



# Beyond 50 years: Building a sustainable future



**Walmart** The Walmart logo, which consists of four yellow stars arranged in a diamond shape.

2012 Global Responsibility Report



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## About this report

The scope and boundaries of the 2012 Walmart Global Responsibility Report encompasses our global environmental and social responsibility efforts in-depth. The report reviews our progress and performance during fiscal year 2012, reflects areas where we have achieved tremendous positive results and specifies areas of opportunity we must continue to focus on. The reporting timeline covers the period of Feb. 1, 2011–Jan. 31, 2012 and builds on our last report, issued April 2011.

This report provides detailed information regarding responsibility performance in the following areas:

- Associates
- Audit results and awards
- Communities
- Corporate governance
- Diversity
- Environment
- Financial contributions, in-kind donations and volunteerism
- Global supply chain
- Health and safety
- Progress updates for commitments

## Global reporting initiative

Transparency about economic, environmental and social impacts has become a fundamental component of effective stakeholder relations, investment decisions and other market relations. To support this expectation, Global Reporting Initiative (GRI) has collaborated with a large network of experts – including business, labor, nongovernmental organizations (NGOs), investors, accountancy and others – to develop a globally trusted framework for sustainability reporting. This multistakeholder approach supports the reporting framework, now incorporated into the 2012 Walmart Global Responsibility Report. View our GRI Index on page 116.

# Message from Mike Duke

The 2012 Global Responsibility Report documents Walmart's steps toward becoming a more sustainable, responsible company and building meaningful, long-term change. It details our progress against specific goals, the wide range of issues we're engaged on and strengthens our commitment to transparency. You will also learn about two new initiatives we launched in 2011: healthier, affordable food and women's global economic empowerment.

Part of our approach to sustainability is to set ambitious goals. We believe that we can make the biggest difference when we leverage our size and, as Sam Walton often told us, "swim upstream." In late 2005, we set three core goals for sustainability: 1) to be supplied 100 percent by renewable energy; 2) to create zero waste; 3) to sell products that sustain people and the environment. We didn't know exactly how or when we would achieve these goals, but we believed we could get there, and we continue to work toward them every day.

Of course, it would have been easier to set a lower bar to achieve something we already knew how to do. But we believe that challenging ourselves to exceed expectations, especially our own, leads us to try different things, break new ground and deliver better results.

Last year, we held our principle of setting ambitious goals to a high standard. In January 2011, we stood with U.S. first lady Michelle Obama and launched a major initiative to bring healthier, more affordable food to America. In one year, we saved customers nearly \$1.1 billion on fresh fruits and vegetables, and we recently launched our "Great for You" icon, making it easier for customers to identify healthier food.

**At the Home Office in September,** in front of an extraordinary group of leaders on global women's issues, we announced another major initiative to empower women across our worldwide supply chain. We were honored just a few days later when U.S. Secretary of State Hillary Clinton recognized our commitment to double our sourcing from women-owned businesses in every market globally and invest in retail training programs to help 200,000 women internationally and 200,000 women in the U.S.



Michael T. Duke  
President and  
Chief Executive Officer

from low-income households. And in April of this year, we announced a joint initiative with the Secretary to support women entrepreneurs in the Western Hemisphere. Empowering women is a powerful way to break the cycle of global poverty and lift up our communities. It also sends a clear message that Walmart understands the difference that women customers, associates and suppliers can and do make for our business.

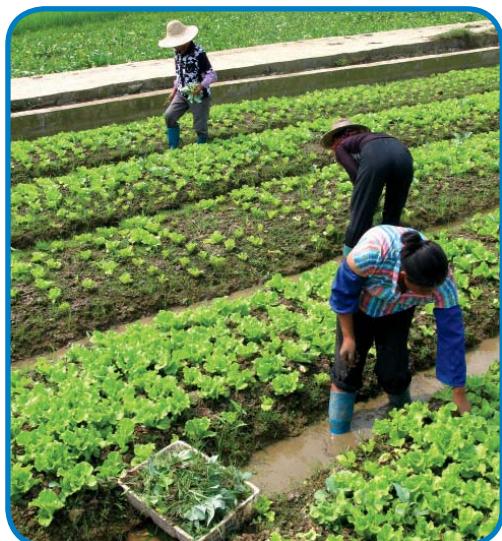
**In addition to setting ambitious goals,** another principle that we've held to since the very beginning of our sustainability efforts is engagement with experts, leaders and partners outside of Walmart. Fortunately, we have found NGOs that are willing to share their expertise. We appreciate their independence, and we value when they push us, especially when they feel we should go faster or bigger. These candid conversations and constructive relationships lead to learning and, ultimately, results.

Learning has been one of the great benefits of our work to become a more sustainable and responsible company. One lesson is that our size and scale can work for us – and against us. We recognize that we have a ways to go to achieve our goal of being supplied 100 percent by renewable energy. As of 2010, Walmart-driven renewable projects globally provide 1.1 billion kilowatt hours of

our buildings' electricity needs, or about 4 percent annually. We purchase another 18 percent from the grid, for a total of 22 percent renewable electricity. We're also proud that our renewable energy projects in California and Texas alone rank us as the third-largest green power purchaser in the United States.

We've also learned that when you take on such big goals without knowing exactly how to achieve them, you're going to hit unexpected bumps along the way. There are times when we don't get where we want to go fast enough – for our partners or for ourselves – and when we have to adjust our approach. For instance, we've committed to improving energy efficiency by 20 percent at the top 200 factories in China from which we source, by the end of 2012. Progress has been slower than we'd like because we've run into infrastructure challenges, such as a lack of modern metering systems and the fact that a lot of power is generated on site. But these factories have shown transparency and a real willingness to work with us. By the end of last year, 148 factories had met our goal, and we're committed to making even more progress this year through training and sharing best practices.

With every passing year, we also feel more strongly that sustainability is critical to our business and to driving Everyday Low Costs



## 4 We are focused on four strategies

1. Becoming a truly global company
2. Solving business challenges
3. Leading on social issues
4. Keeping our culture strong



and leverage for shareholders. Operating more efficiently is tied directly to the productivity loop that allows us to deliver low prices and increase sales. Last year, Walmart U.S. crossed a significant threshold by preventing more than 80 percent of its waste from going to landfills. Eliminating unnecessary packaging is another great way to reduce costs. For example, we eliminated 16 percent of the paper fiber used to package our Great Value brand margarine, and, in Canada, we are now shipping Great Value brand spring water in a 100 percent recycled PET plastic bottle. We're now also working with thousands of small- and medium-sized farmers in China, Central America, Mexico, India and other countries around the world. Successful direct farm programs not only increase income for farmers, but they also lead to fresher produce for our customers.

**Walmart U.S. and Sam's Club** are also making progress with sustainable seafood, which is increasingly important to our customers and members. At the end of the last fiscal year, more than three-quarters of our fresh, frozen, farmed and wild seafood suppliers were third-party certified, with an additional 8 percent having developed certification plans. And our Sustainability Index is poised to become deeply integrated into our business. Through our work with The Sustainability Consortium, we are partnering with more than 90 suppliers, academics, NGOs and other retailers, and are positioned to expand our scorecards to an additional 100 major categories by the end of 2012.

We also made progress with the focus we put on people and associates. Walmart continues to be a workplace of opportunity: 53 percent of associates promoted in our stores last year in the U.S. were women. In fact, over the past five years in the U.S., we have increased the number of female market managers by 49 percent and female store managers by 46 percent. In 2011, we've also increased the number of store managers who are people of color by 52 percent.



We're proud to be a leading recruiter and employer of veterans in the U.S. and have committed \$20 million to support job placement, preparation and training programs for these heroes. At the same time, we're working hard to develop and deliver training programs for associates and our communities. In India, for example, our three vocational training centers have certified 9,000 students since the program began in 2008, and more than 3,000 students have been placed in jobs. We believe that businesses can make a difference beyond environmental sustainability and play an important role in helping people improve their lives by acquiring new skills and better jobs.

Fifty years ago, Sam Walton opened the first Walmart store and began to change how people think about retailing. I hope, since we announced our three core goals in 2005, we've also played a role in helping change how people think about the difference that businesses can make. We shouldn't forget that when we started on this journey, many still believed that companies had to choose between "doing good" and "doing well." At Walmart, we certainly feel that we're a stronger business because we're a more sustainable and responsible company.

**We recognize that leadership brings higher expectations,** and we embrace the challenge. As Sam Walton said, "High expectations are the key to everything." With sustainability, we've accomplished a lot and laid a strong foundation, but we know we still have a long way to go in many areas. We work hard every day at Walmart to be more responsible, and that is the right thing to do for our communities and the world around us. There's also much more opportunity for our business to take out costs, drive innovation, make our people proud, and build strong relationships with leaders everywhere. We are committed to this journey, our goals and the approach that has served us well.

Three years ago, at my first Sustainability Milestone Meeting as CEO, I pledged that we would broaden and accelerate our commitment to being a more sustainable and responsible company. I pledge that we'll continue to broaden and accelerate our commitment to environmental sustainability and beyond in the years ahead. This is one of the most compelling reasons we have to look forward to our next 50 years at Walmart.

The signature of Michael T. Duke, written in a cursive black ink. The signature is fluid and expressive, with a large, stylized initial 'M' followed by 'ichael T. Duke'.

Michael T. Duke  
President and Chief Executive Officer  
Wal-Mart Stores, Inc.



# Top 10 ways Walmart made a difference in 2011

This is a detailed examination of our aspirational environmental and social responsibility goals. We are committed to transparency and invite you to spend time with our report. But our customers constantly tell us that they are pressed for time, so, with that in mind, here is our Top 10 list of achievements for 2011.

