporate efficiency into new store designs. Just as important, as our existing buildings age, we aim to replace or upgrade older equipment with the latest in high-efficiency technology. Thousands of these incremental improvements are made each year, gradually improving energy efficiency across our entire building portfolio.

- **Taking energy efficiency through the roof.**

In the U.S., Walmart continues its drive to install high-efficiency rooftop heating and cooling units (RTUs). By the end of 2015 we had upgraded 5,919 RTUs—the highest number of high-efficiency RTU installations in the U.S.—resulting in an estimated savings of 50 million kWh and 35 million pounds of CO₂e, worth as much as \$5 million annually according to the U.S. Department of Energy. In recognition of these efforts, Walmart was named a 2016 Campaign Award Winner by the Advanced RTU Campaign, a business/government collaboration.

- **Installing energy-efficient lighting in our parking lots.**

By the end of FY2017, Walmart had upgraded the parking lot lighting at 1,900 stores and 260 Sam's Club locations in the U.S. from high-intensity discharge (HID) technology to more energy-efficient light-emitting diode (LED) lighting technology. The new LED parking lot lighting will save electricity and reduce maintenance costs, thereby supporting Walmart's commitment to Every Day Low Cost as well as energy efficiency.

Managing energy use

As the saying goes, you tend to manage what you measure. At Walmart we use technology to carefully monitor and optimize energy use in our buildings.

- **Deploying energy management systems.** In our operations in China and other markets, we have installed systems that allow operators to monitor and manage energy consumption in real time at Walmart stores.

- **Engaging associates to help save money.** Our stores in Argentina cut energy consumption by an average of 5 percent from March to December 2016. One way that they achieved this was by launching an energy efficiency competition for associates, sponsored by the Sustainable League, that incentivized them to reduce energy by changing to more responsible behavior towards energy use.



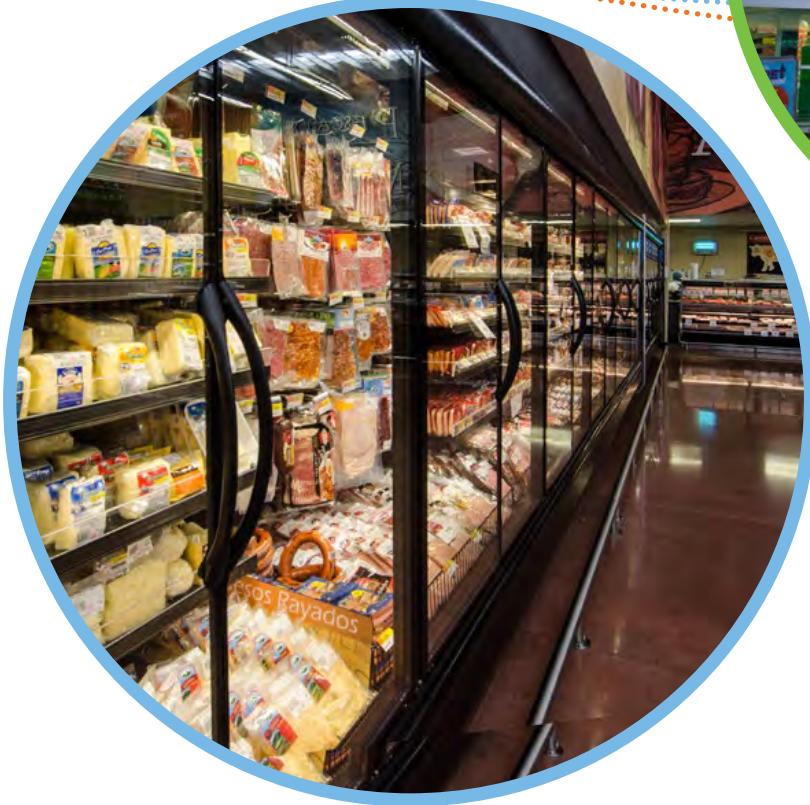
Improving refrigeration systems in our facilities

Walmart works every day to deliver safer, more affordable, healthier and fresher produce to millions of people in a pleasant shopping environment. Doing so requires the use of refrigeration and air-cooling equipment across our value chains—from our distribution centers, to our delivery vehicles, to our stores and clubs. This equipment requires a lot of energy; it accounts for as much as 30 to 50 percent of the energy consumption in our buildings. In addition, the refrigerant gases used in most systems—known as hydrofluorocarbons (HFCs)—are powerful greenhouse gases. This makes managing and improving these systems a high priority. We are working both to improve efficiency in current systems and to transition to new systems using refrigerant gases with lower overall environmental impacts. Our approach focuses on work in three areas:

- **Reduction.** We reduce energy use and improve performance in our existing systems by using common best-practices for maintenance and monitoring.
- **Prevention.** We prevent energy waste and improve performance in new systems by using common specifications for high-efficiency systems with a lower total cost of ownership.
- **Transition.** We are moving to lower-impact gases and refrigeration techniques. Since 2011, Walmart has been testing and evaluating options to facilitate the transition to less HFC-reliant systems. In FY2017 Walmart worked with other members of the Consumer Goods Forum (CGF) to put forward an ambitious resolution on refrigeration and to support the inclusion of HFCs in the Montreal Protocol, an international treaty designed to protect the ozone layer. The CGF resolution calls for all consumer goods companies to work to rapidly phase down HFCs.

Outside recognition: Refrigeration

Walmart International won several awards at the Refrigeration and Air Conditioning (RAC) Cooling Industry Awards in London in FY2017, including first place in the International Achievement of the Year category. This award recognizes Walmart's efforts to accelerate the development of low-impact refrigeration technologies, scale their implementation and apply best practices across markets. Our U.K. business, Asda, won Low-Carbon Achievement for its decade of carbon reductions. Brian Churchyard, Asda's senior manager of construction design standards, was awarded the RAC Gold Award for his work in advancing improved refrigeration techniques.





Maximizing the efficiency and safety of our trucking fleet

Last year, Walmart announced that we had exceeded our goal of doubling the efficiency of our trucking fleet by 2015. This achievement was made possible by our associates' efforts to improve techniques for loading, routing and driving, as well as through collaboration with equipment and system manufacturers on new technologies. With these new efficiencies, we achieved savings of nearly \$1 billion and avoided emissions of almost 650,000 metric tons of CO₂ in 2015 as compared to the 2005 baseline. Moving ahead, we will continue to look for innovative ways to improve our fleet efficiency as we fold our fleet goals into our broader goal of using 100 percent renewable energy.

One of the challenges we face in further improving fleet efficiency is the rapid evolution—and increasing complexity—of our supply chain. The growth of e-commerce, for example, is changing the demands on our logistics network and is evolving our approach to distribution, warehouse and delivery technologies, vendor relationships, and packaging.

We believe that part of the solution will lie in new technologies, and we are investigating innovations in automation, advanced aerodynamics, short range communications, safety technologies such as sensors and detection equipment, electrification and alternative fuel. Freight transportation is an interconnected ecosystem. To achieve improvements on a large scale, we are collaborating within the industry and with suppliers and regulators to build next-generation transport networks that are safe, environmentally friendly, efficient, responsive, reliable, flexible and cost-effective.



IMPACT

Robert Kelly: A passion for safety



Efficiency is important, but when it comes to successful fleet operations nothing is more important than safety. Our drivers meet rigorous standards and take part in ongoing training. No one personifies that standard of excellence better than Robert Kelly, of our Searcy, Arkansas, office. He's driven over 4 million miles without an accident in his 32 years as a professional driver, including 2.1 million in the last 17 years driving for Walmart. Robert is passionate about safety, customer service and excellence on the job. He shares that passion by working as a trainer in Searcy. He's also the Arkansas Trucking Association Road Team Captain and a participant in numerous other Walmart programs, including Trucker Buddy, Store Ambassador, Walmart Heart, Wreaths Across America, Children's Miracle Network and Special Olympics. Robert also played a leading role in the 2014 and 2015 Fuel Economy Training Initiative in which he shared best practices and results, demonstrating the value of adapting to ever-changing equipment technology.

Safety is also a top priority for Walmart in all our operations, and fleet management is no exception. Our efforts in fleet safety are described below:

Promoting safety in our fleet

Each year we move millions of products from manufacturers to Walmart distribution centers and from distribution centers to our store loading docks. Our logistics network operates one of the largest and safest private fleets in the U.S. From February 2016 through January 2017, our fleet drove approximately 735 million miles. During FY2017, we had an average of 7,989 drivers in our fleet. Of our current drivers, 3,070 have a streak of at least a million accident-free miles during their Walmart careers. Last year, Warren Crane of Laurens, South Carolina, became our fourth driver to drive 4 million miles accident free for Walmart.

Outside recognition: Fleet safety

Walmart Transportation was recognized at the 2016 American Trucking Association's Safety and HR National Conference as the industry's safest fleet in its class for 2015. This is the third consecutive year that Walmart has won this award. In addition, six Walmart drivers won awards in their divisions at the 2016 ATA National Truck Driving Championships, a safety competition in Indianapolis. For the second year in a row, the Grand Champion of this event was a Walmart Driver.



During FY2017,
we had an average of

7,989 drivers
in our fleet



CHALLENGES

Reducing energy intensity and emissions in our operations

Weather

Extreme weather is increasingly the reality. Swings in air temperature and humidity are direct drivers of energy demand, so it has become much more challenging to improve energy efficiency while still maintaining a pleasant shopping or working experience in our stores. Weather can also impact our ability to generate electricity from renewable sources such as wind and solar. Renewable energy systems depend on natural flows, which can change throughout the year and over time, resulting in variable rates of energy production.

Policy

Walmart believes that businesses must have the regulatory freedom to directly source electricity from project developers or independent power producers. In some countries and many states within the U.S., our ability to scale renewable energy projects is diminished because we're not able to sign direct power purchase agreements (PPAs). We advocate for policies that allow market-based solutions like PPAs, which can lead to greater price certainty and cost savings.

Price volatility

The current and projected long-term price of fossil fuels is an important financial consideration in reducing emissions. When the price of fossil fuels falls, investing in emissions reductions in our own operations or in the supply chain may appear less financially viable in the short term. While some U.S. states and some countries have implemented carbon markets or tariff schemes, which put a value

on carbon emissions and incentivize lowering emissions, prices are often volatile, vary widely by market and vary with changes driven by local market regulation and legislation.

Offsetting growth

Walmart continually looks to expand our retail offerings worldwide, both in stores and online. This means more stores, clubs, data centers, distribution centers, suppliers, products and trucks to move products are added each year. In addition to building new facilities, we also continue to expand grocery offerings in many existing stores around the world to meet the demand for fresh and affordable food and produce. These remodels and expansions require more energy to power additional equipment such as refrigerated cases and freezers. The combination of new facilities, new equipment in existing facilities and increasing sales volumes creates an uphill battle in reducing absolute carbon emissions.

Technological and behavioral change

Reducing emissions in our operations requires continuous change in technology and in the behavior of our associates worldwide. We cannot move toward a low-carbon economy by falling back on the traditional ways doing things. This is often a challenge as we introduce new equipment or processes that require training, education or simply doing things differently.

ELIMINATING WASTE IN OUR OPERATIONS



The world generates an average of 3.5 million tons of solid waste per day. According to the World Bank Report, daily waste will climb to 6 million tons per day by 2025. Meanwhile, 84 percent of material inputs are lost to landfill or incineration annually, representing a loss of \$2.7 trillion in potentially valuable materials.

Ten years ago, Walmart began to look at the interplay of waste and usable materials and to seriously examine our own operations, looking for ways to reduce waste of all kinds. Today we have a deeper understanding of the challenges and are engaging suppliers and customers in pursuit of what we now call the circular economy, in which products are made, consumed and recycled in a continuous loop. Of course, not everything can be recycled at the same level. In these instances we look to the Ellen MacArthur Foundation approach of maintaining materials at their best and longest use. By the end of FY2017, we diverted from landfills 82 percent of unsold products and packaging in the U.S. and 77 percent* globally in our facilities.

Today, we have even higher aspirations for zero waste. Specifically, we are aiming to:

1. Achieve Zero Waste** in our own operations in the U.S., Canada, the U.K. and Japan by 2025.
2. Continue working to divert waste in all markets, moving as fast as infrastructure and best practices allow.

While we have made progress, achieving these goals will require even more from our associates and our operations. We will also continue to collaborate with customers, suppliers, other retailers, nonprofit organizations and governments to improve the broader ecosystem of waste prevention, reuse and recycling. In many places around the world, for example, there is simply not adequate recycling infrastructure and, even where it exists, recycling may not be financially viable. We aim to catalyze the development of system-level solutions for reuse and recycling across the sector and throughout our supply chains—not just at Walmart. (See Reducing environmental impacts, pg. 94.)

Our strategies include:



Measuring waste in our operations



Eliminating waste from non-food products and packaging



Eliminating food waste in our operations



Improving water stewardship in our operations

* Based on review of material handling and waste diversion processes in Argentina, Brazil, Canada, Central America, Chile, Japan, Mexico, South Africa, U.K. and U.S., as reported by waste vendors, food banks and stores. In cases where real numbers were not available due to industry challenges, they have been estimated based on industry acceptable standards.

**Meeting or exceeding Zero Waste International Alliance business recognition program requirements, which include adoption of ZWIA definition of Zero Waste and achievement of 90 percent or more diversion of all discarded resources from landfills, incinerators and the environment.



We are diverting
82 percent
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We are diverting
77 percent*
of unsold products and
packaging Globally

* Based on review of material handling and waste diversion processes in Argentina, Brazil, Canada, Central America, Chile, Japan, Mexico, South Africa, U.K. and U.S., as reported by waste vendors, food banks and stores. In cases where real numbers were not available due to industry challenges, they have been estimated based on industry acceptable standards.

**KEEPING
IT FRESH.
Every day.**



Measuring waste in our operations

To eliminate waste, the first step is to understand exactly what materials are ending up in our landfills and at what volume. Given the fragmentation of the waste and recycling industry, efficiently coordinating with vendors and obtaining reliable data is paramount. As in all our programs, we seek to improve technology and data collection to enable fact-based decision-making and to maximize impact.

Characterizing waste

We conduct periodic studies of waste in different markets. This year, we looked at Brazil, Canada, Central America, China and Mexico, collecting data on several categories of waste, including cardboard, plastics, metals, food waste, glass, wood, tenant waste and residual waste. We will use this data to look for diversion opportunities and to develop road maps to achieve our zero waste goal.

Implementing a standardized waste management data system

We are creating tools to measure waste diversion performance at the country, region and store levels. In FY2017 we began the rollout of SoFi, a tool for managing waste and diversion data. The system is designed to automate and streamline data collection from hundreds of waste vendors and food banks across global markets. This year, it launched in South America and the U.S. Next year, we will expand it to Asia, Canada, South Africa and the U.K. The same system is also used to collect energy and water data.

Global waste flows



IMPACT

Using data to drive food waste prevention

To translate data into action, it is important to find a way to communicate it to our store associates. Walmart Mexico developed a tool called Fresh in Action that allows store associates to see numbers on how much food is thrown away in their store each day in a simple, graphical presentation. The tool also establishes monthly waste limits for each food department, including produce, deli, bakery, meat and seafood, and shows whether the store is on track to meet its goals. In FY2017, Fresh in Action was used by the associates of 1,330 stores in Mexico.





Eliminating waste from non-food products and packaging

Waste is a complex problem, and Walmart is attacking it from multiple angles. For non-food waste, we're cutting down on materials used and donating or recycling goods that can't be sold. There's no one answer and no easy way to get to our goal of zero waste, but we believe that by operating on all these fronts we can have substantial impact.

Reducing in-store packaging waste

In all our global markets we are looking for ways to reduce the amount of secondary packaging we use. Our efforts include the following:

- **Moving to reusable packing containers.** As we work to optimize packaging design, we aim to protect the product while reducing the materials used. In our Canada, Mexico, U.K. and U.S. markets, we are using reusable packing containers (RPCs) to replace cardboard boxes and shrinkwrap. According to a report by Franklin Associates prepared for IFCO Corporation, a leading supplier of RPCs, a shift from cardboard to RPCs in produce can lower solid waste by 85 percent and reduce greenhouse gas emissions by 31 percent, all while improving customer perception. The switch to RPCs does require some changes to operations and infrastructure. Our Asda stores in the U.K., for example, operate nine service centers for consolidating and washing the RPCs next to regional



Walmart recycles

3 million tons of fiber and plastic per year globally



IMPACT

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Rx for reducing waste

Sometimes big opportunities to reduce waste are found in surprising places. Consider the e-prescription. Previously each e-prescription had to be printed out and filed away, taking up time, storage space—and a lot of paper.

Our Practice Compliance Team worked with state boards of pharmacy throughout the U.S. to instead retain e-prescriptions electronically. As of January 2017, we have received approval to eliminate the paper printouts in 42 of the 49 states where we operate pharmacies. The new process is faster and more efficient for our customers. In FY2017, it eliminated over 214 million printed pages in our pharmacy business, saving over 25,000 trees.

distribution centers for chilled foods, where the RPCs are used. In FY2017, Asda reused over 1.25 million trays, keeping them in the network and eliminating the need for cardboard packaging.

- **Reducing material waste in our operations.** Walmart uses a variety of items and materials in our buildings and operations that are not intended for purchase by customers. We are just as diligent in looking for ways to eliminate excess material in these areas as we are in other parts of the business. The plastic bags used to protect apparel during shipping are another example. Working with suppliers, we discovered that we could make bags thinner without sacrificing utility and are now revising our supplier guidelines to allow for lower-gauge bags—saving money and cutting down on materials used.

According to internal audits, Walmart U.S. has now achieved more than **50 percent** reusable packing containers participation across produce.





IMPACT

A better bag for fresh bread



At Walmart, we purchase a variety of packaging for products that are prepared fresh in our stores and clubs. This includes bags and containers for produce, bread and deli items as well as pizza boxes, meat trays and bakery packaging. We're always on the lookout for opportunities to eliminate waste in these items and to better respond to customers' needs.

For example, we previously packaged our fresh-baked bread in a plastic bag within a kraft paper bag, with front and back stickers. In FY2017, we introduced a new pre-printed plastic bread bag that was simpler and used less material. We estimate that our new bag will save more than 5 million pounds of packaging material annually and reduce the amount of time required to package a loaf of fresh-baked bread from 37 seconds to 15 on average.

Extending the life of products

Another part of the answer to the problem of global waste is preventing products from entering the waste stream in the first place by refurbishing and/or donating products that can't be sold.

- **Refurbishing products.** Walmart utilizes four refurbishing centers across the U.S., where we send returned and damaged phones, tablets, TVs, computers and game consoles so they can be repaired and resold at a discount. In FY2017, we sent more than 6 million electronic items for refurbishment.
- **Donating products.** Since we hate waste, we always look for the highest-value purpose for unsold goods. If they are usable, that usually means donating them for charitable purposes. In the U.S., donations of durable goods are centralized through six return centers, where they are being picked up by charities like Good 360, Harvest Time and United Way. In FY2017 we donated 13,000 tons of unsold products.

Recycling products and secondary packaging

Some products simply can't be refurbished or donated. For these and for our secondary packaging, used fixtures and other assets we operate programs to recycle them. Stores are motivated to support the recycling programs. First, the income generated from recycling comes back to the store P&L. Second, they have the satisfaction of knowing that their operations are contributing to the achievement of our zero waste goals.

We are always looking for opportunities to innovate around materials logistics and recovery. Here are few of them:

- **Reverse logistics of recyclables.** In Central America, Mexico and the U.K., we use reverse logistics to enable recycling. Stores collect cardboard, plastics and metals and send them back to distribution centers—in trucks that would otherwise return empty—where they are picked up by recycling vendors. Reverse logistics allows us to use trucks more efficiently, to recycle materials from remote stores that don't have recycling infrastructure nearby and to include difficult-to-recycle materials like glass. Overall in FY2017 we recycled 200 tons of cardboard, 20 tons of plastics and 20 tons of food waste globally through reverse logistics.

- We also support processes in which waste materials are recycled into new products. For example, in the U.S., we work with Petoskey Plastics, which uses up to 200 tons per month of Walmart post-consumer plastic to manufacture new plastic bags as part of a unique closed loop system. The bags produced are both for in-store use, as well as for sale on our shelves, and include 40-70 percent post-consumer recycled content.

In FY2017, we decreased the amount of total annual waste generated from our Walmart operations globally by **2 percent**, compared to FY2016.



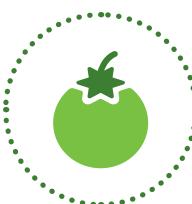
IMPACT

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Project coconut

The standard clay-based materials traditionally used to clean up fuel spills at gas stations produce cleanup waste that must be carefully discarded. This is typically sent to either hazardous-waste incinerators or special landfills, both of which are costly and wasteful from an environmental perspective.

We thought there had to be a better way. In FY2017, our environmental and fuel operations teams worked to source a new coconut-based natural absorbent to replace the standard clay-based materials. The new absorbent qualifies as a fuel instead of hazardous waste under federal law, meaning it can be used to power cement kilns and other industrial facilities. Although the process is cost-neutral, we consider it an important win. Thanks to Project Coconut, we anticipate turning 275,000 pounds of absorbent into usable fuels.



Eliminating food waste in our operations

According to the U.N.'s Food and Agriculture Organization, one third of the food produced in the world for human consumption every year gets lost or wasted. That's 1.3 billion tons of food. As the world's largest grocer, we are committed to reducing food waste from farm to fork, including eliminating food waste within our operations. (To read more about reducing food and product waste upstream and downstream, see pg. 108).

Walmart supports the Consumer Goods Forum's (CGF) resolution on food waste that focuses on preventing food waste, then maximizing its recovery toward the goal of halving food waste within the retail and manufacturing operations of CGF members by 2025, versus a 2016 baseline.

This year Walmart is working to establish a food waste baseline utilizing the World Resources Institute (WRI) Food Loss and Waste Protocol. We will use this baseline to inform our food waste programs globally.

We use the EPA food recovery hierarchy to guide us in these efforts. The hierarchy ranks strategies for preventing and diverting food waste by the benefits they create for the environment, society and the economy. The five tiers are source reduction, feeding hungry people, feeding animals, industrial uses and composting.

We are also part of a broader industry food-waste-reduction initiative through the Consumer Goods Forum, created to share best practices and report progress.

RECOVERING FOOD: A HIERARCHY OF PRIORITIES

Selling the food we carry

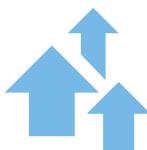
The primary way we seek to reduce food waste in our operations is by selling the food we carry. We have improved our forecasting and ordering tools to improve inventory, adjusted store fixtures to increase turnover and consumer appeal, and provided our store associates tools and education on how to better care for food and manage it at the end of shelf life. To better reflect product's shelf life, we have also changed date labeling on all private-brand products to "Best if Used by" unless a food safety or regulatory reason might prevent us from doing so.

The U.S. Environmental Protection Agency (EPA) created the Food Recovery Hierarchy to help organizations prioritize steps they can take to prevent waste and divert unused food. Each tier of the Food Recovery Hierarchy focuses on different management strategies. The top levels of the hierarchy generate the most benefits for the environment, society and the economy. Walmart uses this hierarchy as a guide in our efforts to put food that might otherwise go to a landfill to its highest and best use.

HOW WALMART TACKLES FOOD WASTE GLOBALLY



Measure food waste
to landfill baseline
in 2017



Accelerate sell-
through / prevent
food waste



Donate unsold
food to feed
hungry people



Recover inedible
food through animal
feed, composting
and anaerobic
digestions



Walmart stores,
clubs and distribution
centers have donated
3.3 billion+
pounds
of food since 2005
to Feeding America



Donating unsold food to the charitable system

When food goes unpurchased by consumers, Walmart works to maximize its use by getting it to people and places that need it. Since 2005, our stores, clubs and distribution centers have donated 3.3 billion pounds of food to organizations that distribute it to people in need in the U.S., including more than 600 million pounds in FY2017. Because we aspire to system-level change, we have also donated funds to purchase equipment, such as refrigerated trucks to increase the capacity of the charitable meal system to absorb fresh food, whether it comes from Walmart or elsewhere. This helps people in need, but also strengthens the broader waste management ecosystem by reducing the amount of food that is sent to landfills. (See Relieving hunger, pg. 140.)

In FY2017 we expanded our program to be able to donate produce from Sam's Club locations in the U.S., and in Walmart Canada by pairing each of our Canadian locations with a food bank, significantly increased the number of Walmart Canada stores that participate in food donation. (See Strengthening the charitable meal system, pg. 142.)

Repurposing inedible food

If food is no longer edible, we strive to convert it into animal feed, compost or energy.

- **Recovering food waste in the U.S.** In 2008, estimating that food accounted for more than a third of our total compactor waste in the U.S., we began to look for a recycling solution. Back then, there was little food-waste recycling infrastructure in the U.S. In response, we launched an organics program to recycle non-donatable food into a beneficial product that could be used to feed livestock, generate compost or create energy through anaerobic digestion. When that's not possible, we turn to composting or anaerobic digestion.
- **Creating animal feed from food waste.** In Mexico, we piloted a program for collecting inedible fruits, vegetables and bakery goods for feeding directly to animals, diverting 303 tons of waste in our supercenter stores and Sam's Club locations. We anticipate expansion of this program to other formats in the next few years.
- **Turning food waste into fuel and fertilizer.** Our Asda stores in the U.K. are recycling food into energy, by taking inedible unsold food to anaerobic digestion plants, where it is broken down into gases that can be used as fuel and fertilizers.



Improving water stewardship in our operations

Compared with other industries, such as mining, manufacturing and agribusiness, retail uses relatively little water directly. Nevertheless, we estimate that more than 20 percent of our operations around the world are, or will be by 2025, located in regions facing high levels of water stress. We are working to preserve the quality and quantity of water available by improving efficient water use in our operations.

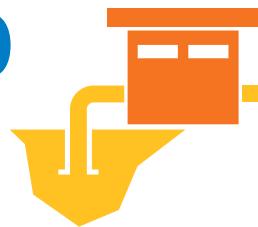
In addition to doing our part to conserve water in our own operations, we also support water conservation in our product supply chains because the food we sell can require significant water to produce. According to the United Nations, nearly 70 percent of the world's consumption of fresh water goes to agriculture.

**We are working to conserve
water in our own operations by
improving efficient water use.**



In FY2017, we increased our number of onsite water treatment plants in Mexico to

760



Managing water in our operations

In watersheds that face scarcity or other stresses, we work to reduce unnecessary water usage in our operations by using efficient fixtures and technologies in the design of our facilities, redesigning processes to require less water, monitoring usage to identify and repair leaks and in some areas even treating and recycling water. Our initiatives include the following:

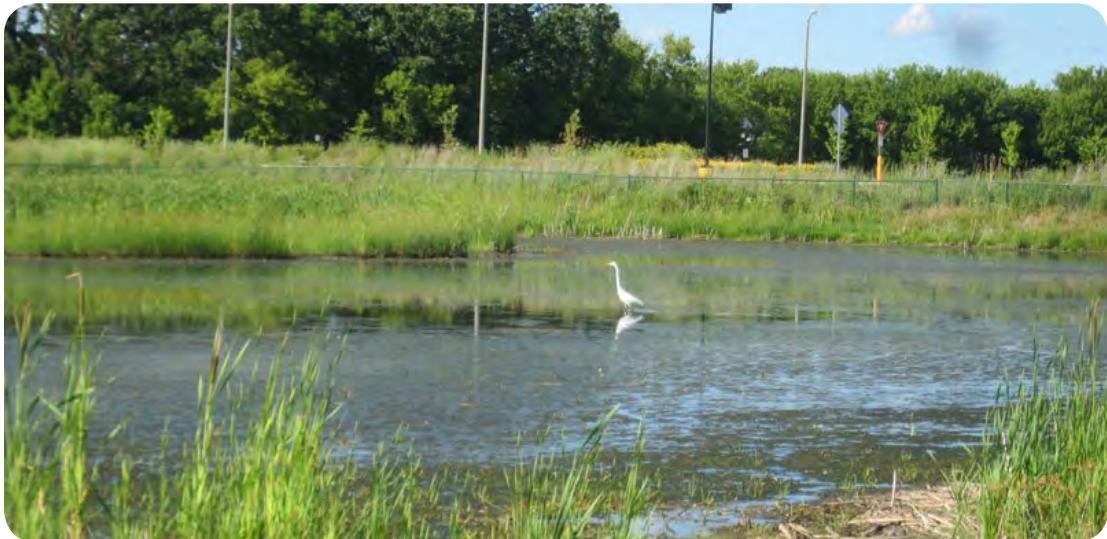
- **Onsite water treatment and reuse.** Walmart de Mexico, one of our largest operations, plays a leading role in water stewardship in our company, especially when it comes to water reuse. In FY2017, we increased our number of onsite water treatment plants in Mexico to 760.
- **Rainwater harvesting.** Although our Massmart business in South Africa uses modest amounts of water in its operations, the group is nevertheless taking proactive steps to further reduce its water footprint. For example, Massmart harvests rainwater in its Massbuild division and captures condensate water from many of Makro's refrigeration plants.
- **Reducing water usage.** We break our water usage down into a series of processes and look at each step of each process for ways to use less. For example, each day, Walmart washes thousands of tractor-trailers. Previously, each wash consumed up to 550 gallons of water and used harsh detergents to scrub off the dirt, debris and road salt. By reengineering the equipment, we were able to cut the water used to as little as 195 gallons per wash and to reclaim and reuse up to 86 percent of the water. We also switched to less harsh yet still effective cleaners, such as citrus-based soaps, and lowered the energy used by up to 76 percent.
- **Constructing and maintaining wetlands.** With water resources stretched, it is increasingly important to protect wetlands, which provide a natural water filtration system and crucial element in a complex and dynamic water ecosystem. In the U.S., Walmart has created, monitors and maintains nearly 150 wetlands on its properties. In some cases we partner with nongovernmental organizations, nonprofits and the public sector to donate wetlands to entities that specialize in maintaining and preserving them.



IMPACT

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Working with communities to preserve wetlands



In October 2016, we donated a 3.21-acre wetland to the city of Logan, Utah, that was constructed in the course of building a supercenter. The wetland was built to mitigate the impact to small streams on the property and provides an excellent buffer and habitat for local plants and wildlife. Through a collaboration with the City of Logan, the wetland will be maintained by local volunteers and professionals.

With water resources stretched worldwide, the need to protect our ground and drinking water resources is becoming even more acute, and we

realize the importance of wetlands as a natural water filtration system. We are working with NGOs, nonprofits, land banks and the public sector to donate other wetlands on our properties to entities that will maintain and preserve them for public and environmental benefit. By establishing these relationships, donating wetlands to experts within the environmental field and opening accessibility to these resources, we are striving to be a good neighbor and to help provide cleaner groundwater and drinking water for future generations.



CHALLENGES

Eliminating waste in our operations

Behavior change in company operations

Optimal waste management is dependent on tens of thousands of associates in stores, clubs and distribution centers around the world following protocols. This requires focused efforts on education and training to create an anti-waste culture. At the same time, retail store operations are complex and dynamic environments with competing priorities for associates, ranging from customer service to inventory management. Associate turnover, which last year was in the range of 60 percent for the retail industry, requires repeatedly educating new groups of associates, which adds to the complexity.

Lack of the recycling infrastructure globally

When rolling out zero waste programs across our global operations, we frequently face insufficient recycling infrastructure and fragmented markets. Even when steady demand for recycled commodities exists, it can be difficult to distribute those materials to buyers. Another common problem is inadequate technology. Better data management systems, for example, could provide more accurate, targeted assessments and solutions at the local level. We are leveraging our own operations, partnerships with suppliers and philanthropy to solve infrastructure needs that will lead to better outcomes.

Volatility of commodity markets

Commodity prices fluctuate continually and this can have an adverse effect on the business value of our zero waste programs. Over the past several years for example, prices for several commodities have dropped significantly, driven in part by low oil prices. These price drops have had a dramatic effect on the worldwide market for recyclables and have led many suppliers to turn instead to less expensive virgin materials. This makes it difficult for municipalities to justify the cost of efficient recycling infrastructure that could make recycled feedstock more price competitive.

Policy fragmentation

Public policies and regulations in the waste and recycling industry often act as barriers to zero-waste strategies. In countries with stricter regulations, we frequently see more robust infrastructure and more effective financial incentives for materials segregation and collection. Waste and recycling regulations around the world vary widely, which increases the complexity for global companies. Developing markets, in particular, where we continue to grow retail operations, often lack effective regulation.

Conserving natural habitat

In the U.S., Walmart collaborated with the National Fish and Wildlife Foundation (NFWF) to help establish the Acres for America program in 2005. The program has four main priorities:

- Conserving critical habitats for birds, fish, plants and wildlife
- Connecting existing protected lands to unify wild places and protect migration routes
- Providing access for people to enjoy the outdoors
- Projecting the future of local economies that depend on forestry, ranching and recreation

The program's original goal was to permanently conserve one acre of wildlife habitat for every acre of land developed by Walmart stores—approximately 100,000 acres in total. Not only has our goal been achieved, it has been exceeded more than 10 times over. Since its launch, the Acres for America program has protected 1.2 million acres—an area comparable in size to Grand Canyon National Park—through 72 projects in 35 states, the District of Columbia and Puerto Rico.

The program has also connected over 10 million acres of protected lands to support landscape-scale conservation and wildlife migration. And it has restored urban lands and habitats and connected youth to the outdoors by investing more in community-based projects in many major U.S. cities. To date, Walmart's \$38.5 million investment in Acres for America has leveraged more than \$376 million in matching contributions.

In November 2015, Walmart and NFWF announced a 10-year, \$35 million renewal of this program to continue its exceptional work for another decade. Acres for America is working toward a goal of conserving 2 million acres by 2025.



*The Green River in western Wyoming flows through ranchland permanently protected by Acres for America, a conservation program funded by Walmart and led by the National Fish and Wildlife Foundation.
(Photo credit: Rita Donham, Wyoming Aero Photo)*

1.2 million
number of acres
conserved through
the Acres for
America program





The view from Antelope Flats, Grand Teton National Park
credit: Photo by Chris West, NFWF

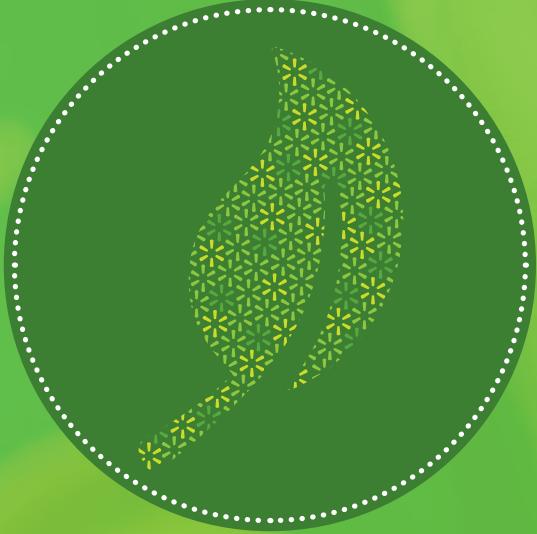
"The projects supported by these grants in 2016 will protect some of our country's most valuable and productive wildlife habitats. The protection of Antelope Flats property, in particular, represents an incredible conservation success for our nation, and one of the most important accomplishments of the Acres for America program."

Jeff Trandahl
Executive Director and CEO of NFWF

In FY2017, Acres for America issued six grants to conservation organizations that range from \$225,000 to \$1 million each. These grants will fund projects that support:

- Creating a wildlife corridor connecting wilderness areas and state and national parks in California
- Protecting native grasslands in Arizona
- Preserving hardwood forests in Tennessee
- Connecting state forests and conservation lands in Pennsylvania
- Supporting the acquisition of land for the Grand Teton National Park in Wyoming
- Conserving threatened wetlands in Louisiana

The grants will be administered by leading conservation organizations, including The Conservation Fund, the Trust for Public Land, and Grand Teton National Park Foundation. In total, these projects will conserve wildlife habitat across more than 97,000 acres. Several of the projects have a particular focus on watersheds, watercourses and wetlands. For example, the California project will ensure the protection of an entire watershed in Del Norte County, covering over 30 miles of Blue Creek and the Klamath River, and more than 40 additional miles of tributary streams.



Sustainability

Enhancing the sustainability of our value chains



**Supporting
measurement and
transparency in our
value chain**



**Providing affordable,
healthier and safer
food and products**



**Reducing
environmental
impacts**



**Supporting the dignity
of workers everywhere**

Improving sustainability in global value chains

In addition to enhancing the sustainability of our retail operations, we work with others to help address environmental and social issues in our product supply chains. In fact, research by The Sustainability Consortium (TSC) "shows that, with most products, the most significant environmental and social hotspots exist largely upstream from the manufacturer in their supply chain or downstream from consumer use and product disposal." We aspire to enhance product supply chain sustainability in collaboration with suppliers, NGOs, customers and others.

To focus our efforts on the most important areas, we use various tools to gain greater visibility into the world's vast network of product supply chains. Chief among them is the Sustainability Index, which was developed in collaboration with suppliers, leading NGOs and the scientists at TSC. The Index provides a snapshot of the social and environmental practices and outcomes in a broad array of products and supply chains.



In FY2017 we reached our goal, set in 2012, of buying **70 percent** of our U.S. goods from suppliers that participate in the Sustainability Index, in categories where the Index is available.

The Sustainability Index gathers and analyzes information across a product's life cycle—from sourcing, manufacturing and transporting, to selling, customer usage and end of use. TSC research first identifies the materially significant environmental and social issues—or "hot spots"—across the product life cycle. At the same time, "improvement opportunities" are identified to address those hotspots. The supply chain hotspots and improvement opportunities are then summarized in a category sustainability profile. Next, key performance indicators (KPIs) are developed in the form of survey questions that are used to measure sustainability performance for a particular product category. Suppliers then respond to the surveys for the specific product categories they supply, each covering up to 15 issues that TSC has deemed critical. The surveys paint a picture of the sustainability challenges down to the category level for all kinds of items, from tomatoes to toys. We use the data from the surveys to identify key social and environmental hotspots and to set an agenda as we work with our suppliers to drive continuous improvement. We also use it to identify opportunities for special attention, such as fertilizer optimization or improved animal welfare, to help drive more substantial change quickly.

Finally, the survey data is integrated into decision-making tools throughout the business. The use of the Sustainability Index also sets the expectation that Walmart isn't looking for change at the margins with a few niche products. We're trying to raise the bar for all items we stock.

FY2017 INDEX PARTICIPATION

+60 percent

increase in number of suppliers responding



Across

58 Walmart departments and

74 Sam's Club categories



+2,000

suppliers completing
5,300 surveys



Well over

300 of our buyers now have scorecards for their suppliers

Example initiatives Walmart is pursuing with suppliers and others

| PRODUCT CATEGORIES |  Measurement and transparency |  Environmental impacts |  Affordable, healthier and safer food and products |  Dignity of workers |
|---------------------|--|---|--|---|
| Produce | <ul style="list-style-type: none"> Blockchain pilot CDP Supply Chain | <ul style="list-style-type: none"> Upstream food waste Downstream food waste Sustainable packaging design and recycling | <ul style="list-style-type: none"> Making healthier options more affordable Making the healthier choice easier Providing nutrition education Promoting food safety | <ul style="list-style-type: none"> Promoting responsible sourcing Supporting improvement of labor conditions in produce Training farmers |
| Meat & Dairy | <ul style="list-style-type: none"> Brazilian beef monitoring system | <ul style="list-style-type: none"> Sustainable beef & dairy Beef deforestation | <ul style="list-style-type: none"> Animal Welfare Responsible antibiotic use | |
| Seafood | | <ul style="list-style-type: none"> Sustainable seafood | | <ul style="list-style-type: none"> Addressing human trafficking in seafood |
| Packaged Food | <ul style="list-style-type: none"> Great For You labeling | <ul style="list-style-type: none"> Palm oil deforestation Soy deforestation Fertilizer optimization Optimizing packaging Sourcing sustainability Supporting customer-friendly recycling labeling | <ul style="list-style-type: none"> Reformulating food | |
| Consumables | <ul style="list-style-type: none"> Chemical Ingredient Disclosure | <ul style="list-style-type: none"> Pulp & paper deforestation Palm oil deforestation Closed Loop Fund Optimizing packaging | <ul style="list-style-type: none"> Sustainable chemistry | |
| Apparel | | <ul style="list-style-type: none"> Factory energy efficiency Energy and water use in apparel mills | | <ul style="list-style-type: none"> Promoting safer working conditions in the ready-made garment industry |
| General Merchandise | | <ul style="list-style-type: none"> Product efficiency and end-of-life Pulp & paper deforestation Fertilizer optimization Optimizing packaging Sourcing sustainability Supporting customer-friendly recycling labeling | | |

SUPPORTING MEASUREMENT AND TRANSPARENCY IN OUR VALUE CHAIN

From the time Sam Walton opened his first store, Walmart has advocated for customers, and we continue to do so. At the Net Impact conference in Philadelphia in November 2016, Walmart president and CEO Doug McMillon outlined a road map that will guide the company's role in society on critical issues over the next several years, pointing to a "new era of trust and transparency."

Today, an emphasis on measurement and transparency underpins all of our endeavors. Our Sustainability Index (see pg. 84) anchors these efforts. As Doug noted, customers today have high expectations for companies. They want to feel good about the products they buy and the companies they buy them from. They are asking for more visibility into how food is grown and products made, as well as the people and companies involved in those processes. Measurement and transparency are also critical to driving change. To transform supply chains upstream and downstream, our work must be grounded in data and approached systematically.

Similarly, whether it's sharing best practices or flagging hot spots in the supply chain, we believe that transparency among stakeholders is a powerful tool in driving collaboration and improvement. Today, we are working with others to help achieve large-scale change in our value chain. We're also working to gain visibility downstream, to our customers and beyond, and we're using that data to help drive change. We believe this is the right thing for our customers, the right thing for society and the planet, and the right thing for our business.

Our strategies in this area include the following:



Using the Sustainability Index with buyers and suppliers



Driving adoption of issue-specific measurement tools



Providing better product information to customers



Today, we are working with others to help achieve large-scale change in how products are made in our supply chains and in improving their sustainability.



Using the Sustainability Index with buyers and suppliers

To accelerate progress on identified sustainability hot spots throughout global supply chains, we share anonymous and aggregated Sustainability Index results with suppliers and encourage them to pursue efforts to address challenges.

After synthesizing Index results, we produce scorecards that highlight key hot spots by category. Suppliers can see how they rank relative to the field, and gain insight into improvement opportunities for each of the categories they supply. For example, suppliers of laundry detergent can see how they are progressing relative to all other suppliers on chemicals of concern; in beef, suppliers can see how they are doing relative to all other suppliers on animal welfare or emissions. A supplier can see their own data, their relative ranking and average scores.

Our buyers and sustainability teams use this data along with business metrics (such as customer insights, sales, cost, inventory turns) to work with suppliers on sustainability issues, exploring opportunities to make changes in ways that strengthen both sustainability and business performance. Walmart and suppliers take stock of progress each year through the Index.

The Sustainability Consortium (the owner of the Sustainability Index) continues to refine Index metrics to align with those developed by organizations such as CDP and SAC. Walmart has worked closely with TSC, suppliers and other retailers to drive such alignment. Simplification and standardization of sustainability metrics is a key prerequisite for transparency as well as collective action in product value chains.

THE SUSTAINABILITY INDEX

How big data leads to more sustainable products

1

Use the Sustainability Index

To map our product chains and gather information around crucial inputs, outputs, and processes throughout the value chain.

Raw materials



Manufacturing



Distribution



Retail



Consumer use



End of life



2

Analyze the information

to identify areas of opportunity with various stakeholders throughout the value chain

SAMPLE REPORTS INCLUDE:



Category evaluation: heat maps



Supplier evaluation: scorecard



Monitor impact areas: dashboards

3

Engage suppliers and other stakeholders

to collaborate on initiatives to improve priority areas like the climate smart agriculture or priority chemicals





Driving adoption of issue-specific measurement tools

Walmart is committed to leading the effort to make products better, more resilient and more sustainable, from factory to final use. Today however, supply chains are too long and too complex for any one player to drive the necessary improvements. Instead, change requires collective action. We are working with stakeholders all along the value chain to substantially improve sustainability. More consistent measurement and disclosure is essential to this effort. Timely, accurate data helps stakeholders to understand where the opportunities are and where collaboration can play a role in improving both product quality and the processes that bring products to market. In addition to the Sustainability Index, examples of our work include:

- **Measuring and reporting emissions.** Walmart uses the CDP Supply Chain emissions disclosure program as a way to track climate and energy risks and to identify opportunities for improvement. Walmart has worked with CDP (a not-for-profit formerly known as the Carbon Disclosure Project) to encourage our suppliers to begin measuring and reporting their greenhouse gas impact. Nearly 700 do so, collectively eliminating a reported 125 million tons of CO₂ emissions between 2015 and 2016. (For Walmart's own CDP disclosure, see pg. 55.)
- **Building tools to trace Brazilian beef.** Walmart set a goal of monitoring 100 percent of the fresh beef from the Amazon sold in our stores in Brazil to source beef that does not contribute to deforestation. We created a geospatial monitoring system to help us track suppliers, volumes and farm locations and overlays that information with maps that show where deforestation is occurring. To meet our 2020 zero net deforestation goal, we will be expanding this program beyond the Amazon to other sensitive biomes in Brazil. We will also need to expand the scope of this program beyond the finishing ranch to cow/calf operations.



Providing better product information to customers

Customers are increasingly interested in knowing what goes into products and how products are made. We are working to improve our own disclosures, as well as industry standards and tools that enable product transparency.

- **Providing customers greater online access to ingredient information.** Walmart U.S.'s sustainable chemistry policy helps customers learn what's in personal care and household products like baby lotion, cleaners and pet shampoo. In 2015, we started listing ingredient information on Walmart.com and Samsclub.com for our private brands. We also asked national brand suppliers to list product ingredients on their own websites, so customers can make better-informed choices. We track the percentage of suppliers disclosing this information through our Sustainability Index. In FY2017, for the consumables business, suppliers representing 92.9 percent of Walmart sales and 94.6 percent of Sam's Club sales participated in the Sustainability Index, where surveys were available. For more information on how we provide more transparency into our products, see pg. 86.



- **Great For You icon for food in Walmart U.S. stores.** To help our customers easily identify more nutritious choices, we created a Great For You icon displayed on the item and described in detail on the Walmart website. Over 900 items across 90 categories qualify for this icon: whole foods such as fruits, vegetables, low-fat dairy, nuts, seeds, lean meats and whole grain products, as well as processed foods that contain such whole foods and fall below threshold levels of fats, sodium and added sugars.
- **Increasing visibility into the supply chain.** In collaboration with IBM, Walmart is conducting two pilots using blockchain technology to create a digitized industry standard for enhancing, accelerating and optimizing supply chain traceability from farm to fork. Enhanced traceability may allow industry and regulators to more quickly and accurately identify affected product during recalls and remove that product from store shelves and distribution centers. Greater visibility into our supply chain could also help cut down waste by reducing or eliminating supply chain delays. The goal of the project is to eventually be able to provide consumers with more up-to-date information about products they are buying, increasing transparency and trust in the food system.



CHALLENGES

Challenges in improving measurement and transparency in our value chains.

Product information standards

Today there are few industry standards regarding what product information to provide to customers, beyond government-mandated requirements such as ingredients and nutrition information in food or material mix in apparel. Even when companies agree on the key attributes to gather, they may use different units of measure such as pounds vs kilograms. These variations make it difficult to aggregate, exchange and compare information.

Data availability and integrity

Retailers rely on suppliers to provide accurate information about product ingredients, materials and production methods. Depending on the maturity of the farms, fisheries, factories and other suppliers along the supply chain, the quality and availability of data varies widely. While some data is audited across the supply chain, in other cases it is difficult to collect, monitor and validate data from a diverse and global supply chain. In addition, components and ingredients are often co-mingled as they move from producer to supplier and into production, making traceability difficult.

REDUCING ENVIRONMENTAL IMPACTS

As a retailer, our environmental impact extends far beyond our own operations to the supply chains that deliver groceries, apparel, electronics and myriad other products to our shelves every day. For example, farming plays a major role in GHG emissions, water usage and deforestation.

As one of the world's largest retailers, we are working to reduce the environmental impacts all along the supply chain, from farming and manufacturing through consumption to end of life. We hope to create a more circular economy, moving away from a take-make-dispose approach to one where resources are preserved in production, and the biological residue and other component parts are ultimately cycled back into the economic stream. Working with suppliers, customers, nonprofit organizations and others, we're drawing on our strengths—such as our store and logistics infrastructure, our philanthropy and our connection to customers—to pursue practical initiatives that we hope will start to build a more circular economy.

Our strategies include:



Enhancing the environmental sustainability of key agricultural commodities



Working with our suppliers to improve efficiency of factories



Getting to zero net deforestation



Reducing food and product waste upstream and downstream



Suppliers report committing
76 million acres
to fertilizer optimization

Suppliers report
50 percent
of China-sourced factories
participate in an energy
efficiency program



Enhancing the environmental sustainability of key agricultural commodities

According to the World Economic Forum, the global population will reach 9 billion people by 2050. Demand for food will increase by 60 percent while resources will become scarcer. The challenge facing the world is how to produce the volume of food necessary while working to conserve resources. As a large global retailer, Walmart is committed to meeting this challenge by working with others to support food production that is sustainable and affordable for customers. We are focused in particular on produce, animal agriculture, grains and seafood.

Supporting more sustainable produce

Our customers head to our produce aisles to find fresh and healthier food every day. That's why we have sourcing offices and agronomic specialists in growing regions all around the world who work directly with our growers to improve agricultural practices and deliver high-quality produce to our customers. Our initiatives on produce sustainability focus on hot spots such as yield, food waste, water and pesticide use. One example of our progress is below.

Working with grape producers to reduce water and fertilizer use. Table grapes are one of our largest produce categories. We source them from California (U.S.A.), Chile, Mexico and Peru, depending on the time of the year, and have worked with our suppliers across these regions to set target improvements of 20 percent in each of our priority hot spots of yield, water use and fertilizer use. These targets align with the World Economic Forum's New Vision for Agriculture, which provides guidance on the steps needed across all food categories to sustainably feed the world. Our suppliers report their progress each year through the Sustainability Index. One example is Molina, a Mexico-based supplier of grapes, which has used shade nets to reduce water use by 25 percent and fertilizer use by 10 percent. This water-smart agricultural practice has also allowed Molina to increase yields by a reported 10 to 15 percent for Cotton Candy and Prime Seedless grape varieties.



Our customers head to our produce aisles to find fresh and healthier food every day.

Supporting sustainable animal agriculture

Walmart customers expect high-quality meat and dairy products from animals that are raised in a humane and sustainable manner. Together with our suppliers, industry groups and nonprofit partners, we are pursuing solutions in our meat and dairy supply chains to reduce GHG emissions and improve water quality. With almost 92 million cattle and 71 million swine in the U.S. alone, there is an important opportunity to scale solutions. By pursuing best practices in areas such as manure management, enteric emissions and feed inputs, we estimate that there is a potential to reduce 300 MMT of GHG emissions by 2030, while at the same time reducing waste and improving yield. Below are highlights from our efforts in animal agriculture over the past year:

- **Tracking improvements in U.S. beef.** This year, as part of the U.S. Roundtable for Sustainable Beef, we have worked to draft a comprehensive set of metrics for the U.S. beef supply chain. These metrics will help us measure and track improvement against six priority indicators for sustainable beef, including animal well-being and GHG emissions, among others. Also, we worked with The Nature Conservancy to develop a set of sustainability criteria for our dedicated beef supply, which we expect will account for 15 percent of the industry by 2023.
- **Improving sustainability in U.S. dairy farming.** We are working with the U.S. dairy industry to achieve its voluntary goal of a 25 percent reduction in GHG emissions by 2020. Through the advancement of the National Dairy FARM program, the industry can measure and manage progress in improving both animal welfare and environmental stewardship. Other initiatives include our sales of products like Magic Dirt, a certified organic premium potting soil from recycled agricultural waste that offsets GHG emissions while providing an additional revenue stream to dairy farmers who have invested in anaerobic digesters. In addition to these efforts, our new fluid milk plant in Fort Wayne, Indiana, which will open soon, will utilize the highest-quality milk and state-of-the-art processing methods to help extend the shelf life in order to reduce food waste and associated GHG emissions.