## 1

### Reduced waste by 80 percent

In 2011, we kept 80.9 percent of all waste generated by our U.S. operations out of landfills. This has the potential to prevent 11.8 million metric tons of CO<sub>2</sub> emissions annually. Our zero-waste-to-landfill program returned more than \$231 million to the business last year through a combination of increased recycling revenue and decreased expenses. We are also making progress globally. For example, our stores in China and Brazil diverted 52 percent of operational waste from landfills last year. ASDA, our U.K. operator, now sends zero food waste to landfills.

## 2

### Expanded locally grown produce

Over the last year, we have increased the amount of locally grown produce we sell by 97 percent, and it now accounts for more than 10 percent of all produce sold in our U.S. stores. We define locally grown as "grown and sold" in the same state. We are pursuing a goal, set in 2010, to double the amount of locally grown produce we sell in the U.S. by the end of 2015.

## 3

### Supported women around the world

In 2011, we announced the Women's Economic Empowerment Initiative. We committed to sourcing \$20 billion from women-owned business in the U.S. and doubling our sourcing globally. We pledged to expand our successful retail training programs to help 400,000 women around the world. Support for these programs will come from more than \$100 million in grants from the Walmart Foundation and direct donations from Walmart's international businesses.

## 4

### Saved customers \$1 billion

We achieved our goal to save families in the U.S. \$1 billion on fresh fruits and vegetables in 2011. We will continue to make healthier food choices more affordable by reducing or eliminating the price premium on more than 350 better-for-you items. Such items include low-sodium lunchmeat, reduced-fat peanut butter and fat-free salad dressing.

## 5

### Announced Great for You icon

In January 2012, we unveiled our Great For You icon to help consumers easily and quickly identify healthier food options. It will appear in Walmart U.S. produce areas this summer and on Great Value and Marketside items that meet nutrition criteria beginning this fall. The icon will also be made available to national-brand products that qualify.

## **6** Utilized 1.1 billion kWh of renewable energy

The United States' EPA Green Power Partnership program now ranks Walmart as the second-largest onsite green power generator in the U.S. Renewable projects provide 1.1 billion kilowatt hours annually, or about 4 percent of electricity for Walmart buildings globally. The grid supplies another 18 percent, for a total of 22 percent renewable electricity as of 2010. Walmart has 180 renewable energy projects in operation or under development, and we continue to test solar, fuel cells, microwind, offsite wind projects, green power purchases and much more. We are learning and making adjustments on our way toward one day being powered by 100 percent renewable energy.

## **7** Integrated Sustainability Index

In 2011, we began to integrate a Sustainability Index into our business. This new retail tool will assess and improve the sustainability of our products. We have worked alongside The Sustainability Consortium and its more than 90 members – including suppliers, academics, NGOs and other retailers – to develop the research and metrics behind the index. Over the last year, we used these metrics to develop our first category scorecards to help our buyers evaluate products, and we expect to develop scorecards in up to 100 major categories by the end of 2012.

## **8** Responded to natural disasters

We responded to the devastating Japan earthquake and tsunami, flooding in Mexico and the Midwest, Texas and coastal wildfires, southern tornadoes and more. Walmart continues to respond quickly to disaster, in keeping with our commitment established by Hurricane Katrina. After our initial \$5 million donation to the relief effort in Japan, we partnered with government and relief organizations to provide food, water, blankets, flashlights and tents. After the devastating tornado in Joplin, Mo., we donated \$1 million and provided residents with free school supplies, socks, T-shirts, health screenings and other staples.

## **9** Growing global direct farm program

We expanded our global direct farm program which supports small- and medium-sized farmers and their communities. In Central America, our signature Tierra Fértil program supported the development of 3,770 farmers in 2011, in such areas as seed and crop quality, soil use and more. Walmart Mexico trained more than 2,440 farmers and farm workers in Best Agricultural Practices, and our program in India expanded to include 3,700 farmers. By selling directly to Walmart and eliminating the middleman, farmers earn a better price for their products, increase their incomes and receive expert advice on crop planning.

## **10** Nurtured diversity and inclusion

We continued to foster a diverse and inclusive culture, and, in 2011, women accounted for nearly 53 percent of 179,000 hourly promotions in our U.S. stores. In the last five years, we have increased our number of female store managers by 46 percent, and nearly 200,000 female associates have been with us for 10 years or longer. Women at the C-suite level advanced in the U.S. and internationally over the last year, including the promotion of two female CEOs. During this same time, we've also increased the number of store managers who are people of color by 52 percent.



# Women's economic empowerment initiative



## Mexico

In 2011, 234 female associates at Walmart Mexico completed Taking the Stage, a program focused on developing large numbers of women into organizational leaders.

In September 2011, we announced our commitment to increase economic opportunities for women. Improving women's employment, education and business opportunities is essential to our success as a retailer. We also believe one of the most direct ways to break the cycle of poverty is to invest in women and raise the standard of living for their families.

Over the next five years, Walmart is committed to:

- Source \$20 billion from women-owned businesses in the U.S. Globally, we will double our sourcing from women-owned businesses in every retail market.
- Empower women on farms and in factories through training, market access and career opportunities. We will help 60,000 women working in factories develop the skills they need to become more active decision-makers in their jobs and for their families.
- Scale our successful retail training programs to help 200,000 women internationally. Help 200,000 women in the U.S. from low-income households gain the skills they need for employment and a career.
- Work with professional service firms and merchandise suppliers with more than \$1 billion in sales to increase women and minority representation on Walmart accounts.
- Support for these programs will come from more than \$100 million in grants from the Walmart Foundation and direct donations from Walmart's international business.

## By the numbers\*

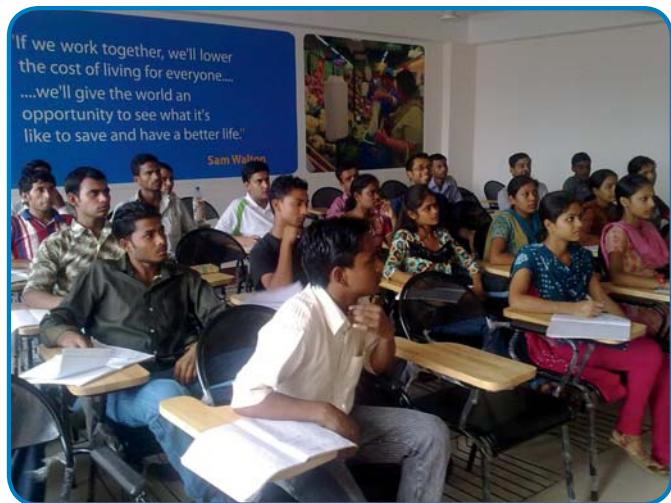
- More than 1 billion people live in poverty worldwide, 70 percent of which are women.
- Nearly 800 million people cannot read or write, two-thirds of which are women.
- Women perform 80 percent of the work on farms, but many do not receive the training necessary to make the most of their labor.
- Less than 7 percent of venture capital goes to companies started by women.
- 90 million women are expected to join the global workforce by 2013.
- Fortune 500 companies with the highest proportion of female directors are more profitable and efficient than those with fewer female directors.
- Women control \$20 trillion of annual consumer spending globally.
- Women reinvest 90 percent of their income in their families and communities.

\*UN Women, Gates Foundation, Dow Jones VentureSource, Vital Voices

## Brazil

### Social School of Retail

The Walmart Brazil Institute increased its investment in the Escola Social do Varejo (Social School of Retail) program, which started in 2010, by 30 percent. The program provides professional retail and life skills training to young adults from 17 to 24 years old, coming from low-income families, at no cost to the students. Participation grew 65 percent in 2011, with 1,743 students and 90 educators trained. To date, the Social School of Retail has served 2,757 young people. More than 80 percent of those who participated in 2010 now work in the formal labor market, nearly half being with Walmart Brazil stores. In 2012, we anticipate more than 1,800 students in six states will participate.



## India

### Bharti Walmart training centers

Through training centers in Punjab, New Delhi and Bangalore, Bharti Walmart offers free short-term vocational certification courses, aimed at preparing people to become floor and sales associates or supervisors in retail stores.

Our Bharti Training Centers and Social School of Retail served as two of 55 case studies in the January 2012 report, "Talent Mobility Good Practices: Collaboration at the Core of Driving Economic Growth," issued by the World Economic Forum. In Brazil and India, we collaborated with local governments, schools and communities to effectively address issues related to employability of the local workforce.



## Leticia Hernandez

Small business owner, Central America

Leticia Hernandez is one of a growing number of women to benefit from our A Hand to Grow program, which aims to empower female entrepreneurs and increase the competitiveness of their companies in local and international markets. As a result of her participation, Leticia now supplies Walmart Central America with her line of gourmet fried plantain flakes and was honored as a Supplier of Excellence in January 2011. She said she feels fulfilled as a businesswoman, free to plan her and her family's future.



## Cosmira Souza Nunes

Construction firm worker, Brazil

Walmart Brazil has committed to hiring vendors who hire women, such as Cosmira Souza Nunes, who is a graduate of the Women Building Autonomy program developed by the city of São Bernardo do Campo Department of Policies for Women and the federal government. Cosmira, 39, was one of 200 bricklayers – more than 50 of them women – in the construction of our new Sam's Club in São Paulo. When Nunes, a mother of four, was hired by our contractor, she worked as a house cleaner and her husband was unemployed.

# Healthier food



Our business is built on saving our customers money so they can live better. Through our continued efforts to drive down cost, commitment to healthier, safer products and compliance with environmental regulations, we are serving our customers responsibly.



## Healthier, affordable food for America

Walmart has built its legacy on innovative business solutions and, since 2005, our public commitment to sustainable practices has driven positive change for families, communities and industries worldwide. From our innovations in energy and waste reduction to the development of environmentally improved products and healthier foods, we have proven to be a leader in the sustainability arena.