- **Improving feed utilization of lamb at Asda.** Improved feed utilization efficiency has delivered significant reductions in cost of production in pig and poultry production over the previous 40 years. During this period, there has been virtually no improvement in feed conversion efficiency in sheep production, resulting in relatively high costs of production for lamb. The main reason for the lack of progress in lamb is that there has never been a simple way of measuring feed consumption and growth rates in lamb.

Asda and Dunbia have worked with Harper Adams University modifying equipment originally designed for pigs to make it suitable for measuring growth and feed utilization in lambs. A large number of breeding animals will be run through this system, building up a large database of the feed conversion efficiencies of different animals and breeding lines.

- **Improving dairy welfare at Asda.** Asda is working with a group of over 100 British dairy farmers with approximately 33,000 milking cows to improve their herds' health and welfare. In the last 12 months mastitis rates have fallen by 3.5 percent to 32 cases per 100 cows. This is a further improvement from the U.K. national average of 56 cases per 100 cows.

"This collaboration between environmental organizations and some of the world's largest agriculture-based companies should lead to significantly ramped-up water conservation in the Midwest. TNC is eager to use our science and expertise to accelerate solutions that match the scale of the challenges we face in that region, such as improving water quality across the Midwest and addressing the dead zone in the Gulf of Mexico."

Mark R. Tercek,
President and CEO of The Nature Conservancy

Improving sustainability in grain production

Many of the products on our shelves contain grains such as corn, wheat and soy. These crops cannot be grown without inputs such as fertilizer and water, which—when used improperly—can damage the environment. Walmart is working with suppliers and other stakeholders to help ensure sustainable, efficient and productive agriculture, particularly in the U.S., through two major programs.

- **Fertilizer optimization.** Walmart is working with 17 suppliers in developing fertilizer optimization plans and sharing best management practices on a reported 76 million committed acres of U.S. farmland by 2025. Fertilizer represents a significant cost input for most crop categories, and its inefficient use leads to water quality issues and GHG emissions. These efforts are designed to reduce fertilizer loss and improve yields. Based on the suppliers engaged in the program today and the 76 million committed acres, we expect to reduce an estimated 24 MMT of GHG emissions by 2025.
- **Midwest Row Crop Collaborative.** Walmart is a proud founder-member of this collaborative, launched in August 2016. The MRCC, a project of the Keystone Policy Center, brings together leading food and agricultural supply-chain companies and conservation organizations to support farmers' projects in Illinois, Iowa and Nebraska that are designed to improve soil health and water quality through adoption of preferable agricultural practices. These practices include use of cover crops, implementing conservation tillage and adaptive, innovative and science-based nutrient management techniques. Walmart contributed over \$300,000 to the Keystone Policy Center to help fund the project.

The MRCC is committed to working with farm organizations, environmental groups, and state and local watershed partnerships to achieve a set of goals by 2025 that were outlined in the EPA's Gulf of Mexico Hypoxia Taskforce action plan. These goals include:

- Engaging 75 percent of row crop acres in Illinois, Iowa and Nebraska in sustainability measures to improve soil health and outcomes
- Reducing nitrogen loading from Illinois, Iowa and Nebraska by 20 percent
- Ensuring that 50 percent of all irrigation units used in Nebraska maximize water conservation to reduce pressure on the Ogallala Aquifer
- Ensuring that Illinois, Iowa and Nebraska are on target to meet a goal of 45 percent reduction in soil nutrient loss by 2035



Addressing sustainability issues in seafood

Over the past half century, demand for seafood has increased five-fold according to the World Wildlife Fund. An estimated 75 percent of the world's fisheries are at or beyond sustainable limits. Meanwhile, an estimated 1 billion people rely on fish as their primary source of protein, while another 200 million rely on the industry as their main source of income. In the absence of these certifications, the supplier must be actively working toward certification or in a fishery or Aquaculture Improvement Project.

We began our work in sustainable seafood in the U.K., U.S. and Canada, and in FY2017, we expanded to Brazil, Mexico and Central America. Walmart works with the Sustainable Fisheries Partnership (SFP) to track our seafood supply against our sustainability policy. In collaboration with SFP, we track suppliers, species, catch type, fishery of origin, certifications and improvement projects. Today, based on supplier-reported data in the U.S., 100 percent of Walmart and Sam's Club fresh and frozen, farmed and wild seafood is sustainably sourced in accordance with Walmart's Seafood Policy. For our wild caught supply, 35.9 percent of our U.S. suppliers reported that they were certified by the Marine Stewardship Council or certified by a

program which is recognized by the Global Sustainable Seafood Initiative (GSSI). The balance of our suppliers reported involvement in Fishery Improvement Projects, with plans in place to achieve sustainable certification.

In addition, 99 percent of our farmed supply chain in our U.S. business reported certification by Best Aquaculture Practices, with less than 1 percent of farmed suppliers committed to obtaining certification within the year.

Our stores in the U.K. and Canada are also working with their suppliers to sustainably source the seafood in their stores. Our Brazil, Central America and Mexico markets are expanding their sustainable seafood efforts by working with suppliers to gain greater transparency into their seafood sourcing. Additionally, by 2025, based on certain factors including price and demand, Walmart U.S., Sam's Club and Walmart Canada will require all canned light and white tuna suppliers to source from fisheries that are either third-party certified or engaged in Fishery Improvement Projects. We also offer customer choice by carrying FAD-free and pole and line canned tuna in our U.S., Canada and ASDA stores. In addition, our business in Japan recently collaborated with suppliers and nonprofits to launch Japan's first FIP with the aim of improving the sustainability of the sea perch fisheries in Tokyo Bay.



Working with our suppliers to improve efficiency of factories

In addition to pursuing emissions reductions in agriculture, we've made significant progress with our manufacturing suppliers to report and reduce their emissions. Walmart has been encouraging the use of CDP (a not-for-profit formerly known as the Carbon Disclosure Project) in our supply chain to report on emissions footprints and inspire reductions. (See Drive adoption of issue specific measurement tools, pg. 90). Additionally, Walmart encourages suppliers to work directly with their factories to identify efficiency opportunities.

The Walmart Factory Energy Efficiency Program

Through our Factory Energy Efficiency Program, we are working with our suppliers to promote energy efficiency in the factories in our global supply chain. We have placed special focus on China, where our initiative complements the Government's five-year goal of reducing energy intensity by 15 percent by 2020. We aim to have a reported 70 percent of our China-sourced business participating in a factory energy efficiency program by the end of 2017.

RESULTS FROM REDE

As of February 2017, the program is on track and delivering results:

- Over 50 percent of our China-sourced business reports being a part of an energy efficiency program and we are on track to meet the 70 percent commitment
- Over 600 factories have joined the RedE system; on average, an active user is projected to save more than \$150,000 in operational costs and reduce CO₂ emissions by 900 metric tons
- Over 650 individual projects are in progress or complete, resulting in expected savings exceeding \$20 million and driving over 110,000 metric tons of CO₂e emissions reductions.

To achieve this target, Walmart has promoted use of McKinsey & Company's Resource Efficiency Deployment Engine (RedE), a web-based tool designed to help suppliers identify, prioritize and implement energy efficiency projects in a simple, easy-to-use platform. Factories that use RedE are provided with project ideas to reduce energy costs, as well as a platform to track progress and report energy metrics to Walmart; we then aggregate this data and make it anonymous. Participating factories are supported by local-language training from experts such as Environmental Defense Fund.

In FY2017, Walmart and McKinsey worked to provide to Walmart Suppliers a free version of the RedE tool called RedE Reporting, alongside the original, full-capability tool. We believe that removing the cost barrier to participation encourages more factories to join and sets the foundation for broader expansion of the program in the future.

Improving energy and water use in apparel mills

The apparel mill is a major hot spot for energy and water use—fabric also drives a large proportion of the embedded cost of a garment. Walmart is working



IMPACT

Bestway

Last year, Bestway, a Chinese plastic toy manufacturer, joined with Walmart through CDP Supply Chain to measure and report its emissions footprint for the first time. As Bestway installed solar panels, retrofitted production lines and switched to LEDs, the measurement process helped them understand the positive impact their efforts had on both the company's emissions and business footprint. These efforts also gained recognition for Bestway as a top-rated Chinese company in the 2016-2017 CDP Supply Chain Report. In the future, Bestway plans to reduce its emissions by another 5 percent, using the RedE tool to help identify additional areas of opportunity for improving energy efficiency.

"The Higg Index allows different company types, from luxury brands to value retailers, to work together to unlock investment and innovation in the industry's most resource-intensive segments: textile mills."

Jason Kibbey
CEO, Sustainable Apparel Coalition

with our global suppliers on two programs focused on mills. For both programs, the Sustainable Apparel Coalition's widely accepted Higg Index is used to measure baseline performance and track progress. By collecting facility-level data, the Higg Index provides transparency and encourages action, mill by mill. The two supplier mill programs are:

- **Driving sustainability improvements.** Driven by the Natural Resources Defense Council, a leading NGO, the Clean by Design program baselines the performance of Chinese mills and provides onsite expertise and coaching to help them formulate efficiency improvement plans and achieve cost savings. Three mills that our suppliers source from participated at Walmart's invitation, and each identified an improvement plan. Overall, the mills identified more than 20 individual energy- and water-efficiency projects.
- **Baseline performance.** We are working with our suppliers to improve the use of energy and water by textile mills. The program launched in October 2016 in Shenzhen, China, with the participation of 10 of Walmart's largest direct-import suppliers from around the world, together with representatives from more than 20 mills. The suppliers and mills agreed to complete the Higg Index and participate in workshops focused on practical steps to reduce costs and environmental impact through resource efficiency and process management.



IMPACT

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The "Every Day Low True Cost" t-shirt



At Walmart, we don't want customers to have to choose between a product they can afford and one that's good for the environment. Using the Sustainability Index as a guide, we challenged ourselves and one of our leading apparel suppliers, Intradeco, to significantly improve the sustainability of our \$3.88 ladies' t-shirt—without raising the price. Our collaboration has produced the Every Day Low True Cost (EDLTC) shirt. The cotton used is traceable to the Mississippi Delta in the U.S.; Intradeco reuses 30 percent of the water used during the manufacturing process; and the t-shirt is manufactured using nearly 50 percent renewable energy. To engage our customers, we have highlighted key sustainability attributes of the EDLTC story on the product display. While this initiative focused on one supplier and one product, the success of the EDLTC t-shirt sends an essential message: high-quality, more sustainable products are part of the Walmart everyday low price promise. We plan to apply the EDLTC model to other apparel items as well as new areas of our supply chain.



Getting to zero net deforestation

Forests make up a crucial part of our planet's ecosystems, offering habitat for animal and plant life and absorbing carbon from the atmosphere. But forests—especially delicate and diverse tropical rainforests—are particularly vulnerable to agriculture and industry. According to Conservation International, nearly half of the world's forests have already been lost, and continuing deforestation accounts for 11 percent of annual global GHG emissions. Recent studies also demonstrate that certain agricultural commodities—notably palm oil, soy, cattle and timber—drive the majority of deforestation around the world.

To achieve our 2020 goal of zero-net deforestation, Walmart is working with our suppliers around the world. We are accomplishing this through innovative sourcing strategies and the use of technology to increase transparency and supply chain accountability. We also support regional efforts to reduce forest loss and deliver sustainable commodities. Through our 2020 commitment, Walmart committed to address deforestation across multiple commodities. For example, in partnership with governments, NGOs and industry groups, Walmart has been working to source private-brand palm oil and beef from Brazil's Amazon with zero net deforestation. We will expand this work into additional critical commodities, including all Brazilian soy and private-brand pulp and paper.

Palm oil

Palm oil is an ingredient in a variety of food and consumables products, and is also widely used as a cooking oil in many parts of the world. However, high demand for the oil has contributed to deforestation. To address this and related issues, stakeholders created the Roundtable on Sustainable Palm Oil (RSPO), which developed global standards for certifying sustainable palm oil.

In FY2017, based on supplier-reported data, the palm oil used in our global private-brand products was sourced through a mix of RSPO-segregated (8.4 percent), Mass Balance (39.5 percent), Identity Preserved (0.4 percent) and GreenPalm certificates (51.8 percent). We currently accept all forms of RSPO-certified sustainable palm oil, but have asked our suppliers to shift toward more Mass Balance and Segregated sources as we move toward our 2020 goal. Additionally, we encourage our national brand suppliers to source palm oil that is zero net deforestation free, and we measure and track through the Sustainability Index. In FY2016, we sourced a majority 71 percent GreenPalm Certificates, and we are encouraged by the 19.3 percent increase of physical certified palm (RSPO, MassBalance, Segregated and Identity Preserved) our suppliers report sourced in FY2017.

We are advocating for improvement in the current RSPO (for example, guarding against expansion into high carbon stock forests, protecting peat lands and reducing GHG emissions), and we hope to see these improvements as we work to achieve our zero net deforestation goal by 2020. We are encouraged to see the amount of certified-sustainable palm oil and RSPO membership increasing. Through our engagement with the RSPO and with our suppliers, we expect this trend to continue across the industry.

Soy

The Consumer Goods Forum (CGF) has identified soy as one of the commodities for its members to source through deforestation-free channels. Walmart is working collectively through CGF and with our supply chain to achieve this target. Along with other retailers and suppliers operating in Brazil, we supported the Soy Moratorium and supported its extension during the last renewal cycle in 2014. Before the moratorium was enacted, 30 percent of Brazilian soy came from deforested areas. Since the moratorium, that amount has fallen to about 1 percent according to Science academic journal.

Walmart supports the indefinite extension of the Soy Moratorium in Brazil's Amazon region, and we are committed to expanding our work in soy to other sensitive biomes in Brazil where regional efforts are needed.

Before the Soy moratorium was enacted, 30 percent of Brazilian soy came from deforested areas. Since the moratorium, that amount has fallen to about 1 percent.

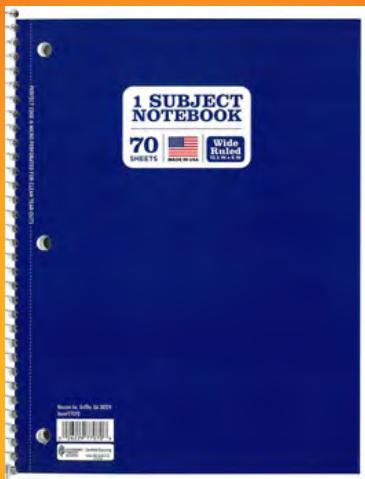


Beef

To help reach our goal to source Brazilian beef with zero net deforestation from the Amazon, we use a geospatial transparency tool. As of January 2017, the tool includes more than 75,000 registered farms and analyzes our orders to help ensure that no beef comes from deforested areas.

To meet our 2020 zero net deforestation goal, we plan to expand this program beyond the Amazon to other sensitive biomes in Brazil such as the Cerrado. We are already training our beef suppliers from other regions to manage geographical information at their slaughterhouses and to input the coordinates of their suppliers' farms into the system.

We will also need to expand the scope of this program beyond the finishing ranch to cow/calf operations. This will help mitigate remaining risks of deforestation within our beef supply—including the possibility that cattle might be traded from high-risk ranches to approved ranches or slaughterhouses, and the risk that ranchers who contribute to deforestation re-register their operations under different names.



Pulp and paper products

Walmart supports the implementation of more sustainable pulp and paper procurement practices for products. We are also working on packaging, to reduce materials used when possible and source sustainably. (See Designing sustainable packaging, pg. 111.)

We are targeting zero net deforestation in our private-brand pulp and paper products, and we continue to encourage our national-brand suppliers to set similar goals. We use the Sustainability Index to measure and track supplier performance on the percentage of virgin fiber certified to either chain-of-custody or mix standards (or is controlled wood).

"Forests benefit us all by providing clean water, life-saving medicines and a stable climate. Halting deforestation by investing in sustainable agriculture and forest conservation is the right way to secure these benefits while producing the agricultural goods we need. Walmart's efforts to drive sustainable practices on the ground, combined with its global reach, are helping spread these good ideas and models around the world."

Peter Seligmann
Co-Founder, Chairman and CEO
Conservation International

BACK TO SCHOOL WITH A SUSTAINABLE, AFFORDABLE NOTEBOOK

We're proud to sell a lot of school supplies, helping young people in all our markets prepare for a bright future. It's also important to offer products that are both affordable and sustainable, which is why our stationery business has been working to better understand the sources of the materials used. During the FY2017 back-to-school season in the U.S., we offered our customers a notebook certified by the Sustainable Forestry Initiative (SFI) for just 88 cents—proving that we can provide quality and sustainability at a price point that everyone can afford.

SMALL TAG, BIG IMPACT

As we tackle difficult issues like deforestation, we look for opportunities large and small. For example, the small informational hangtags that provide information for customers on many of our apparel products might seem unlikely contributors to the loss of forests thousands of miles away, but even small changes can make a difference. Last year, Walmart began to transition our private-label paper hangtags to 100 percent FSC-certified paperboard. To date, we've transitioned our No Boundaries, Secret Treasures and Athletic Works brands. Since we rolled out the packaging change in early FY2017, over 515 million units have moved to the new labels.



Reducing food and product waste upstream and downstream

As a retailer, we hate waste of any kind. Waste increases costs for our customers, our business and society. That's why we have extended our waste-reduction efforts beyond our own operations to help rewire entire supply chains, with the aim of fostering a circular economy in which materials can be continually repurposed and recycled.

Addressing end-to-end food waste

Every year, roughly one-third of the food produced in the world for human consumption—approximately 1.3 billion tons—gets lost or wasted. This waste occurs up and down the supply chain, from farm to consumer. For example, according to the Natural Resource Defense Council, American families throw out approximately 25 percent of the food and beverages they buy. Food waste creates unnecessary costs within our own operations, poses a risk to the world's ability to feed a growing global population and harms climate, water, land and biodiversity. We are working to address this problem in a systemic way.

In addition to reducing waste in our own operations (see pg. 66), we are working with suppliers and nonprofit organizations in the U.S. and empowering customers to help in the fight to reduce food waste. Walmart supports the United Nations goals of reducing global per capita food waste by half at the consumer level by 2030, reducing food loss along production and supply chains and maximizing the value of the waste that remains.

Our efforts in this area include the following:

Reducing upstream food waste:

- **Measuring food waste.** The Walmart Foundation provided World Resources Institute (WRI) with a grant to advance the Food Loss and Waste (FLW) standard, which is an accounting and reporting tool recently created through a multistakeholder effort and adopted by CGF. This grant provides WRI with funding to encourage suppliers and others across the supply chain to use the standard.
- **Planning supply more precisely.** We work with growers to help them plant the right amount, reducing excess production and waste. This is the first tier of food waste prevention in the EPA waste framework.
- **Moving to more flexible product specifications.** We adjust our specifications on a weekly basis to accept size and other cosmetic variations that do not affect safety or quality and to keep produce available for our customers. When a corn shortage materialized last summer, we temporarily accepted a smaller size than usual, preventing that small-size crop from being discarded. In the U.K., Asda stores sell cosmetically imperfect fruits and vegetables under a variety of labels, so that high-quality, nutritious produce stays out of the waste stream.
- **Using philanthropy to address upstream food waste.** The Walmart Foundation is looking at the role philanthropy can play in addressing upstream food waste. For example, the Walmart Foundation provided World Wildlife Fund with a \$650,000 grant to study food waste in production of potatoes, tomatoes, leafy greens, stone fruit trees and corn. The objective is to identify changes in production that could decrease waste and yield higher profitability for the farmer, and to identify the options for diverting food waste that would have the highest benefit for people and the environment.

FOUR WAYS LESS THAN PERFECT PRODUCE SHINES AT WALMART

1



Produce is classified by grade, and for years we've sourced both No. 1 and No. 2 grades of some items. One example is Roma tomatoes. Many customers use these to make sauce vs. eating them whole.

2

Due to a corn shortage in the U.S., last year we temporarily accepted smaller corn that has the same quality and flavor as the larger version our customers are used to.



3



Smaller-than-expected apples are packaged in lunch kits perfect for kids to take to school.

4

This year, we began selling misshapen potatoes from a supplier in TX, and the "I'm Perfect" line of imperfect apples from a grower in WA.



Reducing downstream food waste:

- **Taking days out of the supply chain.**

Sometimes food is wasted because stores don't have enough time to sell it before it passes peak quality. Over the past 18 months we've taken 1.5 days out of the produce supply chain in our Walmart U.S. operations. This change is designed to provide freshness to customers and reduce waste.

- **Discouraging unnecessary disposal of food.**

According to the National Resources Defense Council, about 20 percent of food waste is due to consumers' confusion about what date labels mean. In 2015, we asked suppliers in the U.S. to convert to a "Best if Used By" label on all private-brand products unless a food safety or regulatory reason might prevent us from doing so. The label helps prevent food from being discarded while it's still good. Since then, the Food Marketing Institute, Grocery Manufacturers Association and USDA have updated their food product labeling guidance to encourage use of the "Best if Used By" label. In addition, we offer customers discounts on food that is close to its expiration date, including meat, bakery, dry goods and dairy. In FY2017 we sold more than 250 million units through this program, saving our customers money and helping prevent food waste in Walmart U.S. stores.

- **Providing advice and education.** Across many of our global operations, we offer customers tips and ideas for reducing food waste. In the U.K., for example, Asda customers saved an estimated average of £57 a year thanks to a campaign designed to curb food waste in the home. The campaign offered customers advice on food storage and labeling, as well as recipe ideas for leftovers. In the U.S., we started airing a video about food waste prevention at checkout, which has been viewed 10 million times.

- **Using philanthropy to address downstream food waste.** Walmart and the Walmart Foundation focus their philanthropic efforts to address downstream food waste on increasing capacity among charitable organizations for food recovery in Canada and the United States. (See Relieving hunger, pg. 140.) We are also working with consumers and stakeholders to identify other potential solutions. For example, the Walmart Foundation provided funding to New Venture Fund to catalyze ReFED, a multistakeholder initiative that developed a road map to reduce U.S. food waste by 20 percent. The funding supported ReFED in the development and dissemination of the road map, as well the creation of an innovators' database of solutions and engagement of funders and investors to support these solutions. The Walmart Foundation also provided a grant to Global Green USA to evaluate methods for resident outreach on reducing food waste, technology to measure waste in multifamily buildings, as well as the integration of composting facilities and use of compost into green building and community design.



Over the past
18 months we've taken
1.5 days
out of the produce supply
chain in our Walmart U.S.
operations.



Designing products for efficiency and end of life

As the amount of waste generated each year continues to grow and the resources we rely on become more scarce, it's becoming more important to design products at the outset with their end in mind. Doing this successfully means that products require fewer resources during production, and use and ultimately allows important materials to be more easily recycled back into the value stream. While Walmart usually does not design the products we sell, we are encouraging our suppliers, through the use of the Sustainability Index, to factor reuse, recycling and efficiency into their designs. Examples of success in this area include the following:

- **Giving automotive batteries a second life.** Automotive batteries are an essential part of our lives, but the components they are made of can be harmful if not handled correctly. Johnson Controls—a large supplier of automotive batteries at Walmart and high scorer on the Sustainability Index—is aware of this risk and is committed to being part of the solution. In addition to collecting batteries through in-store programs, the company has developed a state-of-the-art process to recycle 100 percent of the returned batteries into new batteries. Globally, this program recycles 8,000 batteries every hour.
- **Light bulbs that save money, energy and emissions.** At Walmart, we want to bring the newest and highest-quality products to our customers. That's why in 2015 we made a commitment to phase out compact fluorescent lamp (CFL) bulbs from our U.S. stores in favor of LEDs, a more efficient technology. By mid-FY2017 we stopped selling CFLs in our U.S. stores altogether. We wanted to provide our customers with an affordable price, so we worked with our Great Value suppliers to bring down the price of LED light bulbs. As of the close of FY2017, we believe we have one of the highest-quality and lowest-priced bulbs on the market. In the U.S. alone, we sold enough LEDs in FY2017 to power over 1 million U.S. households, saving more than 8 billion kWh of electricity and 3 million metric tons of GHGs over the lifetime of the bulbs when compared to a CFL.



Designing sustainable packaging

Packaging serves many useful purposes: protecting the product, providing consumer education, preventing theft and tampering, and helping to extend shelf life and reduce food waste. Walmart aims to reduce environmental and social impacts of private-brand and national-brand packaging, while maintaining our ability to deliver quality products to customers. Sustainable packaging has been a fundamental pillar of our sustainability work from the beginning—and a core element of doing more with less while efficiently delivering products to our customers.

In FY2017, we committed to a new goal to have 100 percent of the packaging used for our private-brand products be recyclable by 2025. We also encourage suppliers to put recyclability information on pack. When customers know what can and can't be recycled, they can sort properly and help reduce contamination in our recycling streams to create stronger, more robust recycling markets. Our progress in FY2017 included:

- **Mobilizing suppliers for sustainable packaging.** We continually look for ways to engage with our suppliers to make packaging more sustainable. In October 2016, we hosted a Sustainable Packaging Summit for hundreds of suppliers and merchants. Besides introducing our Sustainable Packaging Position Statement, which outlines our expectations for sustainable packaging and Sustainable Packaging Playbook, which provides tips and examples to help suppliers improve and innovate, we also challenged each of our suppliers to develop a plan to redesign packaging for at least one product in the next six months and to adopt a consumer-friendly recycling label, such as the How2Recycle® label.



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A triple win in packaging

In FY2017, Walmart U.S. worked with suppliers to migrate from plastic blister packs traditionally used to package children's watches to paper-board packaging. Paper-board packaging is not only more commonly recyclable, it also gives the customer a better view of and feel for the product, is easier to open, and allows more graphic content to merchandise the product. Since being introduced in the fall, this updated packaging impacted over 1 million children's watches in FY2017, helped boost sales by over 25 percent and saved cost.



IMPACT

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Making the box fit the product

E-commerce is a major source of packaging, and here, too, Walmart is looking to take as much material as possible out of the equation. Recently, [walmart.com](#) increased the number of box sizes we work with from 11 to 27, helping avoid the use of more packaging than necessary when shipping customer orders. This innovation resulted from a collaboration among several Walmart departments, including customer support, logistics and packaging engineering. Additional sizes reduced the volume of cartons used by 6.5 million cubic feet in FY2017. That's a cost saving, material reduction and better experience for our customers.

"We cannot underestimate the importance of the support of retailers like Walmart in the How2Recycle® program, who are leveraging their influence in the supply chain to make a true difference to support customer-friendly recycling labels. We very much look forward to welcoming more suppliers to How2Recycle® in the near future."

Kelly Cramer
Senior manager
Sustainable Packaging Coalition

- **Increasing recycling capacity.** Walmart and the Walmart Foundation, along with a coalition of other corporate and foundation partners, helped launch the Closed Loop Fund in 2014. The fund aims to invest \$100 million over five years to boost the amount of recycled materials available for manufacturing. Through no-interest and below-market loans to U.S. municipalities and private companies, the Fund supports projects to improve local recycling infrastructure and boost recycling rates, increasing the value that can be recovered through recycling and returned to the production stream. In Memphis, Tennessee, for example, the Fund supported investment in curbside recycling carts for more than 100,000 households—which is expected to increase the volume of recycling collected by more than 17,000 tons a year.
- **Making it easier for customers to recycle.** Walmart U.S. and Sam's Club U.S. joined the Sustainable Packaging Coalition's How2Recycle® label program in 2015. These standardized packaging labels provide consistent and transparent information to customers regarding what can—and can't—be recycled. Thanks in part to Walmart's support, the program now has over 60 member companies spanning a wide range of products.

Walmart recycled content in packaging by product sector

The Sustainability Index includes questions for suppliers that track their performance in key indicators. The following chart shows the results from the suppliers that participated in the Sustainability Index to the question, "What percent of sales packaging has post-consumer recycled content, sustainable sourced renewable content or recyclable content?"

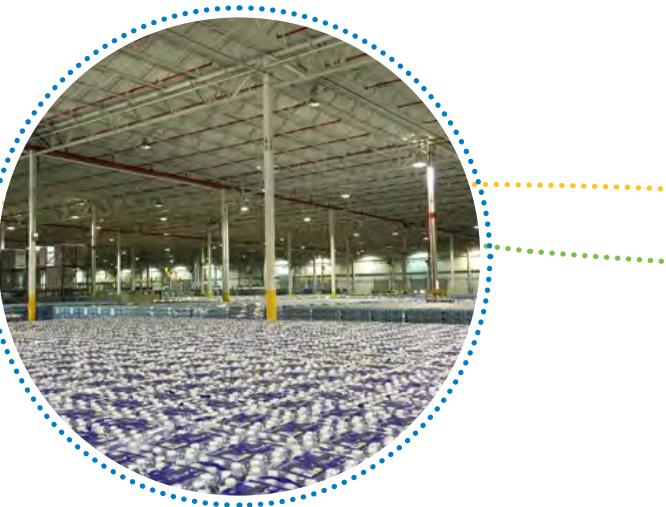
| SECTOR | AVERAGE PERCENT OF POST-CONSUMER RECYCLED CONTENT |
|--------------------------------|---|
| Food, beverage and agriculture | 26 |
| General merchandise | 30 |
| Consumables | 18 |



We also worked with coalition members to provide over

1,500

recycling bins to allow children in Flint, Michigan to recycle plastic bottles from donated water.



In addition to Walmart's work to support redesign and labeling of packaging for recycling, Walmart and the Walmart Foundation also support other packaging recycling initiatives:



- **Recycling in Flint.** Following the water contamination disaster in Flint, Michigan, the flood of bottled water to the city from a variety of donors created a recycling challenge. To support schools, not only did Walmart donate water, but we also worked with a coalition of partners to provide more than 1,500 recycling bins to allow children to recycle plastic bottles from donated water. The Walmart Foundation and other coalition partners made a grant to Keep America Beautiful for recycling efforts in schools.

- **Recycling in Walmart Argentina.** In a collaboration with Coca-Cola, Walmart Argentina runs the "Optimism that Transforms" program, which is aimed at increasing the recovery and recycling of plastic and glass. The program encourages the community to separate PET packages in their homes and bring them to recycling stations available at all Walmart Argentina stores. In FY2017, more than 100 pounds of material were collected for recycling.

- **Optimizing infrastructure.** The Walmart Foundation continues to support efforts to expand recycling. In FY2017 the Foundation provided a \$225,000 grant to the U.S. Chamber of Commerce Foundation for its initiative. The initiative will work with civic stakeholders to help optimize recycling and recovery of high-value materials generated from commercial, industrial and residential sources.



Reducing environmental impacts

Complexity of commodity supply chains

Commodity supply chains often consist of many layers, from farms, to factories, distribution, retail stores and finally to the end consumer. Neither transparency nor traceability is common practice across such complex supply chains and it is difficult to communicate and to reliably measure and track progress through all of these layers. In addition, a single item may have ingredients and components from multiple countries of origin that are co-mingled in various locations along the supply chain, adding to the difficulty of tracking any one ingredient or component. Data collection to assess environmental and social practices and drive improvement is also a challenge, due to inconsistent tools, data collection and infrastructure.

Short-term financial impact

Financial paybacks play a central role in deciding whether to make an efficiency retrofit or upgrade. While energy efficiency projects often reduce costs as well as emissions, the longer the payback period, the less financially attractive the project is in the short term. This is especially true today, given the low price of fossil fuels and water in some markets.

Pressure to develop land and use water supplies

The growing global population and the desire to drive economic growth through agricultural development is putting tremendous pressure on natural resources such as water and forests. Often, ingredients are traded based on a commodity market that lacks transparency and traceable infrastructure. While third-party certification programs can help, the uneven adoption rate by producers and the dearth of certified supply volumes in the marketplace can have an impact on the price of products for our customers.

Lack of data on drivers of food waste

There is limited information on the causes of both upstream and downstream food waste, making it difficult to identify behaviors and practices that would lead to improvement.

PROVIDING AFFORDABLE, HEALTHIER AND SAFER FOOD AND PRODUCTS



At Walmart, our customers trust us to provide affordable, safe and healthier products for them and their families. We work continuously to earn that trust by advocating for them among suppliers and encouraging innovation and transparency about product development and production. In the following discussion, we highlight our progress in four strategies:



Providing
affordable
healthier options



Promoting
food safety



Promoting
sustainable
chemistry



Fostering
animal welfare
and responsible
antibiotic use



**Walmart U.S. is
committed to double
the sales of local
produce* by 2025**

*In the U.S. we define "local produce" as grown
and sold in the same state.



Providing affordable healthier options

We aspire to be the most affordable food retailer, especially when it comes to healthier foods. We also aim to bring about significant and lasting improvements in the food system overall—drawing on our expertise in food production and distribution, our relationships with food producers and suppliers, our purchase orders and our philanthropy. Last year, Walmart U.S. completed an ambitious program launched in collaboration with former First Lady Michelle Obama to make the healthier choice the easy choice by reformulating food to reduce added sugars, sodium and trans fat; more clearly labeling nutritious choices; lowering the price of fresh food; building stores serving food deserts; and educating people on nutrition. We continue such efforts in the U.S. and additional markets as outlined below.

Making healthier options more affordable

One of the biggest barriers to making healthier choices is real or perceived high prices for those options. We're working to find innovative ways to promote healthier lifestyles by making healthier food and wellness opportunities more accessible to our customers. Efforts in this area include:

- **Providing access to fresh, affordable food.** We operate more than 11,600 retail units worldwide, including more than 4,600 Walmart stores and more than 600 Sam's Club locations in the United States. According to Forbes, that puts 90 percent of the U.S. population within 15 minutes of a Walmart store where they can find fresh, affordable fruits and vegetables and other nutritious and healthy foods. In 2011 we committed to saving our customers money on healthier food options.

Over the last five years, we helped customers save more than \$6 billion on fresh produce and reduced the price premium on better-for-you items across the store. We also committed to increasing access to these healthier food options. Last year we reported opening and operating 442 stores serving USDA-designated food deserts over the same five-year time frame.

- **Encouraging consumption of healthier food.** In 2012, Walmart U.S. formed a first-of-its-kind collaboration with Go360, a program offered by health insurer Humana, to bring eligible customers affordable healthier foods. These customers take an online health assessment and are then issued discounts on Walmart Great For You products, which are healthier foods that meet rigorous nutrition standards. The resulting model is a win-win-win: Walmart increases sales of Great For You products; Go360 promotes healthier lifestyles, lowering health care costs; and customers save money on healthier food options and, over time, may see improvements in health indicators such as high blood pressure and obesity.
- **Increasing access to health screenings.** In October 2016, Walmart launched "Walmart Wellness Day" in our U.S. stores as a way to improve customer access to health and wellness opportunities. Customers received, among other things, free blood pressure, blood-glucose and vision screenings. Over the five Walmart Wellness Days combined, we've supplied more than 9.3 million product samples and provided more than 1.1 million health screenings.

Reformulating food

We continue the efforts we started in 2011 by working with suppliers to improve food formulation. Examples of our work in Walmart U.S. in this area include the following:

- **Reducing sodium, added sugars and fat.** Since 2011, we have reduced sodium by 18 percent, added sugar by 10 percent and removed all industrial-produced trans fats in our private brands—well ahead of regulatory guidance. We will continue this work, aspiring to support a diet that reduces sodium.
- **Reducing additives.** We have set a goal to work with suppliers to remove certified synthetic colors and artificial flavors, in products where customers don't expect to find them.

Over the five Walmart Wellness Days combined, we've supplied more than 9.3 million product samples and provided more than 1.1 million health screenings.





Making the nutritious choice easier

Customers face numerous challenges in their attempts to maintain a better diet, from access to nutritious foods, understanding proliferating food claims, real and perceived high costs, and on-the-go lifestyles, just to name a few. We're working to develop tools to help our customers identify better options.

- **Identifying nutritious choices in store.** We spent several years working with regulators and experts to develop Great For You, an on-pack icon to identify more nutritious options. Great For You products have met rigorous nutrition criteria, informed by the latest science and developed in consultation with food and nutrition experts. We are working to support similar nutrition guidance programs in select international markets. (See Providing better product information to customers, pg. 91.)
- **Highlighting better choices online.** As customers come to rely more on digital channels, we're not only increasing access to nutritious options through e-commerce, we are also providing more information about them. For example, Walmart.com now has a page dedicated to Great For You, which defines the program and provides Great For You-inspired recipes.



IMPACT

A better formulation

One of the challenges in reformulating products is to do so without compromising taste—we have to find the balance between making these important product changes and meeting our customers' expectations. For example, we found that customers didn't like the taste of Great Value coffee creamer after we reformulated it to remove partially hydrogenated oils (PHOs). We listened to our customers and went back to the drawing board to reformulate again in a way that delivered a great experience for the customer while still eliminating PHOs.

Since we initiated our commitment in 2014, Walmart and the Walmart Foundation have funded nutrition education for more than **2 million** people



Providing nutrition education

In 2014, Walmart and the Walmart Foundation set a goal of providing nutrition education to 4 million people by 2020. These efforts are focused on encouraging people to prepare meals at home and increase their fruit and vegetable consumption. Since we initiated our commitment in 2014, Walmart and the Walmart Foundation funded nutrition education for more than 2 million people. Our work in this area includes the following:

- **Encouraging consumption of fruits and vegetables.** Walmart and the Walmart Foundation support programs which teach about the importance of eating fruits and vegetables and provide opportunities to taste new foods.
- **Encouraging meals prepared at home.** We support programs that help families build the skills needed to produce healthier meals at home. Supported programs deliver classes on cooking, shopping skills and helping families make the most of the healthy food resources available to them. We especially focus this work on reaching communities with education that is culturally and geographically relevant. For example, a \$2.5 million grant by the Walmart Foundation to National 4-H will focus on expanding nutrition education across the U.S. for rural and urban youth, with a particular focus on reaching Hispanic and Native youth.
- **Building capacity of the field to measure success.** The Walmart Foundation developed a guide to help organizations find appropriate evaluation tools to measure the impact of their nutrition education programs.



IMPACT

A Hike for Life

Healthy habits formed in childhood and adolescence can last a lifetime. That's why the Walmart Foundation supports Healthy Living Ambassadors (HLAs) through National 4-H Council's Youth Voice Youth Choice program. In FY2017, teens and elementary-school children in Arizona got the chance to attend summer camps and other outdoor programs, many for the first time. With teen ambassadors acting as teachers and role models, participants completed at least six hours of education activities on nutrition and physical activity.

After completing their programming, many of the 4-H HLAs participated in a hike of the Grand Canyon, with the most intrepid hikers making it all the way down to the banks of the Colorado River at the bottom.

Following the hike, the teens talked about what they would take away from the experience. Some focused on their training as HLAs and the importance of having nutritious food to fuel their bodies for physical challenges: "Eat healthy," "Drink plenty of water," and "Get your electrolytes" were among the comments. Others drew a connection between the experience and the challenges they would face in high school and beyond. "I learned that everything in life is worth it. I connected with myself and nature. I learned that I love being alive!" declared one teen. "Every difficulty in my life will always be insignificant after this experience."



Promoting food safety

Walmart is committed to selling food and products that meet high standards for safety. We're using our purchasing decisions to support food safety around the world, including in our own stores. Today, most customers are farther removed than ever from food production, yet they are keenly interested in where their food comes from, how it was produced and with what ingredients. Examples of our work in this area include the following:

Supporting food safety in China

We launched the Walmart Food Safety Collaboration Center (WFSCC) in China in FY2017 to bring together local and international research into the root causes and prevention of foodborne illness. The WFSCC, which is a collaborative effort among industry, government and academia, seeks to identify solutions for improving food safety in China. Walmart and the Walmart Foundation plan to invest \$25 million over five years on projects to advance food safety in China as part of this effort. The funding will support projects in innovation, education and policy support. Projects supported to date include:

- Walmart, IBM and Tsinghua University are collaborating to pilot a blockchain-powered food traceability system in China. By harnessing the power of blockchain technology designed to increase transparency and efficiency in supply chain record-keeping, this work aims to help enhance the safety of food for Chinese consumers.
- An initiative with China Children and Teenagers Fund focused on educating children and parents across China on safe handling of food in the household.

- A collaborative research project bringing together U.S. and Chinese academics (from University of Arkansas, South China Agricultural University, China Agriculture University, Zhejiang University and Zhejiang Academy of Agricultural Sciences) and Chinese poultry producers to study causes of foodborne disease in Chinese poultry supply chains.
- A collaborative research project, bringing together the Massachusetts Institute of Technology, Zhejiang University and Tsinghua University, that seeks to use supply chain analytics and state-of-the-art technology to rapidly predict and detect those areas of greatest vulnerability for food adulteration in food supply chains.

Using data to enhance food safety in the supply chain

With the passage of the Food Safety Modernization Act in 2011, we recognized the need for a system to help provide visibility into the operations of our food suppliers. In 2014, we launched the Supply Chain Transparency project. The system improves the identification and tracking of food suppliers, their facilities and the products they provide to Walmart stores. The system can also track whether suppliers are in compliance with both regulatory and company requirements. We are proud to announce that we deployed the system to many of our U.S. food suppliers in FY2017, and it is currently being adopted by Walmart's Responsible Sourcing department to track their compliance requirements. We expect to begin launching it in international markets next year.

Reducing salmonella in chicken

Over the past several years, there have been multiple high-profile outbreaks of salmonella in the United States involving poultry. Salmonella rates in 2012-2013 in the United States remained unchanged from 2006-2008, according to the U.S. Centers for Disease Control and Prevention. In light of this, Walmart launched the Poultry Safety Initiative in 2014 with a goal of reducing the prevalence of salmonella bacteria found in chicken products. In complying with the initiative, suppliers must meet four requirements that help reduce the risk of salmonella throughout the supply chain, from primary breeder to final process controls. Early testing has shown promising results.

Enhancing supplement safety and compliance

The dietary supplement industry has long utilized a confusing array of retailer standards and certifications. Walmart is collaborating with other retailers to develop the Supplement Safety & Compliance Initiative (SSCI), a pioneering initiative focused on strengthening safeguards and helping to ensure authenticity and regulatory compliance of dietary supplements. The SSCI, which is modeled after the Global Food Safety Initiative, is designed to provide a benchmark and a single certification indicating that the manufacturer has met a recognized high standard throughout the supply chain. Such benchmarking against common standards has proven to be effective in enhancing consumer safety and allowing consumers to have confidence in the products they purchase.

Educating consumers on food safety

Walmart plays an important role in the lives of millions of customers each day, bringing them safer, affordable food. Our efforts to help our customers learn how to buy, store and prepare food safely include the following:

- **Teaching safe cooking techniques.** In partnership with the U.S. Department of Agriculture (USDA) and Centers for Disease Control and Prevention (CDC), we created a video airing in more than 500 Walmart stores during peak grilling season to educate customers on the use of food thermometers, especially when cooking poultry.
- **Developing consumer education materials.** Walmart is working with the Partnership for Food Safety Education and the Ad Council to help drive the national food safety education agenda and promote information sharing among food safety stakeholders. The Partnership uses science-based resources to reach consumers in the U.S. and brings together food industry, food science academia, nutrition and health consumer groups, the USDA, the CDC and the Food and Drug Administration. The Partnership provides consumers and food safety educators with key resources and advice on how to increase public awareness of foodborne illness prevention.
- **Providing interactive educational resources.** In FY2017 we worked with the USDA's Office of Public Affairs and Consumer Education to create a targeted food safety education outreach program for customers and associates, using the USDA's Discovery Zone mobile unit. The Discovery Zone delivers food safety information to improve public food safety awareness and behavior, ultimately helping to prevent foodborne illness.
- **Using social media to communicate safety tips.** We connect with our customers through multiple social platforms, including Facebook, Twitter, Instagram and Pinterest to provide important food safety tips such as proper cooking temperatures, safe food handling during grilling season and holiday food safety practices.





Promoting sustainable chemistry

Walmart U.S. and Sam's Club have worked with the Environmental Defense Fund and a range of other NGOs, suppliers, academics, government and industry stakeholders to encourage more sustainable formulations for the consumable products we sell, including categories such as household cleaning, personal care, baby, pet, beauty and cosmetic products. Walmart annually reports progress on its sustainable chemistry commitments on corporate.walmart.com. (For information on our work with food additives, see pg. 119.)

Safer product formulations

In coordination with scientific experts and industry groups, Walmart U.S. and Sam's Club U.S. have identified high-priority chemicals (HPCs) and priority chemicals (PCs) to reduce, restrict or eliminate from products based on informed substitution principles. We are also working to make it easier for customers to find out about the ingredients in their favorite products.

- **Measuring our chemical footprint.** In 2013, we made a commitment to reduce, remove and restrict the use of HPCs and PCs. For the first time, we reported progress on removal of HPCs and follow-through on our commitment to disclose the list of HPCs. Approximately 90,000 SKUs and 700 suppliers are covered by our U.S. chemicals policy. We initially focused our attention on HPCs, as they possess certain properties that can affect human health or the environment. We made those HPCs public on corporate.walmart.com this summer. To date, based on supplier-reported data, our suppliers have successfully removed 96.45 percent of those HPCs by volume weight from the products we sell in Walmart U.S.

"Improving chemical safety in the marketplace is a serious undertaking. Walmart has demonstrated the most important first steps in this long-term journey: persistence and a science-backed approach. EDF is pleased to work closely with Walmart to make products safer."

Boma Brown-West
Sr. Manager, Supply Chain
Environmental Defense Fund

- **Collective action to drive innovation.** To achieve safer formulations on a larger scale, we participate in a number of stakeholder initiatives, such as the Beauty and Personal Care (BPC) Initiative, led by Forum for the Future, a nonprofit organization working collaboratively to build better systems for a sustainable world. The BPC has launched an industry leadership group to address the fundamental barriers to safer and more sustainable products. To help spur innovation on preservatives, Walmart is participating in the Green Chemistry and Commerce Council's (GC3) crowd-sourcing competition for new preservative technologies based on green chemistry principles, alongside other retailers, personal care and household product manufacturers, preservative makers and nongovernment organizations.

Expanding our natural and sustainable product assortment

The combination of safety, affordability and product performance is important to Walmart—and to our customers. We are taking the following steps to make sure our customers can find products with the attributes they desire:

- **Safer Choice certification.** The Environmental Protection Agency's (EPA's) Safer Choice certification program helps businesses and their customers find products that perform well and that are designed to be safer for human health and the environment. We continue to make progress in developing private-brand products with the safer choice certification. In FY2017, for example, we launched a line of Safer Choice dish soaps.
- **Expanding assortment.** In addition to the work of private-brand suppliers in utilizing the EPA's Safer Choice program, Walmart U.S. is expanding its assortment of more sustainable products from brands our customers love. We are now proudly offering California Baby, a women-owned line of natural and organic products for families.
- **Helping customers search for products.** We are also making it easier for customers to shop online for products they want. On Jet.com, we offer a range of filters to make it easier for customers to find products that are Paraben-Free, Sulfate-Free, Cruelty-Free, BPA-Free and Natural.



Fostering animal welfare and responsible antibiotic use

Walmart believes that animals should be treated humanely throughout their lives and that antibiotics should be used responsibly to preserve their effectiveness in human and veterinary medicine. Walmart expects that its suppliers will not tolerate animal abuse, and we support the globally recognized "Five Freedoms" of animal welfare:

- Freedom from hunger or thirst
- Freedom from discomfort
- Freedom from pain, injury or disease
- Freedom to express normal behavior
- Freedom from fear and distress

We are committed to working with suppliers and other organizations to implement practices consistent with these freedoms and with the judicious use of antibiotics. Our key initiatives in this area include the following:

Assessing supplier performance

We gathered and analyzed 134 responses to our animal welfare survey from Walmart U.S. suppliers totaling over \$15 billion in sales. The following are some highlights from the year:

- **Setting the baseline.** In FY2017, we surveyed suppliers on animal welfare and antibiotics to help us understand approaches across meat, dairy and farmed seafood supply chains to support the implementation of Walmart's corporate positions and policies.

Developing metrics for animal welfare...

Walmart will incorporate The Sustainability Consortium's (TSC's) new animal welfare surveys into its 2017 Sustainability Index, based on an in-depth development effort led by TSC involving Walmart, other companies, NGOs, veterinarians and other animal welfare experts.

- **Monitoring for pork.** We launched a tracking and audit program for our fresh pork suppliers in 2014. By the end of 2018, our goal was to have implementation video monitoring on sow farms for 100 percent of our supply. We are currently 81 percent toward achieving our goal. In addition, each fresh pork supplier is required to conduct an annual internal animal welfare audit in accordance with the standards of the National Pork Board's Pork Quality Assurance® Plus program.



Advancing better practices

As part of our animal welfare position, we called for the industry to find and implement solutions to animal welfare concerns, including housing systems that lack sufficient space, enrichment or socialization such as battery cages for egg-laying hens and gestation crates for pigs. Through our antibiotics position, we called for judicious use of medically important antibiotics and elimination of the use of any antibiotics for growth promotion. Examples of specific programs include:

Working toward cage-free eggs in select markets.

Based on customer feedback in FY2017 Walmart U.S. and Sam's Club U.S. released a comprehensive welfare position on eggs, in which we set forth a goal to transition to a 100 percent cage-free egg supply chain, subject to regulatory changes and based on available supply, affordability and customer demand. Sam's Club U.S. is piloting an accelerated approach, and has already converted 100 clubs to be almost exclusively cage-free. All of our shell egg supply at Walmart U.S. and Sam's Club U.S. is required to meet United Egg Producers animal welfare requirements or equivalent. Our Asda and Walmart Canada businesses have also announced similar goals for the transition to cage-free eggs by 2025.

- **Reducing use of antibiotics.** We have worked with our suppliers to increase the amount of antibiotic-free chicken and turkey we sell. We are seeing increased customer demand in this category as well as substantial sales growth in FY2017, and we expect this trend to continue.

- **Progress from our suppliers.** This year, our supplier Perdue showed leadership in committing to improved poultry welfare. It is studying and implementing new space guidelines, piloting an enhanced light regimen and enrichments, and working toward converting processing to pre-shackle stunning.



CHALLENGES

Challenges to providing affordable, healthier and safer food and products

Product development to meet multiple needs

When creating new products, developers must meet customer expectations, such as taste in food and efficacy in home cleaning products. It is challenging to balance these expectations while also meeting nutrition goals or chemical-formulation priorities. Often, repeated product redesign is required, allowing customers to adjust to changes over time.

Confusing product information messages

Customers often receive many conflicting messages regarding health, nutrition and safety as they try to shop for healthier or safer food and products. This makes it difficult for them to understand their options and to find their preferred choices.

Working in complex supply chains

It is challenging to gain visibility into practices across global supply chains made up of hundreds or thousands of producers, farmers, manufacturers and other entities that play a role in delivering products to our customers. There are particular ingredient industries, for example, where transparency is not common practice, making it difficult to change the specification of products such as fragrances or foods with artificial ingredients.