Every family should have access to healthier, affordable food, but for Americans now more than ever this simply is not reality. With millions of customers shopping in our U.S. stores each week, we are uniquely positioned to make a difference. With first lady Michelle Obama at our side on Jan. 20, 2011, we unveiled our healthier foods initiative, which has the potential to change the retail industry in much the same way as our \$4 prescription drug program.

Over the past year, we have made significant progress toward our five commitments in this critical area.

### Reformulate thousands of everyday packaged food items by the end of 2015

**Commitment:** Improve the nutritional quality of our Great Value brand and national food brands. Reduce sodium by 25 percent and added sugars by 10 percent, as well as remove all industrially produced trans fats (January 2008 baseline).

**Progress:** As part of our commitment to reformulate thousands of packaged food items, we have focused on developing a robust system that will help us track our progress. This includes developing a survey of more than 20,000 food items in key categories, such as grain, dairy, soups and beverage products, to establish a benchmark that will aid us in tracking the progress being made toward the reformulation of Great Value and national-brand products.



We are pleased to report that in our first year we have reduced sodium and added sugars in more than 500 foods, across canned vegetables, canned pastas, condiments and fresh beef. In these four categories alone we have reduced salt by more than 1.3 million pounds. Additionally, efforts are underway to reformulate thousands of foods in more than three dozen categories such as ready to eat cereal, flavored milk and yogurt, crackers, frozen meals and bread.

### Make healthier choices more affordable

**Commitment:** Save customers approximately \$1 billion per year on fresh fruits and vegetables through a variety of sourcing, pricing, transportation and logistics initiatives.

**Progress:** We saved customers nearly \$1.1 billion in 2011 and continue to make healthier food choices more affordable by reducing or eliminating the price premium on more than 350 better-for-you items, including low-sodium lunchmeat, reduced-fat peanut butter and fat-free salad dressing.

**"No family should have to choose between food that is healthier for them and food they can afford."**

Bill Simon, president and CEO, Walmart U.S.



### Develop stronger criteria for a simple front-of-package icon

**Commitment:** Create a front-of-package icon to help consumers easily and quickly identify healthier food options, such as whole grain cereal, whole wheat pasta, lean cuts of meat and low-fat milk.

**Progress:** Our Great For You icon will appear in Walmart U.S. stores' produce area in summer 2012 and on Great Value and Marketside items that meet the nutrition criteria beginning in fall 2012. The icon will be made available to national-brand products that qualify and can be complementary to other nutrition labeling systems used by the food industry.

### Provide solutions to address food deserts

**Commitment:** Build stores in underserved communities that are in need of fresh and affordable groceries.

**Progress:** Since July 2011, we have opened 23 stores serving USDA-designated food deserts and anticipate opening 50 to 60 Walmart stores or Neighborhood Market locations in those areas in 2012. We plan to open 275 to 300 stores in areas serving food deserts through 2016.

### Increase charitable support for nutrition programs

**Commitment:** Invest in food and nutrition programs to help educate consumers about healthier food choices.

**Progress:** Over the past year, Walmart and the Walmart Foundation have provided more than \$13 million in grants to nutrition education programs. This figure includes our \$9.5 million in donations to organizations such as Share Our Strength, the National 4-H Council, Action for Healthy Kids and others. These grants will promote healthy eating habits that will impact nearly 300,000 individuals this year.

While we have made measurable progress toward each of these commitments, we are just getting started.



# Communities:

## Delivering on our mission

**Serving  
customers**  
more than 200 million  
times per week



# Disaster relief

We are in the business of saving people money so they can live better, so helping communities is what we do every day. And when a crisis strikes, that charge becomes an even greater priority, extending far beyond the products on our shelves and the people who pass through our doors.



## Responding in times of crisis

In 2011, we used our knowledge and resources in response to a number of events, ranging from coastal wildfires and paralyzing floods in the U.S. and Mexico to the earthquake/tsunami in Japan, and tornadoes across the Midwest and South. In many instances, we partner with such organizations as the Federal Emergency Management Administration (FEMA), the New York City Emergency Operations Center and the Red Cross. Reopening our stores as quickly as possible in the wake of these disasters provides a critical lifeline, just as our

involvement with on-the-ground relief efforts is instrumental in restoring quality of life to the communities we serve.

We believe the key to a swift, effective response is developing resources and building relationships before disaster strikes. We are working to better prepare associates and their communities for disasters, share best practices with emergency responders internationally and address new opportunities.

## Emergency response in 2011

### Japan earthquake and tsunami

In response to the historic earthquake and tsunami that devastated Japan in March 2011, Walmart made an initial commitment of \$5 million in cash and in-kind donations for emergency relief efforts.

We worked with the Japanese government and the lead relief organizations on the ground to provide food, water and daily necessities to the people impacted by the disaster. We chartered an airplane to transport comforters, flashlights and tents into Japan, which were distributed to the most affected prefectures of Miyagi, Iwate and Fukushima.

## Hurricanes Katrina and Rita (2005)

**In the wake of Hurricanes Katrina and Rita, two of the deadliest and costliest natural disasters in U.S. history, we provided \$14.5 million to 20,000 impacted associates through our Walmart Associate Disaster Relief Fund. We also offered any associate displaced by the storm a job at a store, club or distribution center convenient to their new location. In addition, we donated more than \$18 million to aid emergency relief efforts and dispatched 2,450 truckloads of supplies to communities throughout the Gulf states and Texas. We have continued to partner and share best practices with organizations and government agencies around the world ever since.**



We used our size and scale to facilitate a holistic approach to relief efforts, involving corporate giving, associate-to-associate outreach and customer contributions:

- Our full-scale corporate operation delivered additional relief supplies, including 95 tons of water, acrylic blankets, tents, warm clothes, fleece, portable toilets, flashlights, batteries and other necessary items into the country.
- Walmart Japan associates and Seiyu Labor Union raised \$640,000 to help impacted associates.
- Through our Charity Bazaar Together program in April 2011, Walmart Japan associates also sold their used books and CDs to raise an additional \$24,900 for impacted associates.
- From March 13 to Aug. 31, customers at our stores donated \$1.1 million to the Japanese Red Cross Society for the Great East Japan Earthquake relief.
- From Canada to India, Walmart's in-country operations and associates raised more than \$500,000 to support Japan disaster relief.

### Southern tornadoes, Midwest floods and Texas wildfires

Walmart and the Walmart Foundation donated \$1 million in cash and in-kind donations to support emergency relief efforts following the series of Southern tornadoes, Midwest floods and Texas wildfires that paralyzed regions of the United States in 2011. In addition to monetary contributions, our donations included critical supplies, such as water, food and first-aid kits, delivered to organizations providing disaster relief in Alabama, Arkansas, Georgia, Illinois, Iowa, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, Tennessee, Texas and Virginia.

Every disaster creates its own set of needs and challenges. In the case of the F5 tornado that swept through Joplin, Mo., and claimed 160 lives and destroyed thousands of buildings, including Walmart store 59, on May 22, 2011, our efforts immediately supported the American Red Cross and United Way. We held a back-to-school fair to provide



### Our people make the difference

At Walmart, our people make the difference, and Kenji Nagaoka served as testament to that in the hours following the earthquake and resulting tsunami that ravaged parts of Japan in March 2011.

Kenji immediately hopped onto his bike and pedaled to the store that he manages in Shiomidai. Normally a 90-minute trek, the flooding, road closures and other hurdles levied by the disaster turned it into a 10-hour adventure. Undeterred, Kenji entered the damaged store to gather and distribute water, food, diapers and other items to residents who were without these essential resources.

residents with free school supplies, socks, underwear, T-shirts and health screenings. Associates who worked at store 59 were offered jobs at other area Walmart stores while their store was being rebuilt. We also contributed to the rebuilding of Cunningham Park in Joplin to ensure it would once again serve as a central gathering place as the community began its long road to recovery.

### Rebuilding stronger than ever

Regardless of the size and scale of a disaster, it is always important for communities to have access to the basic necessities of life. Our ability to reopen our stores as quickly as possible goes a long way in establishing that critical lifeline.

Just six months after the devastating Joplin tornado reduced our store to rubble, we opened the doors of a new and improved Walmart that serves as a model of our next-generation commitment to the community and the environment.

We crushed more than 17,000 tons of building and site concrete for re-use in the new slab, footings and pavement, while recycling the vast majority of metal, wood, flooring, ceiling tiles and other materials.



The new store was the first in Missouri to feature energy-efficient LED parking lot lighting. Skylights, energy-efficient sales floor lighting, low-flow water fixtures and more were installed to considerably reduce the consumption of energy and other natural resources. The store also features a recycling program, complete with organic composting.

## International roundup

**97.2 tons**  
of food distributed in Mexico

### Mexico

In 2011, Walmart Mexico Disaster Relief, associates and customers utilized in-store collection points to provide cash and in-kind support to victims of natural disasters across the country:

- 22.8 tons of food, cleaning and personal care products to victims of the Remedios River flood in Mexico City
- 1,000 food kits (11 tons of food) to those impacted by flooding in Veracruz, in partnership with the Mexican Red Cross
- 200 cleaning kits and 800 food kits (8.8 tons of food) to flood victims in Oaxaca
- 2,960 food kits (32.5 tons of food) to those impacted by flooding in Tabasco, in partnership with the Red Cross and UNDP
- 22 tons of food to Manzanillo and 2.2 tons to Jalisco for those impacted by Hurricane Jova, in partnership with the Red Cross and UNDP

### Mexico and Central America

Sometimes the efforts with the greatest impact do not fall under a specific program. An opportunity is identified, and our operations and associates come together to make it happen. In 2011, Walmart Mexico and Central America donated nonperishable food and personal care products to the Costa Rican Red Cross for distribution to several families in communities isolated from basic services.