Managing cost

Making product changes can come at a financial cost, which must be managed. Often solutions needed to make healthier foods while maintaining taste or to reduce priority chemicals requires innovation, testing and new product development. Careful consideration must be given to increased costs for suppliers and consumers.



SUPPORTING THE DIGNITY OF WORKERS EVERYWHERE

Walmart believes that all people deserve safe, healthy working conditions that are free from coercion. Though we are one actor among many, we recognize these risks and the importance of multistakeholder efforts to improve conditions for workers in the global supply chain. Through our Responsible Sourcing program and collaborative initiatives, we're working to promote dignity and respect for the men and women who make the products we sell. We are also working with other companies, governments and nonprofit organizations to help improve working conditions and employment opportunities for workers around the world, beyond those who work for our suppliers.

Promoting worker dignity not only benefits the workers, their families and communities, it also strengthens our business. When workers have what they need, product supplies remain more stable, and quality is often improved. In addition, we know that our customers want products that are sustainable not only for the environment, but also for the people who make them.



Promoting responsible sourcing



Promoting a responsible and sustainable supply chain





Promoting responsible sourcing

Walmart values the men and women who produce the products our customers want. We expect our suppliers and their facility managers to provide workers with safe and healthy employment conditions and are working with them as well as other stakeholders to enable them to do so.

Setting expectations for suppliers

We consider the well-being of workers across our supply chain to be a high priority. Our Standards for Suppliers make clear our fundamental expectations regarding—among other things—the treatment and safety of workers. Walmart's Standards for Suppliers are available on our website. We expect our suppliers and their facilities to comply with these standards. We also want facility workers themselves to know our expectations of suppliers and facility management and to report instances of noncompliance. Walmart uses these reports to inform potential investigations and auditing decisions.

Establishing accountability through audits and other tools

All facilities within the scope of the Walmart Responsible Sourcing program must be disclosed to us and available for an audit. If we find that a supplier is producing merchandise in, or subcontracting to, an unauthorized facility, that supplier may lose the ability to do business with Walmart.

- **Auditing the supply chain.** In keeping with our efforts to promote transparency and measurement in our operations and in our supply chain, we use detailed social, safety and environmental compliance audits to evaluate the practices of facilities within the scope of Walmart's Responsible Sourcing program. Audits focus on a variety of areas, including whether workers are properly paid for all hours worked; all labor is voluntary; facilities comply with all child labor laws and standards; working hours are not excessive and are consistent with local laws or regulations; and that facilities meet health and safety standards. Audit results are assigned a color rating based on the type and severity of issues found, and facilities can be re-audited on a schedule based on those ratings. We use these ratings to help make decisions regarding our use of particular suppliers and facilities. Audit results are sent to suppliers using that facility, and it is the suppliers' responsibility to work with facilities to remediate audit findings.
- **Taking a risk-based approach to auditing.** We allocate more auditing resources to facilities located in countries that pose higher potential risks to worker safety and well-being. Using the Worldwide Governance Indicators from the World Bank, we assess potential risk of noncompliance by considering factors such as government effectiveness, rule of law, control of corruption and government stability. In the future, we may evolve our risk-based approach to include additional factors such as industry- or supplier-specific risks.
- **Piloting a third-party audit approach.** Through a pilot that launched in FY2017, we are exploring the possibility of using selected third-party programs for facility audits instead of requiring a traditional Walmart Responsible Sourcing audit. We are reviewing pilot outcomes and exploring opportunities to expand this approach to our global program, using widely adopted and internationally recognized third-party audit programs. In addition to enhancing the impact of our Responsible Sourcing program, we believe this new approach will help us focus our resources on addressing priority supply-chain risks such as forced labor, underage labor and unsafe working conditions.

For more information about our Responsible Sourcing auditing and audit ratings, please visit Walmart's corporate website.

In keeping with our efforts to promote transparency and measurement in our operations and in our supply chain, we use detailed social, safety and environmental compliance audits to evaluate the practices of facilities within the scope of Walmart's Responsible Sourcing program.



Although responsibility for compliance with our standards rests with our suppliers, we recognize our potential to positively influence the global supply chain by leveraging our size and scale.



Building supply chain capacity

Although responsibility for compliance with our standards rests with our suppliers, we recognize our potential to positively influence the global supply chain by leveraging our size and scale. Our Responsible Sourcing Academy aims to do just that by providing suppliers and their facilities with tools and training opportunities designed to influence continuous and sustainable improvement. The Academy currently includes the following programs:

- **Responsible Sourcing Audit Orientation** provides new suppliers and facilities with training in social and environmental compliance; fire, chemical and machine safety; dormitory and canteen standards; region-specific trends; and more.
- **Violation Correction Training** addresses common trends related to social and environmental compliance by offering root-cause analysis and methods to address those issues in locally relevant ways, culminating in the development of plans to remedy potential violations.
- **Orange School Program** trains facility managers to identify noncompliance issues and develop a systematic approach to continuous improvement using root-cause analysis methodology and procedures.
- **Supply Chain Forum** invites suppliers and facilities from similar sourcing regions to discuss issues and share best practices.
- **Training Your Supply Chain Guide** provides best practices and tools to help suppliers and facilities through large classroom training sessions as well as informal conversation.
- **Stronger Together Forced Labor** eLearning modules (Global and U.K.-focused) help suppliers understand the nature of forced labor in supply chains and possible indicators and risk factors.



Promoting a responsible and sustainable supply chain

Many of the greatest risks to worker dignity are complex, systemic and industry-wide issues that no single organization can solve. By working with industry stakeholders, nonprofit organizations, governments and others, we are striving to improve transparency, empower workers and create positive change throughout supply chains.

Improving labor conditions in the produce supply chain

In agriculture, we work with suppliers and their growers to help them better understand Walmart's expectations and improve conditions for workers. Through collaboration with other stakeholders, we are working to develop mechanisms to improve the safety and well-being of farm workers, who typically fall outside the scope of Walmart's and other retailers' audit programs. Our efforts include:

- **Aligning industry associations around a common approach to responsible labor practices.** Walmart jointly chairs the Produce Marketing Association's Committee on Responsible Labor Practices, which aims to drive industry-wide approaches to managing risks in produce supply chains down to the farm level. In 2014, Walmart joined the Fair Food Program, a partnership of farmworkers, Florida tomato growers and participating retail buyers organized by the Coalition of Immokalee Workers (CIW). The Fair Food Program encourages humane working conditions for the workers who pick fruits and vegetables on participating farms. By participating in the program, we purchase from suppliers who best reflect the principles of the Fair Food Program.

- **Strengthening supplier accountability.** In 2015, we began assessing the viability of combining tools—such as grower self-assessments, supplier capability assessments and verification audits—to better manage risk at the grower level. We will continue to assess results as we work to understand how best to address potential risks upstream in our supply chain.

U.K. MODERN SLAVERY ACT

Additional efforts to address human trafficking and forced labor are taking place in many regions where product is sourced for Asda. Information about this work will be available in Asda's U.K. Modern Slavery Act Statement.

The Walmart Foundation awarded \$2 million to Polaris Project, a nonprofit organization that works to disrupt human trafficking by equipping key stakeholders and communities with tools to identify, map and eliminate trafficking networks.

Addressing human trafficking in seafood and other supply chains

Perhaps the most marginalized workers in globalized supply chains are those who are forced to work, coerced to accept unsafe conditions or abuse, or are subject to other forms of exploitation. For workers who find themselves in exploitative situations, the very act of trying to earn a living can potentially put them in physical and emotional danger and lead to ongoing economic uncertainty and hardship. That's why we are working with suppliers in potentially higher-risk categories to reinforce our standards and expectations and are training them in effective management systems. Because risk factors that can lead to human trafficking and forced labor cross national and industry boundaries, addressing them requires coordination among business, government and nonprofit organizations. At Walmart, we're working to form coalitions and engaging with governments to confront these challenges in the global supply chain through collective action:

- **Promoting responsible recruitment practices.** Walmart believes that the men and women who work in the global supply chain should be recruited and employed responsibly. In FY2017, we joined the Leadership Group for Responsible Recruitment, and we will continue working with other stakeholders to foster progress on responsible recruitment practices in the supply chain. We are also a member of the Consumer Goods Forum (CGF), which announced a resolution in January 2016 to address forced labor as an industry priority. The CGF brings together more than 400 retailers, manufacturers and service providers in the consumer goods industry to create positive change across the retail industry. Walmart also participates in CGF's Social Sustainability Committee, which works to drive global collaboration in identifying and tackling key social sustainability issues for the industry.
- **Developing a training marketplace.** Asda, Walmart's business in the U.K., supports Stronger Together, a multistakeholder initiative aiming to reduce the risk of human trafficking, forced labor and other hidden third-party exploitation of workers in the supply chains of U.K. companies. Stronger Together provides



downloadable resources for employers, labor providers, workers and worker representatives.

- **Promoting compliance with environmental and labor standards.** Walmart participates in the Seafood Task Force, an initiative established by a group of seafood processors, feed producers, buyers, retailers, government representatives and nongovernmental organizations working together to address issues surrounding labor conditions and illegal fishing in Thai seafood supply chains. The group's board of directors includes a representative from Walmart's Responsible Sourcing organization.

- **Investing in innovation.** In prior years, the Walmart Foundation awarded grants to International Justice Mission (IJM) and Issara Institute to develop a comprehensive set of data, and analytics and innovative tools to assess the nature and prevalence of forced labor and trafficking in the Thai seafood sector. A new \$2 million, two-year grant from the Walmart Foundation awarded to IJM in FY2017 is helping IJM to apply casework and criminal

analytics to end impunity for traffickers in the Thai fishing industry. IJM will use the award to establish a field office in Bangkok to implement the program. IJM anticipates that cases will be generated from a combination of IJM-initiated investigations and referrals from local civil society and nongovernmental organizations. The Walmart Foundation grant to Issara Institute is helping it to use analytics, technology and collaborations to help reduce the risk of slavery from global supply chains by elevating worker voice through education and access to hotlines.

- **Investing in tools.** The Walmart Foundation awarded \$2 million to Polaris Project, a nonprofit organization that works to disrupt human trafficking by equipping key stakeholders and communities with tools to identify, map and eliminate trafficking networks. Polaris is working with Consejo Ciudadano, a Mexican nonprofit organization that operates a crisis hotline, to increase capacity to track and respond to reports of trafficking.

Promoting safer working conditions in the ready-made garment industry

Walmart is working toward meaningful and sustainable reform in the ready-made garment industry through several areas of focused involvement:

- **Collaborating within the industry.** Walmart is a founding member of the Alliance for Bangladesh Worker Safety, a group of brands and retailers seeking to develop safer working conditions for men and women in the ready-made garment industry in Bangladesh. According to the Alliance's third annual report, published in October 2016, it has trained more than 1.2 million factory employees on initial basic fire safety; provided a helpline in more than 800 factories that workers can use to anonymously report safety or other job-related concerns; and provided, together with factory owners, wages for more than 6,600 displaced workers. It has also published the results of factory inspections on its website, along with corrective action plans for factories entering remediation.

• **Investing in training and engagement.** Since FY2014, Walmart contributed \$1.6 million to the Environmental Health and Safety (EHS) Academy in Bangladesh. The purpose of EHS Academy is to provide a local, long-term platform for addressing fire safety challenges in the supply chain through technical training and engagement. Walmart also works with the Better Work Program in several countries. The International Labour Organization and the International Finance Corporation launched the Better Work Program to improve factory working conditions in the garment sector. Program activities include monitoring factories, training workers and engaging with key stakeholders, including workers, factories, communities and governments.

• **Empowering women.** The Walmart Foundation continues to support the Women in Factories Training program, an initiative founded in 2011 to provide skills and training to factory workers in apparel and other sectors. This training focuses on critical life skills, including communication, health, safety and personal strengths. (See Empowering women in product supply chains, pg. 27.)

Since FY2014,
we have contributed
\$1.6 million
to the Environmental Health
and Safety (EHS) Academy
in Bangladesh





Community

Strengthening local communities



Relieving hunger



**Enhancing resilience
in the face of disasters**



**Developing local
communities**

RELIEVING HUNGER



Earlier in this report we set out the initiatives that Walmart and the Walmart Foundation are taking to help create a more affordable, accessible, sustainable and healthier food system across the globe (see pg. 116). Related to that work, we help relieve hunger in many of the communities where we operate by helping to strengthen the charitable meal system and helping to extend the reach of hunger relief programs. We do this both through grant funding as well as through donation of food. This is an important priority: hunger is a reality for many families, and they face barriers to getting enough healthy food to thrive. In the U.S. alone, the United States Department of Agriculture (USDA) estimates that more than 42.2 million people face food insecurity: the inability to access food on a regular, predictable basis.

We're relieving hunger through two key strategies:



Strengthening the
charitable meal system



Extending the reach of
hunger relief programs

A close-up photograph of a young girl with dark hair, wearing a grey and pink striped sweater, eating a sandwich. She is looking directly at the camera with a slight smile. In the background, a boy is visible, also eating. A white bowl on the table contains an orange and some other food items.

2.4 billion meals*
provided to people
in need since 2014

* Based on 1.2 billion pounds donated from Walmart facilities and nearly \$100 million in funds from Walmart and the Walmart Foundation



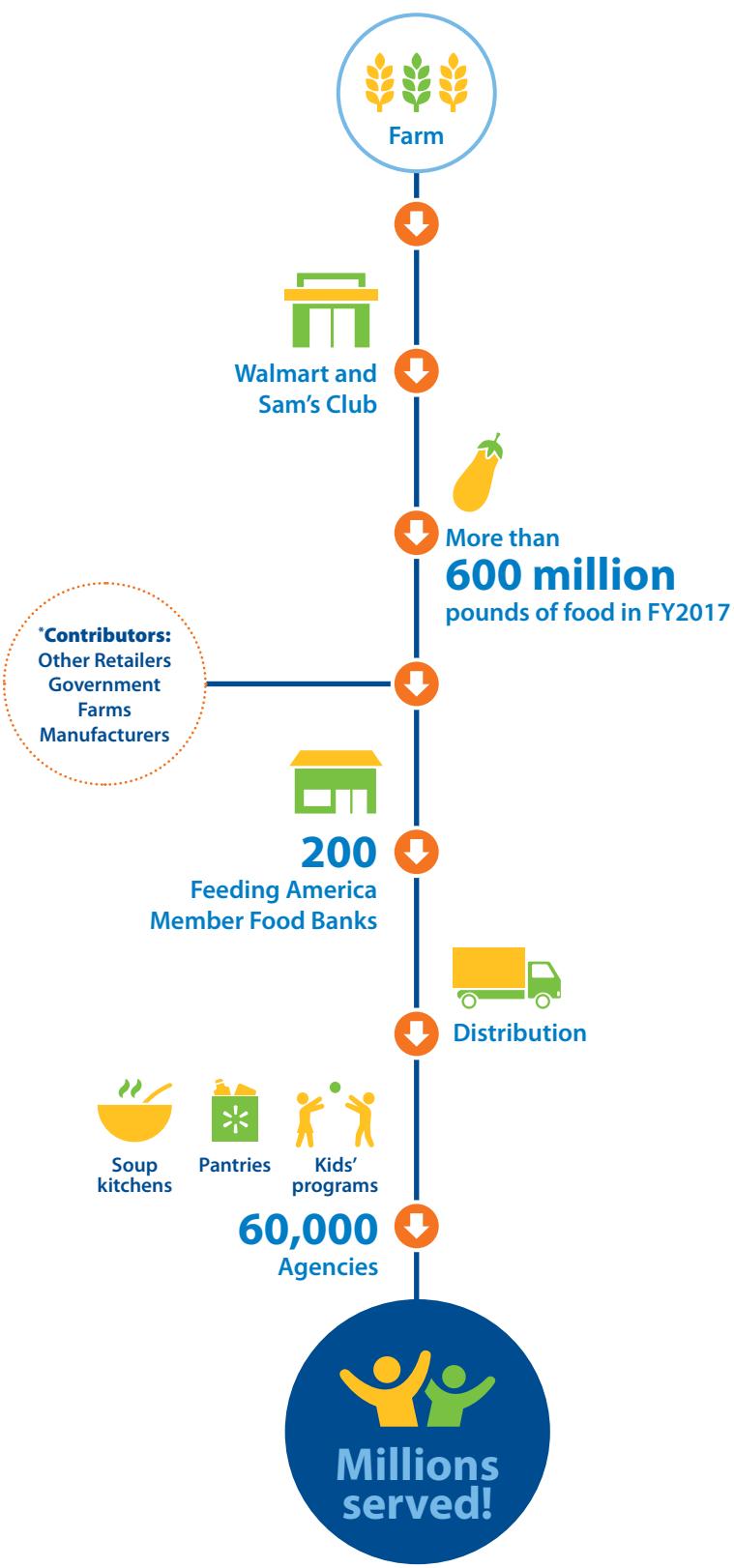
Strengthening the charitable meal system

We at Walmart are passionate about bringing affordable food to the world, which we do through our stores and e-commerce. We are also passionate about fighting hunger and are determined to help break down barriers that prevent families from accessing food on a regular, predictable basis. As part of that effort, in 2014, Walmart and the Walmart Foundation committed to providing 4 billion meals over five years. We're working toward this goal through a combination of food donations from our Walmart stores, Sam's Club locations and distribution centers as well as through grants to charitable organizations and hunger relief programs. This approach deepens local connections with communities, allows for swift response in emergencies and strengthens the ability to meet long-term needs. Since FY2016, Walmart and the Walmart Foundation have donated approximately \$100 million to address hunger, including over \$50 million in FY2017.

Providing meals through food donations

We are more than halfway toward meeting our global goal of providing 4 billion meals to those who need them. We have supported 2.4 billion meals to date, including 1.2 billion pounds of food from Walmart facilities (see Donating unsold food to the charitable system, pg. 76), including Walmart's FY2017 donation of more than 600 million pounds of food.

How food gets to people who need it in the U.S.



Relieving hunger globally

Walmart donates unsold food from its stores and distribution centers around the world. In FY2017, donations to the charitable meal system included the following:

Brazil:

Walmart stores donated more than **400,000** pounds of food benefiting more than **300,000** people

Canada:

Walmart Canada donated **2.5 million+** pounds of food to food banks

U.S.:

Walmart donated more than **600 million** pounds of food to organizations that distribute it to people in need

Central America:

Walmart Central America donated more than **3,700 tons** of food to **10** food banks, serving over **107,475** people and children every day

Chile:

Walmart Chile donated **48 tons** of food to Chile's first food bank benefiting **137,753** people

*Feeding America works with multiple contributors, in addition to Walmart and Sam's Club, including other retailers, farmers, consumer package goods companies and the government allowing them to serve more than 46 million individuals.



Strengthening the capacity of hunger relief programs

Walmart and the Walmart Foundation are working to improve access to charitable meals by helping to improve the infrastructure and logistics of organizations working on the front lines of charitable food provision.

- **Investing globally.** In FY2017, the Walmart Foundation invested in Food Banks Canada (FBC), a charitable organization dedicated to helping Canadians living with food insecurity. A \$2 million grant from the Walmart Foundation will help FBC build capacity and increase the network's ability to secure more food through the purchase of refrigerated trucks, commercial refrigerators/freezers, shelving and other equipment.
- **Helping relieve hunger in the U.S.** Walmart and the Walmart Foundation have invested over \$100 million in Feeding America since 2005 to provide charitable meals, infrastructure and other programs. Additionally, over the years the Walmart Foundation has provided funding to secure nearly 200 trucks and over 50 retail-store donation coordinators to manage and distribute donated food. Walmart also works to raise awareness of the issue of hunger by engaging our associates, suppliers and customers in cause marketing programs. In the U.S., our stores and clubs teamed up with our customers and participating suppliers to support Feeding America through our "Fight Hunger. Spark Change." campaign, raising more than \$17 million in funds in FY2017.
- **Volunteering to help.** Our associates around the world are dedicated to addressing hunger. In the U.S. alone, our associates volunteered more than 110,000 hours toward hunger relief efforts in FY2017.



Walmart and the Walmart Foundation have invested over **\$100 million** in Feeding America since 2005





Extending the reach of hunger relief programs

Collecting and distributing food is only part of the answer. We are also working around the world to help provide greater access to charitable meals by extending their reach into settings such as schools, senior homes, recreational facilities and mobile kitchens. As part of these efforts, we place a special focus on supporting programs that feed children, providing nutritious breakfasts, after-school and summer meals. This year, the Walmart Foundation invested \$12 million to support children's hunger relief programs in the U.S. alone. Walmart operations in other countries, from China to South Africa, worked with local charities, governments and suppliers to help provide millions of school meals in their countries.

Improving the accessibility and reach of hunger relief programs

To alleviate hunger, it's critical to provide charitable meals in locations where the most vulnerable—especially children and the elderly—gather. At Walmart and the Walmart Foundation, we are working to do just that through the following programs:

- **After school and summer meal programs.** The Food Research and Action Center reports that only one in six low-income children who ate a school lunch during the 2014-2015 school year was reached by the USDA's Summer Nutrition Programs in July 2015. To address this gap, the Walmart Foundation is working with organizations like the National Recreation and Parks Association (NRPA) and the Boys and Girls Clubs of America (BGCA) to provide snacks and meals to children after school and during the summer. NRPA will work through 40 community-based programs



A \$1.5 million investment in Action for Healthy Kids will help to support 320 schools as they expand breakfast programs.



to provide meals, while the BGCA will support programming for 26 BGCA clubs in Indian country. Both programs will leverage the USDA's Summer Food Service Program and the Child and Adult Care Food Program.

- **Breakfast for children in need.** The Walmart Foundation also supports efforts to expand access to healthy breakfasts for children in need. For example, in the U.S., a \$1.5 million investment in Action for Healthy Kids will help to support 320 schools as they expand breakfast programs. The Walmart Foundation provided a \$500,000 grant to Breakfast Clubs of Canada to help provide more than 500,000 school breakfasts.
- **Hunger relief around the world.** Walmart supports programs that provide meals for schoolchildren in markets around the world. Walmart China, for example, worked with charitable organizations to mobilize suppliers, customers and associates to raise funds for meals for schoolchildren in high-poverty regions. Walmart's Massmart stores in South Africa have long supported schools in the surrounding communities. In 2015, Massmart's school mobile kitchen program enabled hygienic preparation of 40 million meals supplied through the National School Nutrition Program. Walmart Argentina gave Caritas Argentina a grant of more than AR\$1 million to help fight hunger in the country.
- **Access to federal nutrition programs.** The Walmart Foundation is investing in programs that help to scale access to federal nutrition programs such as the Supplemental Nutrition Assistance Program (SNAP), which helps provide resources to families to help them stretch their food budgets. We fund organizations such as Feeding America, National Council of La Raza, Benefits Data Trust and Catholic Charities to help families understand eligibility and navigate the application process.



IMPACT

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Robbinsdale finds its Zen at breakfast

Robbinsdale Area Schools in the northwest suburbs of Minneapolis had a problem. Participation in the school breakfast program was sparse, partly because getting kids through the cafeteria lines and back to the classroom for the start of school was stressful. But with the help of a grant from Action for Healthy Kids, funded by the Walmart Foundation, it has solved the problem with a new model it calls "Grab-and-go."

Now when kids in Robbinsdale get off the bus in the morning, they pass by carts full of portable, nutritious breakfast items they can choose from at no charge and take with them to the classroom. Funding allowed for the purchase of new serving carts and a wireless point-of-sale system to record participation.

The program boosted average daily breakfast participation at three elementary schools from approximately 30 percent to 60-70 percent. "We never would have been able to fit all of the students who now participate in breakfast in our cafeteria," says Tricia Peterson Darbaki, nutrition manager at Sonnesyn Elementary. "We have gone from a rushed and stressful breakfast period to a calm atmosphere with plenty of time to eat."

Music teacher, Barb Abeln, greets her students each morning with a handmade sign that corresponds items from the day's breakfast menu with musical notes, using the opportunity to teach music while encouraging breakfast participation. "Students used to get ramped up in the cafeteria," says Ms. Abeln. "Now they have a calmer experience to begin their day."



CHALLENGES

Relieving hunger

Complexity in navigating hunger relief programs: While gains have been made in utilizing technology to automate program eligibility and increase awareness of available resources, many families still struggle to understand how to access the food programs that exist in their community.

Need for increased capacity across charitable hunger relief system to move fresh food faster from the point of donation to families in need.

ENHANCING RESILIENCE IN THE FACE OF DISASTERS

Disaster knows no borders, and neither do Walmart's response efforts. FY2017 brought Typhoon Nepartak in China; flooding in Argentina, Baton Rouge, Louisiana, and Lumberton, North Carolina; wildfires in Alberta, Canada; and water contamination in Flint, Michigan. In each case, Walmart and the Walmart Foundation were there to support the local communities that were hit hardest.

Ever since our founding, Walmart has been engaged in supporting local communities in their time of need. Our ability to respond to disaster on a large scale became clear in 2005, during Hurricane Katrina. As the hurricane devastated the Gulf Coast, Walmart moved quickly to mobilize our local stores to donate emergency supplies, deploy truckloads of relief resources to the hardest-hit areas and support our associates as they volunteered their services. Through this work, we realized we could use our skills and resources to help in times of disaster. Last year, Walmart and the Walmart Foundation provided support during 30 events while monitoring an additional 67 events in 12 countries. Evidence shows that the severity and frequency of disasters around the globe is increasing. Accordingly, last year Walmart and the Walmart Foundation pledged \$25 million in cash and in-kind donations to support disaster preparedness and relief through 2020.