According to the Red Cross, access to basic services continues to be a challenge for 124 people in the communities of Coquito and Las Vegas de Changuina, in Buenos Aires, Puntarenas. Because the main pedestrian access road to these communities crosses the Grande de Térriba River, that challenge is intensified during and immediately after periods of heavy rain.

The Red Cross created an alternate route that can be crossed with the help of professional guides. This new route – a six-hour hike – enabled the delivery of Walmart-donated food kits, which included rice, beans, salt, coffee, canned tuna, oil, noodles, sugar and more, as well as detergent, toilet paper, soap, toothpaste, toothbrushes and candles.



### Argentina

Walmart Argentina partnered with United Way Argentina and granted \$7,200 to recovery efforts in the Patagonia Argentina territories that were impacted by the Puyehue Volcano eruption in 2011. Through the Red Cross of Argentina, we also contributed \$22,900 to the Red Cross of Japan following the earthquake and resulting tsunami in 2011. \$20,000 was donated by customers, \$1,300 by associates and \$1,300 via a matching grant by Walmart Argentina.

During its 10th annual Con Poco Hacemos Mucho fundraising campaign, Walmart Argentina invested resources and mobilized customers at its 78 stores nationwide to support multiple organizations. Walmart Argentina raised or donated more than \$156,000 for the community during this campaign last year, which benefitted Cáritas Argentina, Hospital Alassia, Fundación Nuevo Hospital, LALCEC and Obra del Padre Mario.

### Canada

By May 2011, Canadians from coast to coast had faced enough disasters – from persistent flooding in New Brunswick, Quebec, Saskatchewan and Manitoba to wildfires in Alberta and more – to test the nation's resolve. Walmart Canada donated CA\$100,000 in gift cards to the Canadian Red Cross and established a fundraising campaign at Walmart.ca to help families in need.

Four months later, Walmart Canada announced its annual Canadian Red Cross campaign had raised CA\$2.9 million for disaster preparedness and response activities for communities across the country. The record donation included more than CA\$2.25 million from customer donations and CA\$658,000 from Walmart Canada's corporate matching grants.

# Giving

**Total giving**  
**\$958 million**

**U.S. giving**  
cash **\$300 million**  
in-kind **\$572 million**

**International giving**  
cash **\$41.8 million**  
in-kind **\$44.3 million**

**2015 donation goals**  
**1.1 billion** pounds of food  
**\$250 million** in cash

**\$2 billion**  
**commitment**  
**to hunger**

**Our associates generated \$13 million in local grants through our VAP program**

Donated	pounds of food	cash
FY11 update	<b>256 million</b>	<b>\$62 million</b>
FY12 update	<b>338 million</b>	<b>\$60 million</b>

**Total FY11 & FY12**  
**594 million**  
**\$122 million**

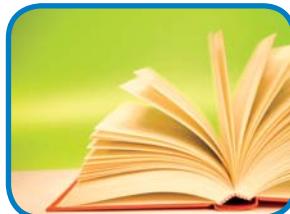
## Creating opportunities for people to live better, one community at a time

The Walmart Foundation strives to meet the needs of underserved populations across the U.S. and supports organizations that positively impact local communities. Through financial contributions, in-kind donations and volunteerism, Walmart and its associates are committed to operating globally and giving back locally.

Walmart's associates, stores and clubs play an instrumental role in determining how charitable dollars are allocated. The Walmart Foundation focuses on the needs most relevant to the communities where we live and work; specifically, we work in four focus areas:

# 4

Foundation pillars



### Education

From our focus on adolescent literacy to re-engaging the high school dropout population, we are committed to education as a long-term investment in improving lives.

### Workforce Development/ Economic Opportunity

Through our continuous support of initiatives that provide job readiness, skills training and career counseling, we are focused on connecting people in the communities where we live and work with employment opportunities.

### Environmental Sustainability

We are helping communities reduce waste, become more energy efficient and increase sustainable agriculture in order to ensure a cleaner, healthier world for generations to come.

### Health and Wellness

Through our support of nutrition education, we are helping low-income families make more nutritious, affordable choices that lead to healthier lives.

Increasingly we are also focused on leveraging our philanthropic resources alongside our size and scale to maximize impact on local communities. As the world's largest grocer, Walmart is uniquely positioned to address the growing issue of hunger. Walmart and its foundation are two years into an unprecedented \$2 billion commitment to fight hunger in America. Also this year, we doubled our commitment to \$20 million over five years to support job training and education for military veterans as they transition to the civilian workforce. We also are providing \$100 million in philanthropic support to Walmart's women's economic empowerment initiative,

which aims to improve women's employment, education and business opportunities.

The following pages illustrate that our vision of giving often begins in the stores and clubs, but extends well beyond those walls. We have provided a sampling of real-life stories illustrating that, whether giving through its stores and clubs, State Giving Councils, or the National and International Giving Programs, we are committed to positively impacting the quality of life in the local communities we serve.

## Making a difference locally

Helen Walton Award winner, Sam's Club #8253

Our giving starts in the local community, with every Walmart and Sam's Club providing Community Grants to nonprofits that are making a difference in their hometown. Additionally, through our Volunteerism Always Pays (VAP) program, the Walmart Foundation awards grants to local organizations where associates volunteer.

The impact of these programs comes to life in communities like Jacksonville, Fla. By giving of their time, talent and Foundation grants, our Jacksonville associates clearly demonstrate that taking care of their local community is a top priority. One Sam's Club, in particular, has gone above and beyond to make a positive impact.

In 2011, Sam's Club #8253 awarded 12 Community Grants totaling \$8,500 to organizations like the Cherokee of Georgia Tribal Council and the Clara White Mission community center. Providing funding to these organizations helps ensure that crucial services administered by these organizations will continue.

**"As the new club manager for #8253, I am in awe of and completely inspired by the associates at this club. For our associates, it's not about winning the award but serving the community in which we work and live."**

Kristina De La Rosa, club manager, #8253

Through the VAP program, the club's associates contributed more than 3,500 volunteer hours in 2011. That effort resulted in more than \$26,000 to local organizations that are helping their families, neighbors and customers in the Jacksonville area to live better.

Club #8253 also exceeded their six-week Children's Miracle Network Hospitals fundraising goal of \$6,000 by 431 percent, raising more than \$25,000. The money generated by the club directly benefited the Wolfson Children's Hospital and the Shands Hospital at University of Florida.

For its exemplary service to the community, Sam's Club #8253 was recognized by Walmart and the Walmart Foundation as the winner of the 2011 Helen R. Walton Excellence in Community Leadership Award.



## Sam's Club launches Giving Program

As part of Sam's 25th anniversary in 2008, the Walmart Foundation designated funds specifically for Sam's Club Giving. The program has defined two focus areas that are priorities for our members and leverage our core business competencies:

- Small business support
- Health and wellness

In 2011, the Sam's Club Giving Program supported OASIS Institute, which promotes successful aging through lifelong learning, healthy living and social engagement in adults age 50 and older, with grants totaling \$634,000.

OASIS works with people like Nora Moorehead, who took her first OASIS class called "Building Your Brain" in 2011 to ensure

that she remained healthy as she aged. Through exercises in reading and writing, computer-based learning and physical activity, Nora was able to create a plan to proactively improve the health of her brain and body over the next year.

Nora has remained active in OASIS classes, such as "Stretch and Build," "Understanding Your Dreams" and others, to keep her mind and body fit. "It's about staying busy and challenging yourself," she said. As a result, Nora now socializes more and volunteers through OASIS, participating in inter-generational events with children.

"I didn't realize until I took the class how important all of these things are to keep your brain fit," she said. "Now I'm busy and healthy."

# Fighting hunger statewide

## Connecticut Food Bank

One of the things our State Giving Program is focused on is addressing hunger in local communities in a given state. For example, in 2011 our Connecticut State Giving Council granted \$100,000 to expand the Connecticut Food Bank's Kids' BackPack Program, which benefits more than 1,700 students in more than 60 schools across the state by providing meals to families in need on weekends and holidays.

For a growing number of American schoolchildren, weekends signify uncertainty as their families struggle to determine how they will find their next meal. That is why Eunice Rosa, assistant director of the Family Resource Center at the Cesar Batalla School in Bridgeport, Conn., said, "The Connecticut Food Bank's BackPack program is one of those things I wouldn't want to imagine being without. It really is the difference between families with young children getting fed or having to wait through the weekend until school opens again on Monday to get another bite to eat."

Cesar Batalla, which serves 1,100 pre-K through eighth-grade students, is one of more than 60 schools across the state to receive an allotment of food packs from the Connecticut Food Bank each week. Each pack contains two breakfast servings, two lunch servings, two milks, two

juices, fruit, granola and crackers. The school receives 200 packs each week, which are discreetly distributed to students who qualify for free or reduced price meals through the National School Lunch Program. "One mom came to me in October and thanked us repeatedly because she honestly didn't know how she and her three children were going to eat otherwise," Eunice said.

According to Feeding America, while the state of Connecticut as a whole has the highest per capita income in the U.S., the harsh reality is that nearly one in five children in the state come from food-insecure homes. In addition, more than half of those children's families make too much annually to qualify for federal nutrition assistance programs. According to Eunice, a growing number of families have income but face the decision of paying their utility bills or putting food on the table.

"In many cases, these families make just enough that they don't qualify for federal assistance programs but not enough to cover all their basic necessities," Eunice said. "That's where this program has such a big impact – it helps those families that fall through the cracks of the traditional system."



**"This program literally keeps them on their feet and food in their children's bellies so they can grow and learn."**

Eunice Rosa, assistant director of the Family Resource Center at the Cesar Batalla School, Bridgeport, Conn.

## Supporting the fight against hunger

According to the U.S. Department of Agriculture, 48.8 million people live in food-insecure households. With a problem this severe, no community is safe from hunger. This is why the Walmart Foundation has made domestic hunger relief a priority across all of its giving programs as we work toward our 2015 goal of \$2 billion. From a donation of \$250 through a local Neighborhood Market to a \$125,000 state grant to No Kid Hungry Illinois to connect families at risk of hunger with programs that can help them, to a \$4 million national grant to Feeding America to purchase refrigerated food trucks and mobile pantries that will serve communities across the nation, to the more than 338 million pounds of food our stores donated to their local food bank over the past year, Walmart and the Walmart Foundation are committed to fighting hunger.

And our partners are seeing the impact: "Walmart is a true leader in the industry when it comes to its commitment to helping feed millions of people facing hunger right here in America," said Vicki Escarra, CEO and president of Feeding America. "The company demonstrates its generous support of the Feeding America network through an integrated approach to hunger relief – from donating food and funds, to providing delivery trucks and operational expertise to make us more efficient."

## Connecting veterans with skills and opportunities

### The Entrepreneurship Bootcamp for Veterans with Disabilities

Our National Giving Program funds organizations like the Entrepreneurship Bootcamp for Veterans with Disabilities (EBV) that operate across the country with a continued focus on addressing unmet needs in local communities. While these national grants focus on organizations with scale, they remain focused on making a positive impact for individuals like John Raftery and the more than 500 veterans who have gone on to start more than 300 businesses since graduating from the EBV.

One look at the numbers shows John as a model of success. Four years after launching Patriot Contractors, a construction company based in Waxahachie, Texas, he has 23 employees and last year his firm generated nearly \$5 million in annual revenue. Yet, John would be the first to acknowledge that there was a time when he was struggling to get his life back on track.

John served in the initial invasion of Iraq as a member of the U.S. Marine Corps 1st Marine Division in 2003. He returned home to his

wife and three young children a year later with impaired hearing, chronic knee pain and post-traumatic stress disorder (PTSD). John was in a "very dark place," but then he discovered the EBV on Military.com. He had been considering entrepreneurship opportunities for several months but didn't know exactly what he wanted to do or how to do it.

"It turns out, he found just what he was looking for with the EBV," said Mike Haynie, a 14-year Air Force veteran who founded the program. "While he didn't have a real idea of what type of business he wanted to create, he knew construction was something he had experience in. That ended up opening the door he so desperately needed to open."

With renewed confidence from the EBV, John and his wife started Patriot in 2007 with a few small government contracts. The company has continued to grow beyond John's expectations. John has also extended a helping hand, as many of the employees he has hired are fellow veterans, who were facing similar challenges following deployment.



**"This has all been so freeing. EBV truly helped me get my life back on track."**

John Raftery, United States Marine Corps, Ret.  
Owner, Patriot Contractors

## Giving returning veterans a mission at home

On August 31, 2011, Walmart U.S. CEO Bill Simon announced Walmart and the Walmart Foundation were doubling their commitment to organizations that serve the veteran community to \$20 million over five years. The Walmart Foundation focuses on helping veterans reintegrate into their communities through job training and education.

Through intense training in business operation, logo design, Web hosting, access to pro bono legal services and additional services designed to help veterans make the transition from the military to self-employment, one of our largest commitments to date was a two-year, \$1 million grant to the Entrepreneurship Bootcamp for Veterans with Disabilities (EBV). Our grant has helped the EBV, a program free to qualifying veterans, expand its reach and provide support to its graduates through a network of eight world-class

universities across the country. It delivers two central components:

- Development of practical training in the tools and skills of new venture creation
- Establishment of a valuable support structure for program graduates

The number of post-9/11 veterans returning with service-related disabilities is unprecedented. "We train [our veterans] to believe in themselves as much as giving them the nuts and bolts of running a business," said Mike Haynie, a 14-year Air Force veteran who founded the program. For hundreds of veterans, the EBV and the Walmart Foundation produce life-changing results for our heroes as they return home.

# Changing lives through literacy

## City year

Through working with programs like City Year, the Walmart Foundation's National Giving Program is investing in high-impact organizations working in local communities across the country to improve educational outcomes for underserved youth. City Year corps members like Meaza Yalew and her 2,000 peers that are improving the adolescent literacy rate in communities like Washington, D.C.

When Meaza earned her undergraduate degree in history from Indiana University, she decided to join the City Year corps for a year before pursuing a master's degree. Now that decision has Meaza and one of the teenagers she tutored rethinking the direction of their lives.

"I'll never forget my first day when I saw him burst into tears when someone asked him a basic question," Meaza said. "He had been wrong so many times; he was scared to even speak anymore."

This was one of several D.C.-area eighth-graders Meaza worked with one-on-one during the 2010-11 school year. When they met, he was reading at a kindergarten level. But through one-on-one tutoring, both during and after school hours, Meaza managed to spark something in him.

"In our sessions, I relied heavily on the lesson plans and activities from the Walmart Middle School Literacy Initiative website," Meaza said. "In fact, he loved the reading games on the website so much that I used them as a reward when he completed his other reading assignments. We got to a point where all he wanted to do was play those reading games because he could see it was clicking."



By the end of the school year, the student had improved his reading ability by four grade levels and had the confidence he needed to continue improving. One year later, he is enjoying academic success as a high school freshman.

"He's a completely different person now," said Meaza, who is now in her second year with City Year. "All he needed was a chance. The experience changed my life as well. I feel like I've found my calling."



## Keeping students on track

**Leveraging the talent, energy and idealism of its young adult corps members that serve as tutors, mentors and role models in schools, City Year is an organization that the Walmart Foundation supports as part of its work to improve adolescent literacy.**

In 2011, we awarded a \$3.2 million grant to City Year to provide comprehensive training in literacy intervention to nearly 4,300 corps, senior corps and field staff members over the next two years. These corps members will have a direct impact on the academic success of tens of thousands of middle school students in high-poverty schools.

According to a study published by John Hopkins University, 50 percent of all dropouts come from just 12 percent of the nation's schools, so that is where the organization focuses its attention. In more than 20 cities across the U.S., corps

**members work one-on-one with students in schools with the greatest need and focus on attention, behavior and course performance in reading and math.**

**City Year's results speak for themselves:**

- Last year, 88 percent of third- through fifth-grade students tutored by City Year improved raw literacy scores.
- More than half of sixth- through ninth-grade students showed significant improvement in attendance in 2010.
- 90 percent of ninth graders working with corps members agreed that City Year helped them better understand the class content.

Increasing adolescent literacy rates is an urgent national priority, and the Walmart Foundation's investment in City Year plays a critical role in advancing the organization's mission to keep students in school and on track to graduate.

# International giving

Walmart gives back to communities in all of its international markets through giving programs, managed locally. Broadly, we focus our international philanthropy in the areas of women's economic empowerment, hunger and nutrition, environmental sustainability and disaster relief. Each international business is also encouraged to give back to local causes and organizations.

## Sub-Saharan Africa

### Improving food security

Massmart represents the newest member to the Walmart family but its commitment – beyond its physical store walls – to the communities it serves is one to be admired.

According to the World Food Program, an estimated 40 percent of South African households are vulnerable to food insecurity. Children are particularly vulnerable, which hinders their ability to learn. While schools across the country attempt to provide balanced, hygienically prepared meals for students, many often lack the proper facilities, bowls, utensils and more. Massmart recognized fundraising within these already financially challenged communities was not a viable solution, so it partnered with the South African Ministry of Education in 2008 to begin building as many as 2,000 container kitchens.

These portable units are second-hand shipping containers converted into fully equipped kitchens fitted with gas burners, plumbing, a double-bowl sink, cupboards, stainless steel preparation counters, shelving, cooking pots, utensils and pink tumblers and bowls for every child. To date, container kitchens have been set up in seven provinces across South Africa, as well as Zambia and Malawi, and are expected to provide 19.6 million meals during the school year.

By providing more than a financial handout, Massmart continues to make a real and immediate impact on a major national issue. These efforts have improved the lives of thousands of children who are now able to learn on a full stomach, while providing facilities that will serve schools across the country well for years to come.

In addition to the container kitchens program, Massmart supports food security through its partnership with the FoodBank South Africa (FBSA). Since 2009, Massmart has donated 15 tons of Max-a-Meal, a nutritious supplement, to FBSA.

### Broad-Based Black Economic Empowerment (BBBEE)

With Massmart joining the Walmart business this year, we welcomed the opportunity to work on Broad-Based Black Economic Empowerment (BBBEE) in South Africa. Today's South Africans are citizens of a young democracy, and everyone deserves a dignified and prosperous life. We have therefore aligned our efforts to the South African Department of Trade and Industry's BBBEE Code of Good Practice to ensure that we contribute to a sustainable and equitable society.

We have focused on creating economic opportunities for our employees through their participation in the Thuthukani Employee Share Trust. Black employees own 8.2 percent of Massmart through this trust and have benefited from significant capital growth in their investment since the trust's launch in October 2006. Many employees will, however, consider the \$59 million paid out by the Thuthukani Staff Empowerment scheme when the Walmart transaction was completed as one of the most significant BBBEE milestones achieved by Massmart.

Massmart has undertaken two important initiatives aimed at educating black undergraduates and providing new black graduates with workplace experience. The Massmart bursary scheme awards five bursaries per annum to black commerce undergraduates registered to study in the commerce faculty at the University of Pretoria. Our Graduate Development Programme identifies and provides qualified but inexperienced graduates with access to a structured program comprising practical work experience and related classroom training. A total of 177 graduates have participated in this program in the period January 2007 to January 2011.