We're enhancing resilience through two key strategies:



Supporting individuals and communities hit by disaster around the globe

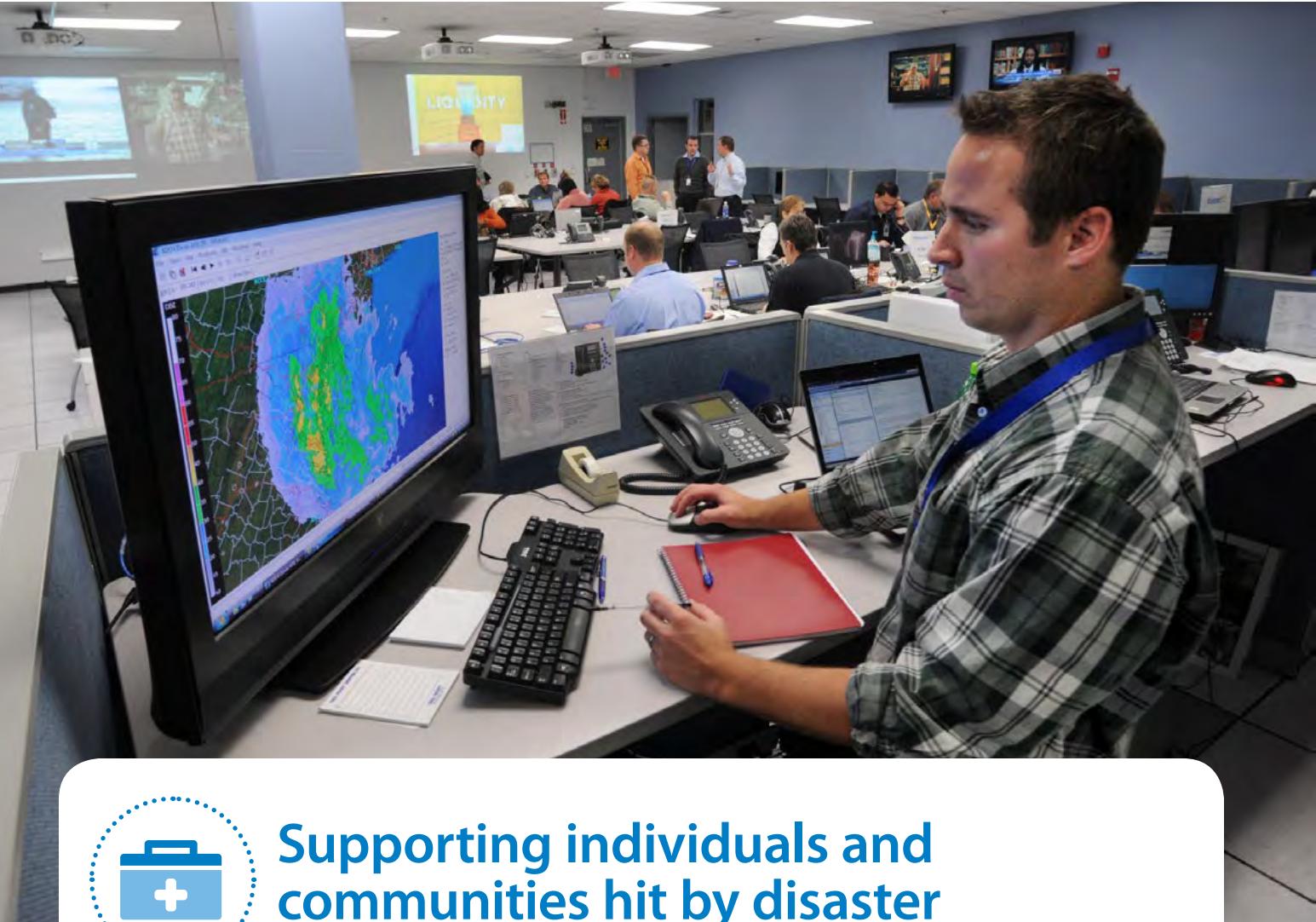


Improving preparedness and response capabilities



\$60 million+
in contributions by
Walmart and the Walmart
Foundation to disaster
relief and preparedness
efforts since 2005





Supporting individuals and communities hit by disaster around the globe

While disaster response is complex, our approach is simple. Walmart focuses on areas where we can take fullest advantage of our strengths in supporting communities that have been hit. These strengths include our scale, our locations, our ability to source products, our associates and our logistics. Our priorities are to support the communities in which we do business and the safety and well-being of our associates.

Responding to disasters

When disaster strikes a community, our 12,000 locations across the world—which are stocked with the kinds of products that are crucial in an emergency—become a valuable resource. We work to reopen our stores as quickly as possible, so that people can access the pharmacy, grocery and other essential departments. Often, we can begin distributing items to those in need while response agencies work to establish ongoing relief operations. To provide supplies as efficiently as possible, associates in our Emergency Operations Center collaborate with first responders, nonprofits such as the American Red Cross, and local, state and federal government agencies. We also support relief efforts with our associates' expertise in logistics and operations. As the event transitions from immediate relief to long-term recovery, Walmart and the Walmart Foundation may provide additional grants to nonprofits working to address longer-term needs, helping to restore normalcy to the community. Over the past year, Walmart and the Walmart Foundation supported relief and preparedness efforts with \$6.8 million in cash grants.

- **Relief for Hurricane Matthew.** In October of 2016, Hurricane Matthew started gaining force in the Caribbean, eventually building in strength to a Category 5 storm, making it one of the strongest hurricanes in almost a decade. In addition to its sheer strength, Hurricane Matthew had a devastating reach, damaging communities across three countries and five U.S. states. Ultimately, it would claim hundreds of lives and cause upwards of \$6 billion in damage. In Walmart's Emergency Operations Center (EOC) in Bentonville, Arkansas, associates gathered from around the company to monitor the storm and coordinate efforts to help support Walmart associates, operations and communities affected by the hurricane.

As our teams monitored the storm, they were in direct communication with a number of response organizations to gauge the damage and needs on the ground. In Haiti, the Walmart Foundation gave a total of \$500,000 to three major nonprofits—International Medical Corps, CARE and Team Rubicon Global—which engaged early in the response. Each organization was chosen to help provide a wide array of interventions, including medical care, home rebuilding and debris removal. In the U.S., Walmart coordinated with nonprofit organizations and local and state emergency management officials to provide nearly 575,000 bottles of water and other essential supplies, and helped make sure our more than 225,000 local associates and their families were safe.



\$6.8 million
in cash grants to support
disaster relief and preparedness
efforts in FY2017

Walmart supports disaster relief around the world. Examples from FY2017 include the following:

- **Guatemala.** When heavy rains caused a landslide that destroyed six homes in Guatemala last year, Walmart Guatemala activated the Manos Amigas program, donating food and personal hygiene products to the 300 people affected by the disaster.
- **China.** Walmart has used its unique strengths to assist in a range of disaster relief efforts in China over the past year. In May of 2016, we donated shoes, clothing and other supplies as stock against future disasters. In June, after a tornado swept through Jiangsu province, Walmart rushed 3,000 family emergency-relief packages, including blankets, raincoats, flashlights, towels and other supplies to the area. In August, Walmart China and the Walmart Foundation donated a combined total of 2 million RMB to organizations assisting families affected by floods.
- **Argentina.** At the beginning of FY2017, floods affected the Litoral region of Argentina. The Walmart Foundation responded by donating \$100,000 to Red Cross Argentina. Walmart Argentina stores and Distribution Centers donated more than 12,900 litres of milk, 17,880 litres of water and 5,240 kg of nonperishable foods and consumables to help those impacted.





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Helping provide drinking water to the children of Flint

In FY2017, after news broke that Flint, Michigan's water supply was contaminated with lead, Walmart assembled a coalition comprised of The Coca-Cola Company, Nestle Waters North America Inc. and PepsiCo and its Foundation to support the community. The coalition worked with 30 schools across the city, including the Flint Community School District, Genesee Intermediate School District and various charter and private schools to help see that children of Flint had a steady supply of bottled drinking water.

In the course of that work, other opportunities for supporting the community emerged. For example, when news spread of the crisis, people from across the country started shipping water to the area in support of Flint's schoolchildren. These heartfelt donations had the unfortunate side effect of severely straining the schools, which weren't equipped to warehouse or distribute bottled water. Since logistics is one of our core strengths, Walmart quickly stepped in to help. Working with local organizations and the State of Michigan, we secured a warehouse to receive donations — including those from the coalition — and helped work out a system for regular deliveries to schools.

With the influx of bottled water into the area, Walmart realized it was important to increase sustainability programs in the Flint community. As a result, Walmart found another opportunity to apply our collective expertise to support those impacted. To help address the increase in plastic

bottles, Walmart, alongside our coalition partners, worked with Keep America Beautiful to design a program to support sustainability education and school recycling programs. The coalition made donations of over 1,500 recycling bins to the impacted schools for classrooms and common areas. "This is a great opportunity for us to make a meaningful difference in improving recycling throughout Flint and to teach the next generation of environmental stewards the benefits of recycling and how to recycle right," said Brenda Pulley, Senior Vice President, Recycling, Keep America Beautiful.

Despite the complexity of the Flint water crisis, Walmart and the coalition suppliers were able to step in quickly to help support the schoolchildren, help relieve the burden on public officials managing the crisis and help create a more resilient Flint.



WALMART'S EMERGENCY OPERATIONS CENTER

At the heart of Walmart's disaster-response capability is our Emergency Operations Center (EOC) in Bentonville, Arkansas. Here's how it operates:

- The EOC, which is staffed by Walmart associates with extensive training in law enforcement, meteorology and emergency response, monitors the globe for natural disaster and civil issues and develops plans to help mitigate the impact on our associates, our stores and our communities.
- When a disaster begins to develop, the EOC works to prepare for the crisis and to provide real-time support once it has begun.
- The EOC becomes the central hub for disaster support. Associates from departments around the company collaborate within 10 emergency support functions to support associates, operations and communities.



Supporting associates in times of crisis

Sometimes disasters strike very close to home, affecting our associates and their families. Here, too, we work to provide support through difficult times.

- **Disaster displacement assistance.** In disaster situations, we work closely with our facility and human resource teams with the goal of contacting all Walmart associates in the impacted area to check on their safety and to help ensure they and their families are able to find shelter. Our Disaster Displacement Assistance (DDA) program, developed to provide basic relief, offers small grants to Walmart associates in need due to evacuation or severe damage to their homes. In FY2017, Walmart provided over \$1.7 million to associates through the DDA program.
- **Associates in need.** We also work to support our associates through personal crises. In the U.S., the Wal-Mart Associates in Critical Need Trust (ACNT), a public charity supported by Walmart associates, Walmart alumni, the Walton Family Foundation, Walmart and the Walmart Foundation, is available to aid associates with basic living expenses when they are dealing with unexpected emergencies in their personal lives, whether it's a house fire, flood or other hardship. In the U.K., the Asda Foundation's Colleague Hardship Fund donated more than \$81,694 to support colleagues and immediate family members in significant financial hardship. Similarly, in 2009 Walmart associates in Brazil began "The Charity Club," an associate-sponsored emergency fund to help their co-workers in times of sudden, unexpected need. Associates voluntarily authorize a monthly payroll deduction that is in turn matched by Walmart Brazil, dollar-for-dollar. Any associate with a qualifying emergency is eligible to receive help, whether or not they donate to the fund. In FY2017, 271 associates received help.



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Lissa's story: Help when you need it most



"When you have a fire, it's the little things that you need, but don't think about," said Lissa, a wife, mother, grandmother and Support Manager for Wal-Mart Stores. She should know. On April 1, 2015, Lissa and her family lost almost everything they owned when their house caught on fire.

The next day, she and her husband and their 17-year-old son headed to Walmart to try to replace the myriad everyday items needed for health, hygiene and a little much-needed comfort.

Lissa didn't know it, but news of the fire reached the store before her. Lissa's manager spotted the family and told them to see him before they checked out. He surprised them with a donation raised from fellow associates eager to help out in their time of need. "I'm not the kind of person who takes donations," said Lissa. "I didn't want to do it, but I was in a crisis."

Then he told Lissa about the Associates in Critical Need Trust.

Lissa applied for and received an ACNT grant, which helped get her back on her feet. She says she was amazed at how quickly the application was processed. "It was a really big help," she said. "The money helped us purchase items that we lost and needed to replace."

Since that day when Lissa's associates and community gathered around her with emotional and financial support, she and her family have returned to their home and Lissa is back at work, with renewed energy and a passion for helping other associates. Thanks to a helping hand at a critical juncture, Lissa—and other associates coping with emergencies—are able to get back to their busy lives at little bit faster.



Improving preparedness and response capabilities

As with all our efforts, when it comes to disaster work, we aspire to improve entire systems, not just respond in the moment. Walmart and the Walmart Foundation support efforts to help communities respond more quickly and effectively in the wake of disasters. We also invest in technologies and other innovations that help communities better prepare for disasters.

Improving the speed and focus of disaster response

Walmart's investments are aimed at developing tools to improve situational awareness in the midst of disaster and to deploy disaster relief supplies more efficiently, reducing waste and lessening the strain on the response network. They include the following:

- **Donating responsibly.** Rensselaer Polytechnic Institute estimates that 50 to 70 percent of goods donated in a disaster end up in a landfill. Walmart and the Walmart Foundation are working to reduce or better utilize unsolicited in-kind donations. In collaboration with the United Nations Office for Disaster Risk Reduction's Private Sector Alliance for Disaster Resilient Societies (ARISE), we kicked off an effort to address challenges with this type of donation by convening thought leaders from academia, NGOs and businesses across the world.
- **RC View.** In 2015, Walmart awarded a \$1.5 million grant to the American Red Cross to develop RC View, a computerized tracking tool to help relief organizations focus their efforts for greater efficiency and effectiveness. Walmart's investment in this platform allows the American Red Cross

In an effort to combat house fires, the American Red Cross launched its Home Fire Preparedness Campaign



to save time and resources by using the latest geospatial and digital technology, improving the efficiency and speed of disaster operations for the benefit of those served by the Red Cross. As a result, the Red Cross is able to obtain and analyze reliable data quickly to determine what people and supplies are needed to help—whether it was bringing aid to flood-ravaged communities in Louisiana or helping fire survivors rebuild their lives in Tennessee.

Strengthening community preparedness

Our work during Hurricane Katrina and in the years since then have shown us how emergency preparation can help reduce loss of life and property. Walmart and the Walmart Foundation are investing in the increased usage of data and technology to help communities that are at risk for severe disaster bolster their readiness.

- **Home fire preparedness.** Residential fires result in the death of over seven individuals each day on average. Additionally, property damages and financial losses from home fires total upwards of \$7 billion annually. In an effort to combat house fires, the American Red Cross launched its Home Fire Preparedness Campaign aimed at reducing the number of home fire deaths and injuries by 25 percent. As part of this campaign, the Walmart Foundation joined forces with American Red Cross chapters in 12 states, providing \$525,000 in grants through the State Giving program to support the installation of over 50,000 smoke detectors and the distribution of disaster preparedness materials in thousands of communities as the Red Cross canvassed vulnerable communities.
- **Community preparedness.** We are also working to improve disaster preparedness in the San Francisco Bay Area. Through a \$300,000 grant from the Walmart Foundation, Cities of Service has funded projects in five cities in the region to enhance the preparedness of underserved communities and other populations facing increased risk in times of disaster. In the City of Richmond, for example, Community Emergency Response Team (CERT) leaders are being trained to identify and work with individuals within their community with special needs that make them especially vulnerable during emergencies.



Enhancing resilience in the face of disaster

Fragmentation of response.

While many organizations are working in disaster response and preparedness, there continues to be a lack of cohesion and coordination across the efforts. As a result, useful data is not shared, resources are not effectively distributed, and many organizations are investing time and expense on similar tools at a high cost.

Lack of focus and resources for preparedness.

Many communities lack a formal disaster preparedness plan. When such plans exist, they may be underdeveloped, fail to assess key risks or may not be widely communicated to residents. Often, states and communities lack the financial resources to enhance disaster preparedness.



DEVELOPING LOCAL COMMUNITIES

When Sam Walton opened his first Walmart, it was strongly grounded in its local community. Today, Walmart's 2.3 million associates are residents, neighbors, friends and relatives in thousands of communities around the world.

Walmart aims to strengthen the health of our communities not only by providing products, services and jobs through our retail business, but also by facilitating associate volunteerism along with local donations from our suppliers, the Walmart Foundation, customers and associates.

We believe that strengthening local communities creates a virtuous circle of value for business as well as society. Inclusive, vibrant communities support business growth, which creates additional opportunities for associates. In turn, having associates and customers who are better engaged leads to more inclusive and vibrant communities.

We're developing local communities through two key strategies:



Supporting community engagement



Engaging associates and customers to help others



65,000+
community grants
awarded in FY2017

Sam's Club®



Supporting community engagement

In addition to investing in local communities by providing jobs, building stores and sourcing products, we support efforts by our associates and others to foster more inclusive, vibrant communities. We provide that support in a variety of ways, including grants, in-kind donations and participation in local initiatives.

Walmart donated more than \$100 million in community grants in FY2017.

Supporting diversity and inclusion in our communities

Just as diversity and inclusion build stronger and more vibrant organizations, we believe those same elements contribute to stronger communities. Following the incidents that occurred earlier in FY2017 in the U.S. communities of Baton Rouge, Louisiana; Charlotte, North Carolina; Dallas, Texas; St. Paul, Minnesota and Tulsa, Oklahoma, we received numerous inquiries from our associates and community organizations asking what we could do to help build bridges across communities. In response, Walmart and the Walmart Foundation provided more than \$500,000 in grants to support community cohesion in FY2017.

Our efforts included supporting programs to encourage dialogue in some of the affected communities. For example, the Walmart Foundation made a grant of \$75,000 to the Urban League of Greater New Orleans to help bring together law enforcement and the community. The League started with a town hall to discuss concerns regarding law enforcement and



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A film of their own

The second annual Bentonville Film Festival (BFF), founded by Walmart, Academy Award winning actor and gender advocate Geena Davis and entrepreneur Trevor Drinkwater, took place in Bentonville, Arkansas in May 2016. The goal of the festival is to showcase the work of diverse directors and actors, and just as important, to bring about change within the film industry. According to the BFF, women make up only 7 percent of film directors and 14 percent of television directors in the U.S. and 31 percent of all speaking roles in top-grossing films. Additionally, people of color represent just 12 percent of directors and speaking characters in television and 13 percent of roles in film.

The festival, which provides distribution for prize-winning projects, brings together a diverse group of directors, producers, actors and designers to share their work and tell their stories. This year featured films directed by women and people of color as well as numerous stories about the LGBT community.

The 2016 festival also featured a Diversity & Inclusion Summit, an immersion event hosted by Deloitte with the aim of helping people understand unconscious bias. Geena Davis and award-winning journalist Soledad O'Brien addressed the audience, sharing profound personal stories and reinforcing the need for purposeful commitment in confronting bias. The festival founders believe that diversity in film can drive social change in the way people perceive gender roles and the aspirations of diverse men and women. As Davis says, "If they can see it, they can be it."



the Walmart
Foundation invested
\$75,000
with the Hallie Q. Brown
Community Center

the criminal justice system, as well as concerns arising from a shooting incident in Baton Rouge, Louisiana. For example, the Walmart Foundation also invested \$75,000 with the Hallie Q. Brown Community Center in St. Paul, Minnesota to fund outreach to youth and connect them with resources and organizations, including education, job skills and training, counseling and financial resources and assistance. The goal of the program is to help reduce juvenile crime rates and build relationships between youth and other community stakeholders.

Giving back in our headquarter region

Walmart has two global headquarters, which support our operations in 28 countries around the world—Bentonville, Arkansas, and the San Francisco Bay Area, California. We're proud to be a part of these thriving communities and to give back to them.

- **Northwest Arkansas.** Northwest Arkansas has been home to Walmart since Sam Walton opened his first store in Rogers, Arkansas. Today, we operate all over the world, but we still call northwest Arkansas home. In FY2017, we invested more than \$10 million to support local organizations enhancing hunger relief systems, public health programs and access to arts and recreation. In FY2017, Walmart and the Walmart Foundation made a multi-year \$8 million commitment toward the construction of the first pediatric health care campus in the region, Arkansas Children's Hospital, Northwest, serving children in an 11-county area.

- **The San Francisco Bay Area.** The San Francisco Bay Area, where many of our eCommerce associates are located, has been another global hometown since 2000. Here we make grants aimed to help address community challenges. For example, we provided a grant of \$575,000 in FY2017 to Cities of Service to continue volunteer initiatives in Bay Area cities that address local disaster preparedness challenges such as flood hazards and to help enhance community preparedness plans.



SUPPORTING LOCAL COMMUNITIES



SOUTH AFRICA: Massmart regularly spends 1 to 2 percent after tax of its profits supporting the most vulnerable people in surrounding communities, including through projects promoting early childhood development and facilitating school maintenance and repairs.

U.S.: To encourage associate volunteerism at scale, Walmart U.S. runs a program called Volunteerism Always Pays (VAP), through which associates earn money for eligible charities in the form of Walmart donations, simply by volunteering at least 25 hours. In FY2017, 73,000 full- and part-time associates volunteered more than 1.2 million hours, generating over \$12 million in Walmart donations.





Engaging associates and customers to help others

Our associates and customers around the world contribute their time, expertise and money to Walmart-supported initiatives such as hunger relief and disaster relief, as well as to a range of causes they are personally passionate about, such as education and hospitals.

Empowering associates to engage in the community

The nonprofit organizations Walmart and the Walmart Foundation supports are often in need of specific skills. At the same time, we have over 2.3 million associates with a broad range of skills and passions. In FY2017, Walmart continued to expand programs to enhance skills-based volunteerism, in which associates with a particular expertise, for example in technology or logistics, are matched with charities that need them.

- **Leveraging our legal skills.** Walmart's legal associates initiated the Medical-Legal Partnership program, which has helped more than 140 families in Arkansas access medical benefits and services.
- **Utilizing our creative skills.** Walmart's marketing creative team completed four installations of public art along the Northwest Arkansas trail system. The team also volunteered time to contribute to the newly established Bentonville Arts District—including installing murals, sculpture and interactive art.

Supporting our associates' and customers' generosity

We strive to support the generosity of our associates and customers as they seek to address needs in their communities. In markets across the globe, Walmart supports fundraising and other initiatives in local communities. Examples of such programs include:



ARGENTINA: Walmart Argentina's annual campaign, "With a little we do a lot," invites customers to round up their spare change and donate to worthy causes. The campaign is in 102 stores around the country. In 2016, more than AR \$1 million was collected, which was donated to Cáritas Argentina.



INDIA: At Walmart India, associates and customers participated in blood donation drives to support the National Thalassemia Welfare Society. The donations went to help children affected by thalassemia—a blood disorder that requires a blood transfusion almost every day. In FY2017, we conducted seven donation camps in five Best Price stores and home office.



JAPAN: Walmart Japan continued its store fundraising initiative called "Bokin" in FY2017, supporting four charitable programs covering food banks, care for sick children, providing school meals in Africa, and forest restoration. In FY2017, more than 10.9 million yen was raised for these programs, with Walmart Japan matching each contribution yen-for-yen.



U.S.: Walmart and Sam's Club associates in the U.S. and Canada continued their support for Children's Miracle Network Hospitals (CMNH) through a fundraising campaign that ran in stores and clubs. CMNH reports that over \$60 million in cash and in-kind was contributed in 2016 through that campaign, in addition to grants from Walmart and the Walmart Foundation.



CHALLENGES

Developing local communities

Skills-based volunteerism requires a new level of technology.

Our associates are deeply engaged in their communities. In the U.S. alone, they volunteered more than 1.2 million hours in FY2017. However, precisely matching the skills of our 2 million plus associates with the nonprofit organizations around the world that need them requires new approaches. Walmart is piloting technological solutions to help organizations find the help they need.





Governance

Walmart continually benchmarks ourselves against other companies and across industries, consults with corporate governance experts and engages with key stakeholders to strengthen our processes at Walmart. We're proud of our corporate governance policies and continue to strengthen our practices to meet changes in the landscape.

As part of the annual evaluation process, this year our Board of Directors engaged an external consultant to assist with the review of how to maximize the effectiveness of our Board. Among the changes resulting from this process is that we have split the Compensation, Nominating and Governance Committee (CNGC) into two separate and distinct committees, both of which are comprised entirely of independent directors:

- The Compensation and Management Development Committee (CMDC) evaluates the incentive- and equity-based compensation of the company's directors and executive officers and makes recommendations to the full Board regarding succession planning and retention practices for the CEO and executive management of the company. For more information go to: <http://stock.walmart.com/investors/corporate-governance/governance-documents/default.aspx>.
- The Nominating and Governance Committee oversees the annual evaluation process that is used as a tool for promoting the effectiveness of the Board and Board committees, and also assists with Board succession planning and the review of the Board's leadership structure. This committee is also responsible for reviewing and advising management regarding the company's charitable giving strategy and the company's social, community and sustainability initiatives. For more information go to: <http://stock.walmart.com/investors/corporate-governance/governance-documents/default.aspx>.

In our governance structure, the CEO is responsible for the general management, supervision and control of the business and general affairs of our company, including the execution of Board directives and resolutions. Our chairman presides over all meetings of the Board and shareholders, and advises and

counsels the CEO and other officers regarding our business and operations. In addition, our lead independent director actively participates in the review of Board and committee agendas, presides over the meetings of our outside and independent directors and performs additional duties described in our Corporate Governance Guidelines.

We believe that our structure of having a separate CEO and chairman is the most effective leadership configuration for Walmart shareholders. It allows our CEO to focus on managing our complex daily operations and our chairman to address matters related to the responsibilities of the Board. The Board held a total of five meetings during FY2017 to review significant developments affecting our company, engage in strategic planning and act on matters requiring Board approval.

We recognize the importance of Board independence. The majority of our directors are independent, in accordance with the requirements of the New York Stock Exchange. Our directors serve on one or more of the seven standing committees of the Board:

- (1) Audit Committee
 - (2) Compensation and Management Development Committee (CMDC)
 - (3) Executive Committee
 - (4) Global Compensation Committee
 - (5) Nominating and Governance Committee
 - (6) Strategic Planning and Finance Committee
 - (7) Technology and eCommerce Committee
- Each committee is governed by a written charter that outlines its specific roles in our company's governance, and each committee charter is available on our corporate website at <http://stock.walmart.com/investors/corporate-governance/governance-documents/default.aspx>.