We also believe that it is key to the success of empowerment that organizations advocate commitment to transformation amongst their peers and business partners. With this in mind, Massmart consistently advocates compliance with the BBBEE Codes of Good Practice to our supplier base, placing particular emphasis on the Group's top 400 suppliers. Our suppliers are, as a result, demonstrating greater willingness to improve upon and share their BBBEE progress with Massmart.

### Empowering women entrepreneurs

The Walmart Foundation committed more than \$2.5 million in grants to projects aimed at improving the lives of women in Latin America. Through the Latin America Women's Initiative, projects funded in six countries are empowering more than 9,000 women, building their capacity to rise out of poverty, support their families and improve their communities. Organizations receiving funding include:

- Pro Mujer: \$300,000 will allow Pro Mujer to expand its footprint into two new regions within Argentina, reaching more than 3,900 women with its integrated package of services, including microfinance; business and empowerment training; preventative health education and high-quality, low-cost primary healthcare.
- TechnoServe: More than \$485,000 will allow TechnoServe to provide 750 Nicaraguan women the financial skills, support and networks needed to reach their full potential as business leaders.
- CHF International: Nearly \$500,000 will help CHF increase the incomes of 200 vulnerable women in four Honduran municipalities by improving their business and legal skills and increasing their engagement in sustainable production value chains.
- Save the Children: More than \$400,000 will allow Save the Children to work with 3,000 women in San Pedro Masahuat, El Salvador, a municipality heavily damaged by Hurricane Ida in 2009, to improve production value chains related to poultry and local sweets.

- Aid to Artisans: Nearly \$490,000 will allow Aid to Artisans to help more than 800 Wayuu women in northern Colombia increase their incomes from handicraft sales by providing business training, product design support, new market development and buyer linkages.
- Heifer International: More than \$340,000 will help Heifer International provide 700 women in the Peruvian highlands with training in agricultural production, animal health management, soil management and market analysis, helping the women be better positioned to sell their final products.

## Argentina

Walmart Argentina and Ashoka, an organization that identifies and invests in social entrepreneurs, launched the Driving to Transform challenge. Focused on women entrepreneurs, the goal of the challenge is to reward innovative, sustainable ideas, which have high social impact, and provide training, counseling and possible access to seed capital. This program has a three-year duration and is divided into three individual cycles. In the first stage, 15 social projects were developed in the provinces of Buenos Aires and Cordoba, which benefitted the female entrepreneurs and their communities.

## Brazil

In 2011, Walmart Brazil and its foundation, Walmart Institute, donated more than 2,800 tons of food to local social organizations via its Food Bank Program. More than 2,000 stores participated in the program, benefiting hundreds of charities.

## Canada

Walmart Canada helped raise \$3 million in 2011 for the Breakfast Clubs of Canada, which provides thousands of children with access to a nutritious start to the day. As part of our in-store fundraising campaign, Walmart customers were invited to purchase a \$1 bookmark, which equals one nutritious breakfast for a child. The in-store campaign raised more than \$2.2 million and received more than \$646,000 in corporate matching grants. Since 2005, Walmart Canada, its customers, associates and suppliers have raised and donated close to \$16 million for Breakfast Clubs of Canada, making Walmart Canada the Breakfast Club of Canada's largest corporate donor.

## China

In 2011, our Women's Development Fund supported four projects in poverty-stricken counties, including: fresh corn planting of Wanquan County, Hebei \$23,000; dairy cow and pig farming of Xian County, Hebei \$23,000; pig and chicken farming of Pucheng County, Shanxi \$54,000; and chili pepper and ginger farming of Huayuan County, Hunan \$46,000. These efforts benefited nearly 1,300 villagers, including 310 women, each of whom received \$470.



## Mexico

In 2011, Walmart Mexico Foundation channeled donations of \$44.5 million to social causes in the country. In addition, we support a variety of local organizations, including the Mexican Association of Food Banks (AMBA), to which our stores contributed 1,867 tons of food to assist in feeding 588,836 Mexicans per month. Through our Your Help Is Their Food campaign, launched in 2011, we donated \$950,000 and more than 303 tons of food to 43 food banks.

## Central America

Walmart's operations in Central America channelled \$1.2 million to various causes in 2011.



## Challenges

As the Walmart Foundation and its international partners look toward making a greater impact in the future, a number of past and current challenges push us to evolve so that we can help more people around the world live better. Those challenges include:

- **Finding balance:** balancing meeting immediate needs with addressing the root cause of problems
- **Leveraging core capacities:** focusing on a few issues where Walmart and the Walmart Foundation can leverage our core capacities to make the greatest possible impact
- **Focus on outcomes:** measuring the effectiveness of our work and being transparent about what is working and what is not in order to invest in solutions that truly move the dial

# Neighbors



**"Everything around you is always changing.  
To succeed, stay out in front of that change."**

Sam Walton



## Today's students. Tomorrow's leaders.

Empowering the next generation through opportunity and experience

What better way to invest in the next generation of business leaders than by providing opportunities for students to take their ideas for a sustainable product or business solution and turn them into reality? Today's businesses must take into account both the profit potential of a new venture or product, and the effect it has on the environment and people. Walmart has created and supports a number of student-based programs and competitions around the world.

The Walmart Better Living Business Plan Challenge provides a forum for college students to showcase their best ideas, while allowing us to learn from some of the brightest young minds in the world. Challenged to develop environmentally preferred business solutions, students vie for the opportunity to present their business plan to a panel of Walmart executives, suppliers and environmental organizations. In 2011, the \$20,000 grand prize was awarded to Sanergy, an organization formed by Massachusetts Institute of Technology students with the objective of building and scaling viable sanitation infrastructure in the slums of Nairobi.

The Sam's Club Environmental Sustainability Challenge represents collaboration with Students In Free Enterprise (SIFE), the premier international business and higher education network. Teams of

college students are paired with Sam's Club associates across the country to empower small business owners to raise their quality of life and standard of living through improved business and environmentally sustainable practices. The \$5,000 top prize was awarded to Anderson University (S.C.) for developing a sustainability evaluation/plan that saved a local hair salon nearly 16 percent in energy costs.

The Walmart Green Student Challenge invites postsecondary students across Canada to develop proposals that are good for the environment and for business. Innovations are judged on ease of implementation, originality and potential economic, social and environmental benefits. The University of Waterloo team won with its idea of an integrated energy hub for retail distribution centers. The hub would integrate solar rooftop panels, be connected to the smart electricity grid to provide grid balancing and auxiliary services and produce net economic benefits estimated at \$1.35 million per year over 20 years. Walmart Canada awards a total of \$100,000 to students who come up with the best proposals. This includes \$30,000 to the winner and \$30,000 to the winner's school, with the remaining \$40,000 distributed among the second- through fifth-place winners.

## Early community impact efforts and focuses

We are actively involved in improving the quality of life in the communities we serve. From our investment in the restoration of fragile ecosystems to the creation of educational opportunities in each of our global markets, Walmart is there.



## Serving our neighbors



### Brazil

Walmart Brazil and FGV Online, the distance education program of the Getúlio Vargas Foundation, are making sure nothing stands in the way of educators, businesses and the general public's ability to incorporate sustainable practices into their everyday lives. The partnership introduced a trio of free online sustainability courses on OpenCourseWare Consortium, which is accessible to anyone with Internet access.

**Sustainability in Everyday Life – Directions for the Citizen:** This class addresses the importance of responsible consumption and covers the topics of natural resources, quality of life, sustainable development, consumption and everyday sustainability. To date, there have been more than 147,000 visits to this specific online course.

#### A Value for the New Generation – Guidelines for Elementary School Teachers:

This course provides elementary teachers with the framework and basics necessary to build the topic of sustainability into their lesson plans. To date, this online course has been accessed more than 70,000 times.

#### Sustainability Applied to Business – Guidelines for the Manager:

(available from the first half of 2012): This offering assists business leadership with the basics of applying sustainability into everyday business decisions and operations.

### Canada

In 2011, people of all ages took part in Walmart Canada's Walk for Miracles. Between walk and walk-related events, a record CA\$5 million was raised for children's hospitals. Walking events were held in 12 cities across the country, and the money raised was used for equipment, research and programs to care for patients and their families.

### China

In 2011, we partnered with Sina Weibo, an influential microblog site in China, to promote Sunny Communities. This new, nationwide corporate social responsibility event was designed to encourage citizens to take grassroots charity initiatives into their own neighborhoods. We have delivered 3,000 Lunar New Year's packages to citizens in need and participated in more than 300 community activities in nearly 150 cities. Through our partnership with Sina Weibo, Sunny Communities helped spread awareness and set the stage for expansion in 2012. We aim to engage even more government and nongovernmental agencies, media and others to continue to grow this important program.

### Japan

Since 2007, Walmart Japan has supported the Ohisama Energy Fund, which promotes and installs solar energy technology. Customer donations collected at all Seiyu stores since 2007 total \$142,000, including \$24,500 in 2011. The money has been used to install 96 solar power panels on the rooftops of nurseries and kindergartens in Nagano prefecture, generating a combined 939 kWh of electricity.



# Compliance



## U.S. corporate compliance

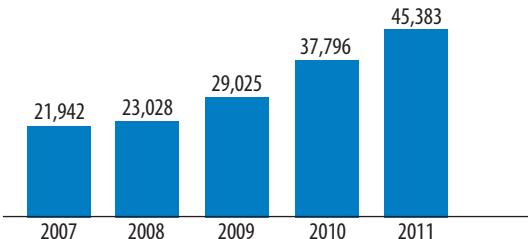
### The right way, every day

Walmart was built on the idea of "Saving people money so they can live better." From environmental issues to employment and workplace safety matters, our compliance team demonstrates commitment to this principle by proactively identifying, monitoring and complying with the regulatory obligations that protect our communities and environment, allowing our associates and customers to live better.

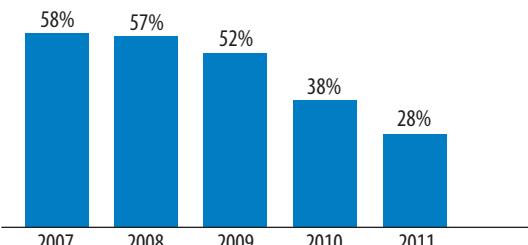
In 2011 alone, we responded to nearly 60,000 compliance-related calls to our hotline and obtained nearly 100,000 operating permits for our U.S. facilities. In addition, we completed nearly 3,100 unannounced internal assessments to monitor and respond to Environmental, OSHA, Food Safety, Privacy, Financial Services and other regulatory requirements. Our proactive involvement and support of our U.S. businesses resulted in fewer inspections with exceptions or regulatory violations.

We work to build a culture of compliance by operating by the motto, "the right way, every day." It is our responsibility as the world's largest retailer to provide both the lowest prices for our customers and safe products in a legal and compliant manner. By providing safe products and operating in a legal and compliant manner, we demonstrate the highest commitment to our customers, associates and the communities in which we operate.

**Total Contacts by Regulator**



**Percent of Regulator Contacts with Exceptions or Violations**



## Food safety

At Walmart, food safety is more than a requirement; it is part of our culture. Providing safe and affordable food to our customers is one of the reasons we continue to be successful in an increasingly competitive environment. As leaders in the retail food business, maintaining a progressive and effective food safety management system is a critical part of our continued success.

### Global Food Safety Initiative

We take a farm-to-fork approach to food safety, realizing that some risks are best controlled early in the food system. As the world's largest buyer and seller of food with a vast supply base, we realize we have an important obligation to require our suppliers to adhere to stringent food safety standards.

In December 2007, we became the first U.S. retailer to require all private-brand suppliers and select categories of national-brand suppliers to achieve certification against one of the Global Food Safety Initiative's (GFSI) internationally recognized food safety standards, which exceeds Food and Drug Administration (FDA) or United States Department of Agriculture (USDA) requirements. Since the initial rollout, more than 1,000 food manufacturing facilities that provide Walmart U.S. and Sam's Club U.S. private-brand products have achieved certification, and national-brand suppliers of bottled water, produce, meat, seafood, deli and dairy products have certified their factories around the world. In addition, every international market in which Walmart has retail facilities has required all facilities producing private-brand products to become certified against one of the GFSI standards. Walmart's leadership in this area has helped drive global adoption of GFSI standards among thousands of food suppliers worldwide.

## Deli meat initiative

In addition to having suppliers demonstrate conformance to strict food safety production standards, Walmart supports research and develops additional food safety requirements that are science-based and commodity-specific.

In October 2010, Walmart became the first U.S. retailer to announce a new requirement for all suppliers of bulk deli meats intended to be sliced in our stores and clubs to include a Listeria inhibitor that will not allow outgrowth of Listeria during the intended shelf life and storage of the product. Although a comprehensive Listeria control program must be multifaceted, including strict sanitation, environmental monitoring and finished product testing, this requirement provides an additional layer of protection for consumers. These same suppliers must still achieve prevention-based certification against one of the Global Food Safety Initiative (GFSI) internationally recognized food safety standards.

## Walmart Food Safety High Five

A key strategy to advancing the level of food safety in the markets we operate in around the world is coordination of efforts and collaboration through a Global Food Safety Team. The U.S. and International teams work to harmonize food safety standards worldwide, such as the requirement that all private-brand suppliers, regardless of where they are in the world, obtain certification on one of the Global Food Safety Initiative's recognized food safety standards and the adoption of the Walmart Food Safety High Five in each market.

In 2010, Walmart created the Food Safety High Five, using the International Association for Food Protection's (IAFP) international food safety symbols (with permission) as its basis. The Food Safety High Five are the most important practices an associate must follow to prevent foodborne illness. They are based on the Center for Disease Control's (CDC) most common contributing factors of foodborne diseases and the U.S. Food and Drug Administration's (FDA) retail risk factors.

Food Safety High Five visual concepts are easily understood, regardless of an individual's native language. The concepts are interwoven into many aspects of our global food safety management system, including training, workplace signs and reminders, and serve an important role in our internal food safety checks and audits.

After the implementation of the Food Safety High Five in the U.S., the company experienced an increase in associate recognition of critical behaviors that can impact the safety of foods. This increased understanding has translated into three consecutive years of reduced violation rates and improved compliance as measured by both regulatory and third-party food safety audit performance.

## Food Safety High Five

Know the High Five, and follow them while working with food.

### 1

Be Clean, Be Healthy

- Wash hands when necessary
- Do not work with food if you are sick
- Never touch ready-to-eat food with bare hands





### 2

Keep it Cold, Keep it Hot

- Keep cold foods at 41°F or below
- Keep hot foods at 140°F or above




### 3

Don't Cross-Contaminate

- Do not store raw foods over cooked or ready-to-eat foods
- Never prepare ready-to-eat foods on the same surface or with the same utensils used to prepare raw animal proteins



### 4

Wash, Rinse, & Sanitize

- Properly wash, rinse and sanitize all food contact utensils and equipment



### 5

Cook it & Chill it

- Cook food until it reaches a proper internal temperature
- Refrigerate food to 41°F or below




**Neighborhood Market** by Walmart 

**Walmart**  Save money. Live better.

**Sams** 

© 2009 Wal-Mart Stores, Inc.

## Product safety

Providing safe and compliant products is one of the many ways we help our customers. We work with suppliers that understand the importance of product safety and provide them with resources to help them stay aware of current requirements.

With the enactment of the Consumer Product Safety Improvement Act (CPSIA) in 2008, we advanced our safety focus upstream in the product life cycle. The Product Safety and Compliance team leverages a merchant and supplier intranet as a virtual, one-stop shop for consumer product safety and regulatory requirements. We firmly believe that safety cannot be tested into a product. The product safety process starts long before a product is placed on our shelves or made available online. And, in the event an issue is detected with a product on our shelves, we take the appropriate steps to remove it, oftentimes before a national recall is ever issued.

The processes and requirements outlined on the merchant and supplier intranet are identified, assessed, written, developed and monitored by internal product safety managers. Our merchants and

suppliers can access this information at the beginning stages of the product life cycle, so safety and regulations can be built into the product. We also use the world's largest, third-party consumer product testing labs to ensure our products meet or exceed requirements. A team of quality experts assess each product we import directly that requires a General Certificate of Conformity (per the CPSIA). This review is designed to guard against products requiring proof of compliance with the CPSIA being imported by Walmart into the U.S. without the required certification.

For nearly a decade, the Consumer Product Safety Commission (CPSC) has recognized Walmart as an industry leader in self-reporting product safety concerns. Our internal systems are equipped to notify our stores, clubs and online businesses within hours of a product safety concern; registers are subsequently locked to disallow sale of the affected product, and facilities then report back when the product has been removed. We post up-to-date information on product recalls on our corporate website or via direct mail or phone where possible.



**we've trained tens of thousands  
of associates on fraud and money laundering prevention**

## Financial services

Providing customers financial services and products at Everyday Low Prices in a safe environment is central to our business. Because consumers can be targeted by criminals seeking to defraud them through a variety of schemes, including lottery and sweepstakes scams, Walmart implemented a proactive, fraud prevention strategy, guided by four pillars to help protect our customers:

### Consumer awareness

We provide information on common scams to our customers at the point-of-sale, including fraud awareness signs and brochures. In 2011, we aired a public service announcement via in-store televisions at our Walmart MoneyCenters and partnered with the Federal Trade Commission to provide nearly 1 million customers with bookmarks featuring educational resources as part of National Consumer Protection Week.

### Associate education

Helping our associates understand how to spot signs of fraud and protect the financial interests of our customers remains a priority. In 2011, we trained tens of thousands of associates on fraud and money laundering as part of our prevention strategy. We also included financial education materials in the March 2011 edition of Walmart World, a monthly publication for our 1.4 million U.S. associates.

### Technology

We utilize an anti-money laundering software solution to monitor financial services activity for potential financial crimes. This technology allows us to identify trends and specific cases of apparent consumer fraud.

### Government reporting

We actively report suspicious activity to the Financial Crimes Enforcement Network (FinCEN) and law enforcement, resulting in the filing of tens of thousands of suspicious activity reports. We also participate in the U.S. Treasury's Bank Secrecy Act Advisory Group, which improves the level of information sharing toward financial crime reduction and enforcement objectives.



## Environmental compliance

We are committed to preserving our natural resources and achieving full compliance with all applicable laws and regulations. Our comprehensive Environmental Management System (EMS) enables us to proactively identify environmental regulatory requirements for each of our facilities, while conducting the necessary training, procedures, services and audits.

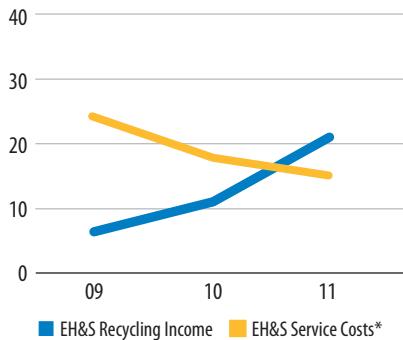
We have identified, documented and associated more than 9,600 federal, state and local environmental regulatory requirements with individual facilities, while tracking obligations for another 16,000 permits. In addition, the continual analysis of data captured by our Environmental, Health and Safety (EH&S) Compliance Information system allows us to strategically enhance our compliance programs in a sustainable manner.