Consistent with our commitment to participating in the political process in a thoughtful and compliant manner, the charter of the Nominating and Governance Committee requires the committee to review and advise management regarding the company's legislative affairs and public policy engagement strategy. Similarly, following its charter, the Nominating and Governance Committee is responsible for



reviewing and advising management regarding the company's charitable giving strategy and the company's social, community and sustainability initiatives. The company's charitable giving includes amounts donated to the Walmart Foundation, a separately incorporated 501(c)(3) that focuses its activities on serving communities where Walmart operates and sources.

Our Board regularly reviews our corporate governance policies and practices to identify areas where we can enhance our company's corporate governance profile. In addition to the recent split of the CNGC into two committees, in 2013 our Board increased the stock ownership guidelines applicable to our CEO and certain other executive officers of the company to further align the long-term interests of our executives and our shareholders. In addition, in 2014 the Board amended our bylaws to allow shareholders owning 10 percent or more of Walmart common stock to call a special shareholders' meeting.

The Board also amended our Corporate Governance Guidelines to more fully articulate (and, in some instances, expand) the role of lead independent director, who is elected annually by the independent members of the Board, and whose duties include, among other matters, presiding over executive sessions of our outside directors and independent directors. For more information about the duties of the lead independent director, please see our Corporate Governance Guidelines, available on our corporate website at http://s2.q4cdn.com/056532643/files/doc_downloads/Gov_Docs/corporate-governance-guidelines.pdf.



Ethics and compliance

As our business grows throughout the globe, Walmart continues to develop, refine and enhance our robust ethics and compliance program to keep pace with our growth. We continue to reach customers both online and in stores throughout the world, which presents the need for focused ethics and compliance practices. Our ethics and compliance program addresses 14 key areas of relevance to the changing retail sector, several of which have been noted in this report. Here we highlight several areas of critical importance, both to our business and our customers.

Ethics and integrity

Our culture of ethics and integrity—the attitudes and conduct that help create an honest, fair and compliant workplace—defines who we are as a company and how we treat each other, our suppliers and our customers. We summarize our ethical

principles in the company's Statement of Ethics. Throughout their careers with the company, our associates are provided this and other resources to help them succeed and to promote and recognize ethical choices. These resources include:

- **Global helpline.** A series of global and local phone numbers where anyone can ask questions and report concerns 24 hours a day, seven days a week. The helpline is equipped to handle most local languages in all the retail markets where we operate.
- **WalmartEthics.com.** A website available in 14 languages and accessible globally where stakeholders can ask questions, read our Statement of Ethics, submit ethical concerns and follow up on previously reported concerns.
- **Global case management system.** A repository and system to manage ethics cases.
- **Global case management process.** A process used to encourage consistency across our global operations in the handling of any ethical concerns.
- **Integrity in action awards.** Our global recognition program celebrates associates who model integrity or encourage others to do so. Associates nominate candidates, and Walmart recognizes the award winners at our annual Shareholders meeting. In FY2017, Walmart honored 13 associates representing 12 different countries.



Anti-corruption

Walmart has developed a leading anti-corruption program, and continues to focus on anti-corruption compliance by further enhancing our anti-corruption processes, systems and training. For a detailed look at our anti-corruption program, please see the 2017 Global Ethics & Compliance Program Report.

Antitrust

In FY2017, we continued our efforts to increase associate antitrust awareness in order to further foster conditions that help protect competition, enable open markets and enhance productivity, innovation and value for our customers. These efforts include:

- Providing antitrust training, covering both global standards and market-specific rules, to associates worldwide on a risk basis;
- Providing consistent guidelines and other communication tools to associates, again taking a risk-based approach, addressing potential areas of antitrust risk; and
- Monitoring antitrust and competition law developments worldwide to update and enhance our ongoing antitrust compliance initiatives.

Consumer protection

As we expand our business to serve customers in new and more convenient ways, we continue to implement additional consumer protection standards and controls. As one example, in FY2017, Walmart developed a system that automated the application of coupons and discounts to replace the manual coupons process in China. The new system has improved cashier efficiency and reduced the possibility of cashier error, while also helping us to provide our customers with proper discounts to which they are entitled. Our eCommerce platform is also leveraging technology and automation. In FY2017, an internally developed tool was launched as an additional control to mitigate the risk of restricted items from being sold on our website.

Environmental compliance

Walmart strives to promote sustainable business practices within our operations and throughout our supply chain. Our environmental compliance programs guide our management of waste materials, including wastewater, stormwater, air emissions and recyclable materials. Our subject matter experts train associates throughout the world to comply with environmental regulations and implement best practices. In the U.S., environmental regulatory agencies inspect our facilities 2,000 times per year and Walmart contracts with third-party firms to do more than 30,000 environmental audits annually.

In recent years, Walmart has made significant efforts to recycle as much as possible, including lead-acid car batteries, lamps and bulbs, tires, automotive oil and spent cooking oils. Not only does this create additional revenue, but these recycling efforts also help preserve our natural resources.

Anti-money laundering compliance

Walmart has continued to expand our anti-money laundering (AML) efforts by increasing AML resources to meet monitoring and reporting expectations. In FY2017, we invested in technological improvements to our AML monitoring and reporting capabilities in Mexico, Canada, Central America, Chile, South Africa and the United States. The AML team continues to support the expansion and growth of financial services by completing risk-based due diligence of financial products and services. During FY2017, we completed more than 1,500 AML audits in the U.S. with no fines, penalties and further investigations.

Labor and employment compliance

With a distinctly different set of labor and employment laws in each country where we operate, it is important for our compliance team and human resources professionals to work together to maintain fair and consistent labor and employment practices. As we do this, we also focus on promoting a work environment that supports the needs of our associates and encourages growth opportunities.

Our goal is to increase operational and HR effectiveness in our business as needs evolve and new initiatives emerge. We remain committed to ensuring our labor and employment practices comply with all applicable laws and regulations, including U.S. immigration laws. In FY2017, we further enhanced our I-9 work permit system in the U.S. to gain even greater visibility into our compliance needs and to improve our reporting and escalation capabilities. These technological improvements have led to more consistent, accurate and timely execution of compliance-related tasks.

We value our people, and it is important to us to provide appropriate and reasonable accommodations for our associates with disabilities or other needs in full compliance with U.S. laws. In FY2017, we worked to bring more awareness and enhanced reinforcement of these employment compliance obligations to our U.S. associates in our stores and clubs. These materials are designed to help management better recognize requests for accommodation and to raise awareness of the resources available to guide U.S. associates through the accommodation process.

Licenses and permits

It is core to our values that we comply with applicable laws and regulations and our policies wherever we operate. Each year, Walmart's licensing compliance group secures or maintains more than 209,000 licenses and permits globally to keep our business running and make products available to customers.

Licenses and permits affect the sale of many items. Obtaining the right licenses allows us to continue to meet the needs of our customers. To maintain business continuity, our licensing compliance team works to monitor legislative trends, evaluate our effectiveness and update associate training to help meet all legal requirements.

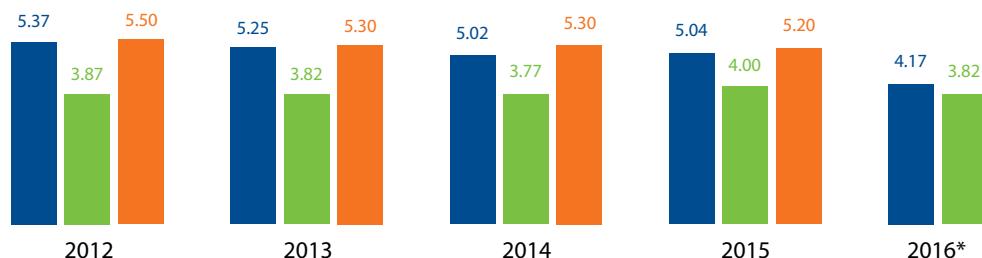
Using a proprietary, web-based license management system, our licensing compliance group procures and maintains required real estate, construction and operating licenses and permits. This includes licenses and permits relating to developing property, business facilities and distribution centers, owning and operating stores, selling merchandise and providing specific lines of service.

Safety and OSHA Compliance

Our continuous efforts to improve associate and customer safety resulted in the launch of two major initiatives this year. The first, known as Total Safety, is divided into four key elements: safety, security, compliance and emergency management. By combining all facets of safety into a single program, Total Safety promotes consistent execution, enhances awareness, and improves the culture of safety in our facilities. The second program, the Safety Collaboration Council, is composed of leaders in the area of safety across our organization. The goal of the group is to share best practices, leverage talent and ensure the consistent delivery of world class safety programs to all facilities throughout the business.

OSHA recordable incident rates: Walmart U.S. and Sam's Club vs. industry

● Walmart ● Sam's Club ● Industry rate



*Industry data have a one-year lag time and therefore do not appear in this chart.

Privacy

Our founder Sam Walton reminded us that “a promise we make is a promise we keep,” and it’s our promise to customers that we respect the trust they place in us and the privacy of the information they share. With more of our customers engaging with our company online, Walmart continues to believe that maintaining a comprehensive online/offline customer privacy policy is fundamental to being a trusted retailer. Our full Walmart U.S. policy may be found at <https://corporate.walmart.com/privacy-security>.

Product safety

Walmart remains committed to selling products that comply with applicable safety laws and regulations, as well as holding suppliers accountable to adhering to our standards. We build trust in the products we sell when we focus our attention on product safety and compliance along our supply chain.

Walmart continues to work with regulators to provide safety-related information and education to consumers. In FY2017, the Product Safety and Compliance team participated in national consumer education campaigns on topics identified as potential issues by federal agencies, such as swimming pool safety. The Product Safety and Compliance team also worked to set the stage for an expansion of our information and education efforts in 2017 by identifying opportunities to use in-store events and social media resources to communicate broadly with our customers.

Additionally, in FY2017 the Product Safety and Compliance team revised supplier requirements to permit select suppliers to submit product test reports from third-party labs, generated for other retailers, to Walmart for compliance verification instead of requiring duplicative testing. This new option can potentially save Walmart’s and Sam’s Club’s suppliers an estimated \$5.5 million a year while maintaining the same level of safety and compliance.

Product recalls and reporting

In addition to traditional communication methods, the Product Safety and Compliance team leveraged Facebook in FY2017 to notify customers of product recalls. When a recall involved a product sold at Walmart or Sam’s Club, we worked to remove the product and implement sales blocks at the register

as we informed our customers and members. From October 2015, through September 2016, the Consumer Product Safety Commission (CPSC) conducted 428 consumer product recalls. Of these recalls, 56 affected Walmart and Sam’s Club locations. The CPSC assessed over \$30 million in civil penalties for the fiscal year. Walmart has not incurred any such penalties.

Trade

As our markets continue to serve the needs of a customer with changing shopping behaviors, Walmart must also adapt our way of working to continue to support our markets. For trade, this change has been evident through the movement of goods to and from new territories, and also new supply chain operations to support eCommerce and cross-border functions. Additionally:

- During FY2017, we continued to improve our trade compliance programs by strengthening our internal procedures.
- In our International division, we conducted a third-party review of our customs entries across all our markets. The review focused on the accuracy of our classifications and valuations made to customs authorities, as well as the completeness of our record-keeping.

We are strengthening our Compliance with trade sanctions regulations through implementation of a number of a new initiatives including:

- Developing supplier and associate guidelines and conducting training across all Walmart divisions through instructor-led sessions and online courses.
- Further strengthening our program through additional screening of new and existing vendors, as well as new country of origin requirements at the item setup stage.



Political engagement

We take seriously our commitment to provide additional transparency into our political engagement. As a result, we included this important issue in our last three Global Responsibility Reports. In FY2014, the Walmart Board of Directors voted to amend the charter of the Compensation, Nominating and Governance Committee, adding to its responsibilities and obligations the review and oversight of the company's legislative affairs and public policy engagement strategy. Walmart's Executive Vice President of Corporate Affairs provides the committee with regular updates, at least annually, concerning the company's strategy and support of key U.S. policy objectives. The briefing includes information related to stakeholder relationships, elected official outreach, lobbying, political giving and our commitment to governance compliance.

Wal-Mart Stores, Inc. Political Action Committee for Responsible Government (WALPAC) is our primary vehicle for financially contributing to the political process in the United States. WALPAC is funded solely with voluntary contributions from eligible associates. To access information about federal contributions made from WALPAC in the U.S., please go to www.fec.gov and search the appropriate disclosure database for "Walmart." Walmart is a member of certain U.S.-based trade associations that the company believes can assist Walmart in achieving its long-term strategic objectives. Some of these U.S. trade associations engage in political activities, including the making of political contributions and lobbying. Walmart periodically reviews its memberships in such trade associations.

In addition, we have policies and oversight in place to comply with federal, state, and local laws and regulations relating to the reporting requirements of corporate political contributions made in the U.S. We frequently review our process to help file public reports accurately and appropriately. In FY2016, we made it easier for shareholders and other interested parties to understand details around our state lobbying efforts and related reported expenses. A state lobbying "report card" is posted on our corporate website providing our annual reported lobbying expense and links to state lobbying reports. In FY2017, we began updating the website to include the expenses reported for federal lobbying so that information is easier to access. The state and federal lobbying information is updated quarterly. Links to other publicly available information concerning our federal policy-oriented activities in the U.S., such as federal lobbying disclosure reports, which are maintained by the United States House of Representatives and the United States Senate, can be found at lobbyingdisclosure.house.gov and http://senate.gov/legislative/Public_Disclosure/LDA_reports.html.

The above links, as well as our corporate government relations policy, are available on our Walmart corporate website, <http://corporate.walmart.com/policies>.



Public policy

Walmart's mission is to save people money so they can live better, and customers around the world trust us to deliver on that promise. We pursue our mission by creating more economic opportunity for our customers and associates, while putting tools in place that can help grow our suppliers, partners and the economy more broadly. Through our store and e-commerce growth and presence in 28 countries, including the U.S., we work to help strengthen local communities in a way that is sustainable for the planet and people.

In 2015, we updated the structure of corporate affairs teams to enhance alignment between global government affairs and public policy. In addition to internal subject matter experts in the international, state, federal and local markets, we have dedicated policy experts focused on new and emerging issues such as food, supply chain, environmental, labor and e-commerce policy. This new structure will better enable us to streamline our work with governments, NGOs and international organizations to assist in shaping public policy that helps improve the lives of our customers, associates, workers in our supply chain and communities we serve. Walmart will continue to advocate for our customers while leading on issues that support industry efforts and our mission to create growth and opportunity for our customers and associates.



Forward-looking statements

This report contains statements that are based on Walmart management's current expectations and beliefs. Walmart believes such statements are "forward-looking statements" as defined in, and are intended to enjoy the protection of the safe harbor for forward-looking statements provided by, the Private Securities Litigation Reform Act of 1995, as amended. Assumptions on which such forward-looking statements are based, including without limitation assumptions regarding Walmart's sustainability goals and programs, are also forward-looking statements. Walmart's results may differ materially from our projected results as the result of changes in circumstances, assumptions not being realized, or other risks, uncertainties and factors.

Such risks, uncertainties and factors also include the risks relating to Walmart's strategy, operations and performance and the financial, legal, tax, regulatory, compliance, reputational and other risks discussed in Walmart's most recent annual report on Form 10-K filed with the Securities and Exchange Commission. You should consider the forward-looking statements in this report in conjunction with that annual report on Form 10-K and Walmart's quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC. Walmart urges you to consider all of the risks, uncertainties and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this report.

Walmart cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects. The forward-looking statements made in this report are as of the date of this report, unless otherwise indicated. Walmart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.



Stakeholder perspectives

At Walmart, we continually engage stakeholders to understand their perspectives, improve the effectiveness and relevance of our initiatives, increase transparency and trust and collaborate on addressing business and societal challenges.



To sharpen our social and environmental priorities, programs and reporting, we heavily engage our stakeholders—customers, associates, suppliers, advisory councils, community leaders, grantees, other NGOs, government leaders and investors—in dialogues, working sessions and surveys about their perspectives on Walmart's role in society. These include interviews and a 1,750-respondent survey conducted by Sustainalytics. The Sustainable Development Goals released by the United Nations also informed our discussions.

Although stakeholder perspectives varied in emphasis, there were consistent themes: While people acknowledge we live in a time of unprecedented global prosperity (in part due to retail and technological innovation, among many other factors), we also face unprecedented social and environmental challenges in meeting the needs of a growing world population.

Stakeholders reinforced their expectation that Walmart—as a leading retailer—should use its strengths in collaboration with others to help reshape social and environmental systems for the benefit of society, as well as business.

The accompanying exhibit summarizes stakeholder perspectives on societal challenges, the relevance they see for businesses like Walmart and how they suggest Walmart can help.

Summary of stakeholder perspectives

| Societal challenges | | Business relevance | Perspective on how Walmart can help |
|--|--|---|--|
| Environmental | | | |
| Climate | Rising emissions and temperature | Cost: energy, carbon | Work to reduce energy intensity, adopt renewable energy, and reduce emissions not only in own operations, but also in supply chains, including with customers |
| Natural resources | Deforestation Water quality, quantity Land use, soil health Fish stocks, biodiversity | Supply security Cost structure Growth | Collaborate with suppliers and others to create more restorative supply chains in food and other commodities with less environmental impact |
| Waste | Landfill Resource depletion Pollution | Cost Revenue streams | Eliminate waste in own operations and help "close the loop" on waste throughout production and consumption |
| Animal welfare | Housing Pain management Antibiotics | Customer trust Cost | Encourage suppliers to promote "5 freedoms" in food production |
| Social | | | |
| Inclusive economic mobility | Cost of living Upward mobility/equality Jobs, GDP, tax base Women, diversity Access to markets | Associate engagement Productivity Growth Retention Reputation | Expand customer access to affordable food and other products through retail and e-commerce Continue to provide opportunity for associates, with the wages, upskilling and other practices that support mobility Support local manufacturing; help women-owned, diverse suppliers grow; support smallholder access to markets |
| Worker dignity in supply chains | Workplace safety Forced labor | Customer trust Supply security Reputation | Continue responsible sourcing practices and collaborate with others on initiatives that support healthier, safe work conditions, free from forced labor |
| Food security | Affordability and access Hunger Food/product safety Nutrition | Waste Cost Growth | Support continued development of safer, more affordable, accessible, healthier and sustainable food system Help increase transparency into product ingredients and production methods, while advocating for better products |
| Community resilience | Belonging and inclusion Natural disasters Strength of community organizations | Customer trust Associate engagement Reputation Cost | Support local community causes through volunteerism and giving Help communities prepare for and respond to disasters |



Commitments

Opportunity

Economic mobility and inclusion: progress against commitments

As of Fiscal Year End 2017

| STRATEGY | COMMITMENT | PROGRESS |
|---|---|--|
| Providing great jobs, training and advancement for associates | Investment by Walmart in associate wages and upskilling | \$2.7 billion invested in training, education and higher wages for Walmart associates in the U.S. over two years beginning in 2015. In FY2017, we introduced Pathways, our new training program for entry-level associates. Pathways helps associates gain vital retail job skills and may be completed in as little as 90 days. We also launched our Walmart Academy program. The Academies are dedicated facilities that offer two to six weeks of hands-on, immersive training that combines both the classroom and the sales floor for frontline supervisors, department managers and assistant managers. During FY2017, Walmart opened 60 Academies, each serving as a training hub for approximately 25 area stores. |
| Accelerating the mobility of frontline retail workers beyond Walmart | Commit \$100 million from Walmart and the Walmart Foundation over five years (beginning in 2015) to increase the economic mobility of retail and adjacent sector workers, with goals of training more than 50,000 people and helping 30,000 advance their careers | Over \$59 million invested in the Retail Opportunity Initiative; programs supported training over 8,000 people in retail or adjacent sectors and helped over 1,200 people advance their careers |
| Supporting economic inclusion in supply chains and communities | Commit \$20 million from Walmart and the Walmart Foundation over 5 years (beginning in 2014) to support U.S. veterans through job training, education and innovative public-private, community-based initiatives | Over \$18 million invested to date. |
| | Offer a job at Walmart or Sam's Club locations to any eligible honorably discharged U.S. veteran who has been discharged since Memorial Day 2013 | Offered jobs to more than 162,000 veterans; promoted more than 20,000 to roles with greater responsibility. The reported hires/promotions include veterans hired as part of the commitment, as well as other veterans hired by Walmart during this time frame. |



Commitments

| STRATEGY | COMMITMENT | PROGRESS |
|---|---|---|
| Promoting Women's Economic Empowerment | <p>Use Walmart and Walmart Foundation grants and resources to empower nearly 1 million women on farms, in factories, in retail and in workforce through training, market access and career opportunities through 2016, including providing funding to:</p> <ul style="list-style-type: none">• Train 500,000 women from emerging markets in the agriculture value chain by the end of 2016• Train 60,000 women working in factories in skills they need to become more active decision-makers in their jobs and for their families• Train 200,000 women for their first jobs in retail in our emerging markets by the end of 2016• Help 249,000 women in the U.S. from low income households gain the skills they need for employment by the end of 2016 | <p>Provided training and support for 943,139*</p> <ul style="list-style-type: none">• 475,405 women trained in agriculture• Met goal; 128,519 women in factories received training• 89,329 women in emerging markets received training for first retail job• 249,886 low-income women in U.S. received training and support to gain skills |
| | <p>Support Women's Economic Empowerment with \$100 million in grants from Walmart and the Walmart Foundation</p> | Provided over \$139 million in grants* |

*Cumulative number since launch of program.



Commitments

Opportunity

Promoting the growth of suppliers, local manufacturing and small businesses:

Progress against commitments

As of Fiscal Year End 2017

| STRATEGY | COMMITMENT | PROGRESS |
|--|---|---|
| Investing in American jobs | Purchase an additional \$250 billion in products supporting American jobs between 2013 and 2023 | On track to meet 2023 commitment |
| | Create a \$10 million U.S. Manufacturing Innovation Fund funded by Walmart and the Walmart Foundation to invest in breakthroughs in manufacturing technology | Met goal; in FY2017, awarded final \$3 million of the \$10 million fund for manufacturing innovations. |
| Supporting small and local farmers | Provide funding through Walmart and the Walmart Foundation to train 1 million farmers and farm workers, of which half will be women, in emerging markets by the end of 2016 | Awarded grants to provide training to an estimated 1 million farmers, more than 600,000 of whom are women* |
| Fostering growth of women-owned and diverse suppliers | Source \$20 billion from women-owned businesses for our U.S. operations through 2016 (beginning in 2011) | As of Jan 31, 2017, Walmart U.S. achieved \$21.2 billion spend over five years with women-owned businesses for our U.S. operations. |
| | Double sourcing from women-owned businesses in our international markets through 2016 | We continue to identify and build capacity for women-owned businesses in international markets including Mexico, India, Chile, Central America and Japan. |
| | Launch a dedicated e-commerce platform to give women-owned/empowering businesses access to customers | Our e-commerce platform continues to evolve. From Empowering Women Together in 2013 to Women-Owned in 2015, we continue to explore new ways of integrating into our digital channels. |

*Cumulative number since launch of program.



Commitments

| STRATEGY | COMMITMENT | PROGRESS |
|--|--|---|
| Supporting growth of small business | Through funding from Sam's Club and the Sam's Club Giving Program, enable 5,000 loans from CDFI's to underserved small businesses, particularly those owned by women, minorities and veterans | We met and exceeded goal; enabling 7,159 in loans |
| | Leverage funding from Sam's Club and the Sam's Club Giving Program to unlock \$100 million in new capital from nonbank, community lending resources to distribute to low- and moderate-income small business owners through 2019 | \$327,833,498 in new capital |
| | Leverage funding from Sam's Club and the Sam's Club Giving Program to support 28,000 jobs in small business through 2019 | 25,895 Jobs Supported |
| | Sam's Club and the Sam's Club Giving Program will fund programs that reach 1 million small business owners with education on lending and borrower practices | 721,412 small business owners reached with education on lending and borrower practices |
| Helping grow local suppliers | Double Walmart U.S. sales of locally grown produce between Fiscal Year End 2017 and Fiscal Year End 2026. | Announced goal on November 4, 2016. For FYE2017 (baseline year), we sold \$930 million in locally grown produce in Walmart U.S. |



Commitments

Sustainability

Reducing energy intensity and emissions

As of Fiscal Year End 2017

| STRATEGY | COMMITMENT | PROGRESS |
|--|--|---|
| Reducing emissions in our own operations | Reduce its absolute Scope 1 and 2 emissions 18 percent by 2025, from 2015 levels. [Approved science-based target] | This science based target was approved and announced in FY2017. We will begin reporting progress in our CDP Climate Investor response, which is published September 2017. |
| Scaling clean, affordable, renewable energy | To be supplied by 100 percent renewable energy | As of FY2017, an estimated 26 percent of the electricity that powered our facilities globally was generated from renewable sources. |
| | To power half of our operations worldwide with renewable energy by 2025 | As of FY2017, an estimated 26 percent of the electricity that powered our facilities globally was generated from renewable sources. |
| | Drive the production or procurement of 7 billion kilowatt hours (kWh) of renewable energy globally by Dec. 31, 2020—an increase of more than 600 percent versus our 2010 baseline. | Installed or contracted for more than 2.3 billion kWh from more than 480 projects worldwide. |
| | By Dec. 31, 2020, reduce the total kWh-per-square-foot energy intensity required to power our buildings around the world by 20 percent versus our 2010 baseline. | As of FY2017, we reduced the kWh-per-sq-ft energy intensity by approximately 12 percent versus 2010 baseline. |
| | Double the number of on-site solar energy projects at our U.S. stores, Sam's Club locations and distribution centers by 2020, compared with our 2013 baseline. That's more than 480 sites by 2020. | As of FY2017, solar PV systems had been installed at more than 364 of our buildings in the U.S. |



Commitments

Sustainability

Eliminating waste

As of Fiscal Year End 2017

| STRATEGY | COMMITMENT | PROGRESS |
|--|--|--|
| Eliminating waste in our operations | Create zero waste across our global operations | Diverted from landfills 82 percent of materials previously considered waste from Walmart U.S., and 77 percent* from Walmart globally. |
| | Achieve more than 90 percent of waste diversion from landfill and incineration in our own operations in Canada, Japan, the U.K., and the U.S., according with Zero Waste International Alliance guidelines by 2025 | Achieved 82 percent of waste diversion from Walmart U.S., and 77 percent* from Walmart globally. Canada, Japan and U.K. individual numbers to be reported in GRR 2018. |

* Based on review of material handling and waste diversion processes in Argentina, Brazil, Canada, Central America, Chile, Japan, Mexico, South Africa, U.K. and U.S., as reported by waste vendors, food banks and stores. In cases where real numbers were not available due to industry challenges, they have been estimated based on industry acceptable standards.

Sustainability

Conserving natural habitat

| STRATEGY | COMMITMENT | PROGRESS |
|------------------------|---|--|
| Conserving land | To conserve one acre of wildlife habitat for every acre of land occupied by Walmart U.S. through 2025 | Protected >1 million acres (over 10 acres for every acre Walmart has developed since 1962) through support to Acres for America. In FY2017, the program awarded \$2.6 million in grants to conserve, improve or connect wildlife habitat across more than 82,000 acres in Arizona, California, Louisiana, Tennessee and Wyoming. |



Commitments

Sustainability

Supporting measurement and disclosure

As of Fiscal Year End 2017

| STRATEGY | COMMITMENT | PROGRESS |
|--|--|---|
| Supporting measurement and disclosure in the supply chain | By the end of 2017, Walmart will buy 70 percent of the goods it sells in U.S. stores and in U.S. Sam's Clubs only from suppliers in the United States, China, and around the world who use the Sustainability Index to evaluate and share the sustainability of their products. This change will involve suppliers who produce goods in categories where the Index is available. | As of the end of FY2017, we achieved a supplier participation rate that covers 70 percent of the goods we sell in U.S. Walmart stores and Sam's Club locations for categories where the Sustainability Index is available. |
| | Increase transparency into our supplier ability to track and report Climate Smart Agriculture impacts through the Sustainability Index | Suppliers covering 70 percent of our food business responded to the Index. |
| | Gain increasing visibility over the next 10 years into key metrics regarding yields, water usage and GHG in food supply chains. Foster improvements in food yields, water efficiency and GHG emissions through special projects and continuous improvement | Suppliers covering 70 percent of our food business responded to the Index. Of those responding, 46 percent reported measuring their GHG emissions, 35 percent reported measuring water usage and 39 percent reported measuring yields. |
| | Work with packers, feed yards and ranchers in the U.S. to develop a transparency pilot for 15 percent of Walmart's U.S. supply by 2023 to ensure environmental best practices and quality standards for customers | In the U.S., Walmart worked with The Nature Conservancy to develop a set of sustainability criteria for our dedicated beef supply. |
| | Advance the humane treatment of farm animals in accordance with the 5 Freedoms of Animal Welfare and responsible antibiotic use | In FY2017, Walmart U.S. gathered and analyzed responses to our animal welfare survey from Walmart U.S. suppliers totaling over \$15 billion in sales. Together with The Sustainability Consortium, developed new animal welfare surveys for use in FY2018. Walmart U.S. is currently over 80 percent toward achieving our goal of supplier implementation of video monitoring on sow farms covering 100 percent of our fresh pork supply. In addition, each fresh pork supplier is conducting an animal welfare audit. |



Commitments

| STRATEGY | COMMITMENT | PROGRESS |
|--|--|--|
| Providing better product information to customers | Disclose online ingredient information for consumables | In FY2017, 57 percent of suppliers queried through the Sustainability Index reported that they disclose ingredients online for all their products (according to a nationally recognized standard). |

Sustainability

Reducing environmental impacts

As of Fiscal Year End 2017

| STRATEGY | COMMITMENT | PROGRESS |
|---|---|--|
| Reducing environmental impacts | Will also work to reduce CO2e emissions from upstream and downstream Scope 3 sources by 1 billion tons between 2015 and 2030. [Approved science-based target] | Announced goal on November 4, 2016. We will begin reporting progress in the FY2018 GRR. |
| Enhancing the environmental sustainability of key agricultural commodities | By 2025, all Walmart U.S., Sam's Club, ASDA, Walmart Canada, Walmart Brazil, Walmart Mexico, and Walmart Central America fresh and frozen, farmed and wild seafood suppliers, as well as our canned tuna from and Walmart U.S., Sam's Club, and Walmart Canada, will source from fisheries who are third-party certified as sustainable, actively working toward certification, or engaged in Fishery Improvement Projects. | By the end of 2017, based on supplier reported data, 100 percent of our US seafood supply was sourced in accordance with our policy. For our wild caught supply, 35.9 percent reported that they were certified by MSC or GSSI, and 64 percent reported involvement in FIPs. For our farmed supply, 99 percent reported certification by BAP, with less than 1 percent committed to obtaining certification within the year. |
| | Endorse Beef Quality Assurance Program and partner with NCBA to deliver environmental Best Management Practices in the U.S. beef supply chain | As part of the USRSB, worked to develop a set of metrics to track against our six priority indicators for beef including animal well-being and GHG emissions |
| | Encourage suppliers to develop fertilizer optimization plans for 14 million acres of U.S. farmland by 2020 | On track to eliminate an estimated 24 million metric tons of GHG emissions and to engage 76 million committed acres. |
| Enhancing the environmental sustainability of key agricultural commodities | Expand and enhance sustainable sourcing to cover 20 key commodities | Announced goal on November 4, 2016. We will begin reporting progress in the FY2018 GRR. |



Commitments

| STRATEGY | COMMITMENT | PROGRESS |
|--|---|---|
| Working with our suppliers to improve efficiency of factories | Engage 70 percent of our China-sourced business in a factory energy efficiency program by 2017 | At the close of FY17, more than 50 percent of our China-sourced business reports being engaged in a factory energy efficiency program. |
| Getting to zero net deforestation | Walmart will source only 100 percent sustainable palm oil, in accordance with the principles of RSPO NEXT or equivalent standards, in its global private brand products by the end of 2020. | In FY2017, based on supplier reported data, our global private brand palm oil was sourced through a mix of RSPO Segregated (8.4 percent), Mass Balance (39.5 percent), Identity Preserved (0.4 percent) and GreenPalm certificates (51.8 percent). |
| | Expand our current commitment to source 100 percent sustainable beef that is zero net deforestation free from the Amazon to all sensitive biomes in Brazil by the end of 2020. | As of January 2017, Walmart Brazil's Beef Risk Monitoring System includes more than 75,000 registered farms and analyzes orders for 100 percent of Walmart Brazil's fresh beef suppliers. |
| | Walmart will work to source Brazilian soy that is zero net deforestation free by 2020. | The Soy Moratorium has reduced Amazon deforestation related to soy production from 30 percent to 1 percent, and has been extended indefinitely. We are working with stakeholders on a pathway to zero net deforestation in other sensitive biomes in Brazil and will begin reporting next year. |
| | Walmart will source pulp- and paper-based product that is zero net deforestation free by 2020 | Announced goal on November 4, 2016. We will begin reporting progress in the FY2018 GRR. |
| Reducing food and product waste upstream and downstream | Walmart Private Brand packaging to be 100 percent recyclable by 2025 | Announced goal on November 4, 2016. We will begin reporting progress in the FY2018 GRR. |



Commitments

Sustainability

Provide affordable, healthier and safer food and products

As of Fiscal Year End 2017

| STRATEGY | COMMITMENT | PROGRESS |
|---|--|--|
| Providing affordable healthier options | Become the most affordable retailer of healthier foods by 2025 | Announced goal on November 4, 2016. We will begin reporting progress in the FY2018 GRR. |
| | By 2025, reduce sodium by 20 percent and added sugars and saturated fats to be <10 percent of calories in the U.S. and other potential key markets | Announced goal on November 4, 2016. We will begin reporting progress in the FY2018 GRR. |
| | Remove certified synthetic colors and artificial flavors in products where customers don't expect to find them in the U.S. and other key markets. | Announced goal on November 4, 2016. We will begin reporting progress in the FY2018 GRR. |
| | Expand programs to make finding a healthier choice easier such as the Great For You program in the U.S. | Over 900 items across 90 categories currently qualify for the icon. We will report more about the program next year. |
| | Investment by Walmart and the Walmart Foundation in programs providing nutrition education to 4 million people from 2015 through 2020 | Supported nutrition education for over 2 million people. |
| | Walmart and the Walmart Foundation plan to invest \$25 million over five years on projects to advance food safety in China. | In FY2017, the Walmart Foundation made grants totaling over \$4.7 million to programs that address food safety in China. |
| | Strive toward formulating and labeling private-brand products in accordance with U.S. EPA's Safer Choice program | Continued adding Safer Choice certification to our private brand products, with new products coming to market since last year, and will continue our work to offer even more of these products to our customers. |



Commitments

| STRATEGY | COMMITMENT | PROGRESS |
|--|---|--|
| Promoting sustainable chemistry | Reduce, restrict and remove use of high priority chemicals using informed substitution principles | Achieved a cumulative reduction of 96 percent of High Priority Chemicals by weight in Walmart U.S. since 2014 (calendar year). |
| Fostering animal welfare and responsible antibiotic use | Advance the humane treatment of farm animals in accordance with the 5 Freedoms of Animal Welfare and responsible antibiotic use | All of our shell egg supply at Walmart U.S. and Sam's Club U.S. is required to meet United Egg Producers animal welfare requirements or equivalent and released our position on cage-free egg supply. This year at Walmart U.S., we increased distribution of cage-free eggs by 24 percent. (http://corporate.walmart.com/policies). |



Commitments

Community

Relieving hunger

As of Fiscal Year End 2017

| STRATEGY | COMMITMENT | PROGRESS |
|---|---|---|
| Strengthening the charitable meal system | Provide 4 billion meals to those who need them over five years through grants from Walmart and the Walmart Foundation and food donations from our Walmart stores, Sam's Club locations and distribution centers | Provided support for over 2.4 billion meals since the commitment was made in 2014, based on donations of over 1.2 billion pounds of food from Walmart facilities and approximately \$100 million in funds from Walmart and the Walmart Foundation; this includes FY2017 donation of over 600 million pounds of food and over \$50 million in funds. |
| | Engage associates and customers in hunger relief efforts | Associates volunteered more than 110,000 hours towards hunger relief efforts around the U.S. |

Community

Enhancing resilience in the face of disasters

As of Fiscal Year End 2017

| STRATEGY | COMMITMENT | PROGRESS |
|---|---|--|
| Improving preparedness, speed and focus of response to disasters | Invest \$25 million through Walmart and the Walmart Foundation in response and preparedness between 2016 and 2021 | Since the beginning of FY2017, \$6.8 million invested in disaster preparedness and response. |

Community

Developing local communities

As of Fiscal Year End 2017

| STRATEGY | PROGRESS |
|---|--|
| Investing in communities | Walmart donated more than \$100 million in community grants in FY2017 |
| Engaging associates and customers to help others | Walmart U.S. associates volunteered more than 1.2 million hours to charitable organizations, generating over \$12 million in Walmart donations |



Global reporting index

General Standard Disclosures

| Standard Disclosure | Standard Disclosure Title/ Topic | Response |
|-------------------------------|--|--|
| Strategy and analysis | | |
| G4-1 | Provide a statement from the most senior decision-maker of the organization. | Letter from Chief Executive Officer, page 1 |
| G4-2 | Provide a description of key impacts, risks, and opportunities. | Letter from Chief Executive Officer, page 1 A letter from our Chief Sustainability Officer, page 4 Our approach to global responsibility: Shared value, page 5 Form 10-K |
| Organizational profile | | |
| G4-3 | Report the name of the organization. | Wal-Mart Stores, Inc. |
| G4-4 | Report the primary brands, products, and services. | Form 10-K |
| G4-5 | Report the location of the organization's headquarters. | Bentonville, Ark. |
| G4-6 | Report the number of countries where the organization operates. | Form 10-K Annual Report Developing local communities, page 162 Public Policy, page 173 |
| G4-7 | Report the nature of ownership and legal form. | Form 10-K |
| G4-8 | Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | Affordable, healthier and safer food, page 118 Annual Report Form 10-K |
| G4-9 | Report the scale of the organization. | Developing local communities, pages 158, 162 Affordable, healthier and safer food, page 118 Annual Report Form 10-K |
| G4-10 | Breakdown of Employee Type. | Economic mobility & inclusion, pages 20, 21-31 |
| G4-11 | Report the percentage of total employees covered by collective bargaining agreements. | Form 10-K |
| G4-12 | Describe the organization's supply chain. | Waste in our operations, pages 84-86 Economic mobility & inclusion, pages 27-29 The Sustainability Index, page 89 Transparency in our supply chain, pages 90-93 Form 10-K Standards for suppliers |
| G4-13 | Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain. | Form 10-K |



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| Standard Disclosure | Standard Disclosure Title/ Topic | Response |
|---------------------|--|--|
| G4-14 | Report whether and how the precautionary approach or principle is addressed by the organization. | Walmart addresses the precautionary approach for products with the application of the Walmart Sustainability Index. We ask vendors in our consumer goods product categories to complete an assessment to inform our merchandising and product-placement decisions for 2016 and beyond. Walmart products are also required to comply with FDA and government regulations. Walmart products and suppliers adhere to a variety of internal and external standards. For suppliers, this includes our Standards for Suppliers, which include 13 fundamental expectations from our suppliers related to social and environmental conditions. These Standards are utilized to evaluate employment practices and environmental compliance in those facilities producing merchandise for sale by Walmart. |
| G4-15 | List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | Economic mobility & inclusion, page 27 Commitments—Women's Economic Empowerment, page 177 Waste in our operations, pages 66-76 Transparency in our supply chain, pages 86-93 Energy in our operations, pages 52-65 Stakeholder perspectives, pages 174-175 Enhancing Sustainability—Environmental Defense Fund UL's WERC Smart, Closed Loop Fund, TSC Common Chemical Criteria Task Force, CDP |
| G4-16 | List memberships of associations (such as industry associations) and national or international advocacy organizations. | Stakeholder perspectives, pages 174-175 Commitments—Enhancing the environmental sustainability of key agricultural commodities, page 183 Identified material aspects and boundaries |
| G4-17 | List all entities included in the organization's consolidated financial statements or equivalent documents. | Affordable, healthier and safer food, page 118 Annual Report Form 10-K |
| G4-18 | Explain the process for defining the report content and the Aspect Boundaries. | Stakeholder perspectives, pages 174-175 |
| G4-19 | List all the material Aspects identified in the process for defining report content. | Stakeholder perspectives, pages 174-175 |
| G4-20 | For each material Aspect, report the Aspect Boundary within the organization. Report whether the Aspect is material within the organization. | Stakeholder perspectives, pages 174-175 |
| G4-21 | For each material Aspect, report the Aspect Boundary outside the organization. | Stakeholder perspectives, pages 174-175 |
| G4-22 | Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements. | There were no restatements of information provided in previous reports. |
| G4-23 | Report significant changes from previous reporting periods in the Scope and Aspect Boundaries. | None |



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| Standard Disclosure | Standard Disclosure Title/ Topic | Response |
|-------------------------------|---|--|
| Stakeholder engagement | | |
| G4-24 | Provide a list of stakeholder groups engaged by the organization. | Stakeholder perspectives, pages 174-175 |
| G4-25 | Report the basis for identification and selection of stakeholders with whom to engage. | Stakeholder perspectives, pages 174-175 |
| G4-26 | Report the organization's approach to stakeholder engagement. | Stakeholder perspectives, pages 174-175 |
| G4-27 | Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns. | Stakeholder perspectives, pages 174-175 Our approach to global responsibility: shared value, page 5 |
| G4-28 | Reporting period for information provided. | FY2017 (February 1, 2016 through January 31, 2017) Limited inclusion of 2017 (January-April) |
| G4-29 | Date of most recent previous report. | April, 2016 |
| G4-30 | Reporting cycle. | Annually |
| G4-31 | Provide the contact point for questions regarding the report or its contents. | CASSR@wal-mart.com |
| G4-32 | Report the 'in accordance' option the organization has chosen. | 'In accordance'-Core |
| G4-33 | Report the organization's policy and current practice with regard to seeking external assurance for the report. | We did not seek external assurance for this report. |
| Governance | | |
| G4-34 | Report the governance structure of the organization, including committees of the highest governance body. | Governance, pages 166-167 Proxy statement CNGC Charter |
| G4-35 | Report the process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees. | CNGC Charter |
| G4-36 | Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics, and whether post holders report directly to the highest governance body. | Governance, pages 166-167 CNGC Charter |
| G4-37 | Report processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. | Proxy statement Corporate governance guidelines |
| G4-38 | Report the composition of the highest governance body and its committees. | Proxy statement Corporate governance guidelines Form 10-K |
| G4-39 | Report whether the Chair of the highest governance body is also an executive officer. | Governance, pages 166-167 |
| G4-40 | Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members. | Proxy statement CNGC Charter |
| G4-41 | Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. | Proxy statement Ethics and compliance, page 168 |



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| Standard Disclosure | Standard Disclosure Title/ Topic | Response |
|-------------------------------------|--|--|
| G4-42 | Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social impacts. | Governance, pages 166-167 CNGC Charter |
| G4-43 | Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics. | Governance, pages 166-167 CNGC Charter |
| G4-45 | Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. | Proxy statement |
| G4-46 | Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics. | Proxy statement CNGC Charter |
| G4-47 | Report the frequency of the highest governance body's review of economic, environmental, and social impacts, risks, and opportunities. | Governance, pages 166-167 |
| G4-49 | Report the process for communicating critical concerns to the highest governance body. | Ethics and compliance, pages 168-169 Proxy statement |
| G4-51 | Report the remuneration policies for the highest governance body and senior executives. | Proxy statement |
| G4-52 | Report the process for determining remuneration. | Proxy statement |
| G4-53 | Report how stakeholders' views are sought and taken into account regarding remuneration. | Proxy statement |
| Ethics and integrity | | |
| G4-56 | Describe the organization's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics. | Ethics and compliance, page 168 |
| G4-57 | Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines. | Ethics and compliance, page 168 |
| G4-58 | Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms, or hotlines. | Ethics and compliance, page 168 |
| Category: Economic | | |
| Aspect: Economic performance | | |
| G4-DMA | Generic Disclosures on Management Approach | Economic mobility and inclusion, page 10 Supporting local, diverse and small businesses, page 50 |
| G4-EC1 | Direct economic value generated and distributed | Form 10-K Our approach to global responsibility: shared value, page 5 Supporting local, diverse and small businesses, pages 44, 48 Developing local communities, page 158 |



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| Standard Disclosure | Standard Disclosure Title/ Topic | Response |
|--|--|---|
| G4-EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | Form 10-K Walmart's work to reduce emissions, page 54 |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations | Form 10-K Economic mobility & inclusion, page 13 |
| Aspect: Market presence | | |
| G4-DMA | Generic Disclosures on Management Approach | Form 10-K Our approach to global responsibility: Shared value, page 5 |
| G4-EC5 | Ratios of standard entry-level wage by gender compared with local minimum wage at significant locations of operation | The ratio of our standard entry-level hourly wage to local minimum wage varies from location to location around the world. This variation is necessary to comply with local conditions and with national wage minimums in countries that set them. Performance highlights—opportunity, page 2 Economic mobility & inclusion, page 13 Commitments—providing great jobs, training and advancement for associates, page 176 |
| Aspect: Indirect economic impacts | | |
| G4-DMA | Generic Disclosures on Management Approach | Our approach to global responsibility: shared value, page 5 Economic mobility & inclusion, page 31 |
| G4-EC7 | Development and impact of infrastructure investments and services supported | Our approach to global responsibility: shared value, page 5 Developing local communities, page 158 |
| Category: Environmental | | |
| Aspect: Energy | | |
| G4-DMA | Generic Disclosures on Management Approach | Reducing energy intensity and emissions in our operations, pages 52-54, 65 |
| G4-EN3 | Energy consumption within the organization | Energy in our operations, pages 52-65 |
| G4-EN4 | Energy consumption outside of the organization | Measuring and managing emissions, page 55 Transparency in our supply chain, page 90 |
| Aspect: Water | | |
| G4-DMA | Generic Disclosures on Management Approach | Waste in our operations, pages 77-79 Conserving natural habitat, pages 81-82 |
| G4-EN8 | Total water withdrawal by source | Waste in our operations, page 78 |
| G4-EN9 | Water sources significantly affected by withdrawal of water | Waste in our operations, pages 77-79 Conserving natural habitat, pages 81-82 |
| G4-EN10 | Percentage and total volume of water recycled and reused | Waste in our operations, page 78 |
| Aspect: Biodiversity | | |
| G4-DMA | Generic Disclosures on Management Approach | Environmental impacts, pages 108-115 |
| G4-EN13 | Habitats protected or restored | Conserving natural habitat, pages 81-82 |



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| Standard Disclosure | Standard Disclosure Title/ Topic | Response |
|--|---|--|
| Aspect: Emissions | | |
| G4-DMA | Generic Disclosures on Management Approach | Reducing energy intensity and emissions in our operations, page 52 |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | Reducing energy intensity and emissions in our operations, page 55 |
| G4-EN16 | Energy indirect greenhouse gas (GHG) emissions (Scope 2) | Reducing energy intensity and emissions in our operations, page 55 |
| G4-EN17 | Other indirect greenhouse gas (GHG) emissions (Scope 3) | Reducing energy intensity and emissions in our operations, page 55 |
| G4-EN18 | Greenhouse gas (GHG) emissions intensity | Reducing energy intensity and emissions in our operations, page 55 |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions | Reducing energy intensity and emissions in our operations, page 55 |
| Aspect: Effluents and waste | | |
| G4-DMA | Generic Disclosures on Management Approach | Eliminating waste in our operations, pages 66-76, 80 |
| G4-EN22 | Total water discharge by quality and destination | Waste in our operations, pages 77-79 |
| Aspect: Products and services | | |
| G4-DMA | Generic Disclosures on Management Approach | Transparency in our supply chain, pages 84-86, 93 |
| G4-EN27 | Extent of impact mitigation of environmental impacts of products and services | Reducing environmental impacts, pages 94-115 |
| Aspect: Transport | | |
| G4-DMA | Generic Disclosures on Management Approach | Energy in our operations, page 63 |
| G4-EN30 | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce | Energy in our operations, pages 54, 63-64 |
| Aspect: Supplier environmental assessment | | |
| G4-DMA | Generic Disclosures on Management Approach | Waste in our operations, page 86 Standards for suppliers |
| G4-EN33 | Significant actual and potential negative environmental impacts in the supply chain and actions taken | Transparency in the supply chain, pages 84-86, 90 Standards for suppliers |
| Category: Social | | |
| Sub-category: Labor practices and decent work | | |
| Aspect: employment | | |
| G4-DMA | Generic Disclosures on Management Approach | Economic mobility & inclusion, pages 12-13 |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | Economic mobility & inclusion, pages 13-14 |



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| Standard Disclosure | Standard Disclosure Title/ Topic | Response |
|--|--|--|
| Aspect: Occupational health and safety | | |
| G4-DMA | Generic Disclosures on Management Approach | Economic mobility & inclusion, page 14 |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | Worker dignity, pages 132-138 |
| Aspect: Training and education | | |
| G4-DMA | Generic Disclosures on Management Approach | Economic mobility & inclusion, page 14 |
| G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | Economic mobility & inclusion, pages 10, 13-15 |
| Aspect: Diversity and equal opportunity | | |
| G4-DMA | Generic Disclosures on Management Approach | Economic mobility & inclusion, page 20 |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | Economic mobility & inclusion, page 21 |
| Aspect: Supplier assessment for labor practices | | |
| G4-DMA | Generic Disclosures on Management Approach | Worker dignity, page 135 Standards for suppliers |
| G4-LA14 | Percentage of new suppliers that were screened using labor practices criteria | Standards for suppliers Worker Dignity, pages 133-138 |
| Sub-category: Human rights | | |
| Aspect: Child labor | | |
| G4-DMA | Generic Disclosures on Management Approach | Worker dignity, page 133 Standards for suppliers |
| G4-HR5 | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor | Worker Dignity, page 133 Standards for suppliers |
| Aspect: Forced or compulsory labor | | |
| G4-DMA | Generic Disclosures on Management Approach | Worker dignity, page 136 |
| G4-HR6 | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor | Worker Dignity, pages 135-138 Standards for suppliers |



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| Standard Disclosure | Standard Disclosure Title/ Topic | Response |
|---|---|--|
| Aspect: Assessment | | |
| G4-DMA | Generic Disclosures on Management Approach | Worker dignity, page 135 |
| G4-HR9 | Total number and percentage of operations that have been subject to human rights reviews or impact assessments | Worker Dignity, pages 132-138 Standards for suppliers |
| Aspect: Supplier human rights assessment | | |
| G4-DMA | Generic Disclosures on Management Approach | Worker dignity, page 132 Standards for suppliers |
| G4-HR10 | Percentage of new suppliers that were screened using human rights criteria | Worker Dignity, page 133 Standards for suppliers |
| Sub-category: Society | | |
| Aspect: Local communities | | |
| G4-DMA | Generic Disclosures on Management Approach | Developing local communities, page 158 |
| G4-SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | Developing local communities, pages 159-164 |
| Sub-category: Product responsibility | | |
| Aspect: Customer health and safety | | |
| G4-DMA | Generic Disclosures on Management Approach | Ethics and Compliance, page 171 |
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | Ethics and Compliance, pages 169, 171 |



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2017 GLOBAL RESPONSIBILITY REPORT