In 2011, Walmart also developed standardized auditing protocols with contracted environmental service providers to further enhance our EMS and proactively monitor compliance obligations.

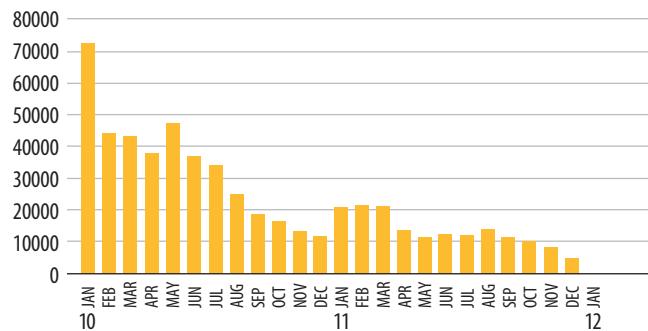
Our more than 4,400 retail facilities in the U.S. were the subject of more than 2,000 compliance inspections by environmental regulatory agencies in 2011. No deficiencies were found in 59 percent of those inspections. Minor deficiencies that did not result in a Notice of Violation (NOV) were identified in another 32 percent, while 9 percent required corrective action.

**58% reduction in related waste  
from aerosol recapping program**

**EH&S Service Costs and Recycling Income**  
(in millions of dollars)



**Number of Glade® Aerosols Disposed**  
(recappable UPCs annually)



### Environmental services

#### Compliant. Sustainable. Profitable.

Running sustainable and compliant programs is the right thing to do for our customers and communities, and has also been proven to be a competitive advantage for Walmart. Sustainable disposal and transportation practices have become key incentive components of performance-based contracts for environmental-related services at stores and clubs. These contracts, which promote sustainability and service efficiencies have been key in developing programs that strengthen compliance efforts by identifying the right solution tailored to meet specific compliance needs. The combination of sustainable practices and rising commodity values has allowed Environmental Health & Safety (EH&S) to manage recycling and service programs to leverage costs and generate income. For the first time on an annual basis, the revenue generated by these recycling programs exceeded the cost of services.

### Waste minimization

#### Aerosol recapping program

In 2011, Walmart, in partnership with SC Johnson, continued the replacement cap program for Glade® aerosols. The caps on these cans are susceptible to breakage during shipping and from sales floor traffic. Previously, an aerosol can with a broken or missing cap had to be managed as waste. With the replacement cap program, we are able to order new caps and return the merchandise to the sales floor without adding to the waste stream. This reduced related waste by 58 percent since 2010 and has saved approximately 234,000 aerosols from being treated as waste to date.

unused drug  
disposal programs in  
**3,500** pharmacies



### SMAR<sub>X</sub>T DISPOSAL partnership

In 2011, we joined a national partnership to educate customers about the proper way to dispose of unused prescription drugs. Unused portions of these medicines must be disposed of properly to avoid harm to wildlife, pets and people. We were the first company to launch a national educational program in more than 3,500 of our pharmacies, promoting the SMAR<sub>X</sub>T DISPOSAL campaign. In addition to posting signs, we have made information available online and will begin printing SMAR<sub>X</sub>T DISPOSAL directions on our pharmacy bags.

### SMAR<sub>X</sub>T DISPOSAL™

**A National Public Awareness and Partnership Campaign**  
Promoting Responsible Consumer Medication Disposal to Ensure Healthy Aquatic Ecosystems



## SMART DISPOSAL

A Prescription for a Healthy Planet



**Protecting the environment is everyone's responsibility.**

**DO NOT FLUSH unused medications and DO NOT POUR them down a sink or drain.**

Follow these simple steps to help safeguard lives and protect the environment:

- ☛ Pour medication into a sealable plastic bag. If medication is a solid (pill, liquid capsule, etc.) crush it or add water to dissolve it.
- ☛ Add kitty litter, sawdust, coffee grounds (or any material that mixes with the medication and makes it less appealing for pets and children to eat) to the plastic bag.
- ☛ Seal the plastic bag and dispose of it in the trash.
- ☛ For more information, consult your pharmacist or visit our website at:

**smarxtdisposal.net**



**American Pharmacists Association**  
Improving medication use. Advancing patient care.  
APhA

**PhRMA**

# Safety

At Walmart, sustainability is as much about reducing injuries and accidents as it is about reducing energy usage and waste. Maintaining a safe work environment and a safe shopping experience has always been a valued part of our corporate culture.



## Maintaining a safe work environment

### Walmart U.S.

#### Doing the right thing every day

The safety programs in place at Walmart U.S. are focused on preventing associate and customer injuries. Each store has a safety team with an assigned safety team leader. Through this team and all associates inside the stores, we address prevention through programs such as inclement weather plans, strategic maintenance, spill stations, associate training and safety surveys.

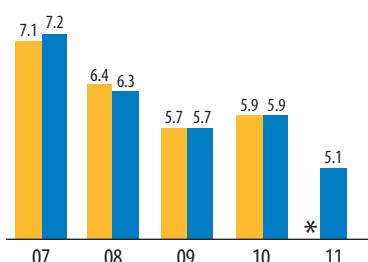
Through our systems, our stores have access to daily safety reports and trend analysis. Store safety action plans are developed and

implemented as a result of the analysis of these trends. Safety performance is also included in management evaluations, which are linked to compensation.

Our reporting expectations are clearly defined and communicated to store management. Weekly audits of accident files are scheduled at every store through a program called National Priorities. The results of these audits are transparent and reviewed by upper management. Further, random audits of accident files are completed periodically throughout the year.

### Walmart U.S. – OSHA Recordable Rates vs. Industry

 Warehouse Clubs & Superstores  Walmart



Industry Data Source: Bureau of Labor Statistics (BLS.gov), NAICS Code 45291

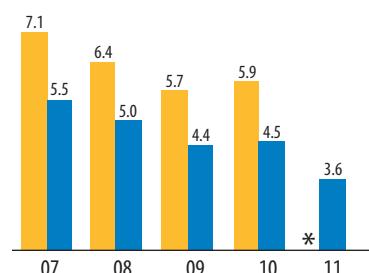
Incident Rate = (Number of injuries and illnesses X 200,000) / Employee hours worked

Note: The 200,000 hours in the formula represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rates.

\*2011 industry data not available.

### Sam's Club – OSHA Recordable Rates vs. Industry

 Warehouse Clubs & Superstores  Sam's Club



Industry Data Source: Bureau of Labor Statistics (BLS.gov), NAICS Code 45291

Incident Rate = (Number of injuries and illnesses X 200,000) / Employee hours worked

Note: The 200,000 hours in the formula represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rates.

\*2011 industry data not available.

## Carousel bagging station reduces cashier injuries (2001)

Prior to 2001, cashiers were required to do several thousand movements as part of their bagging responsibilities. Then, Walmart associate Don Nguyen developed and incorporated the carousel bagging station, which continues to be used in all of our stores to this day. Within the first year of implementing the carousel, we realized a 35 percent reduction in cashier-related injuries.



## Sam's Club

### Setting the standard

Sam's Club strives to provide our associates and members with a safe working and shopping environment. Sam's Club has been able to establish and maintain a strong safety culture throughout the organization by training and educating our associates on the importance of being proactive in their approach to safety, integrating safety into all aspects of our operation and consistently following the company's three basic beliefs: respect the individual, strive for excellence, serve the customer.

## Walmart U.S. Logistics

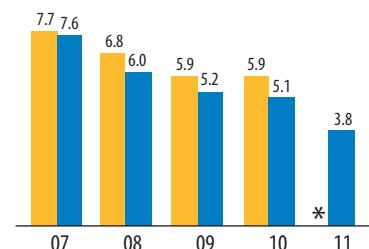
### Introducing the Total Safety Culture

When it comes to safety, Walmart U.S. Logistics adds another year to a record of proven success.

For eight straight years, Walmart U.S. Logistics' recordable injury rates have been below industry average. This year the entire Walmart U.S. Logistics Network raised the bar with the introduction of an Enhanced Behavior Based Safety Program.

### Walmart Logistics – OSHA Recordable Rates vs. Industry

█ BLS Warehousing & Storage   █ Walmart Logistics



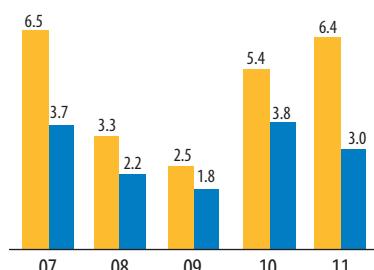
Industry Data Source: Bureau of Labor Statistics (BLS.gov), NAICS Code 49311

Incident Rate = (Number of injuries and illnesses X 200,000) / Employee hours worked

Note: The 200,000 hours in the formula represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rates.

### Walmart Transportation – OSHA Recordable Rates vs. Industry

█ Industry   █ Walmart Transportation



Industry Data Source: Bureau of Labor Statistics (BLS.gov), NAICS Code 48412

Incident Rate = (Number of injuries and illnesses X 200,000) / Employee hours worked

Note: The 200,000 hours in the formula represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rates.

\*2011 industry data not available.

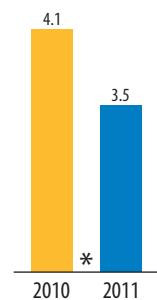
The entire rollout will take the network well into FY 14. One of the key concepts to the program is Actively Caring. Actively Caring is moving beyond simply caring about others, to acting on that caring or sense of responsibility. This concept teaches our associates to look after their own safety, and also to look after the safety of their fellow associates. By implementing this concept, as well as others, the network can achieve a Total Safety Culture.

While the network is still early in the implementation of its Enhanced Behavior Based Safety Program, it did enjoy an accelerated rate of improvement. The Walmart U.S. Logistics Network saw a 25 percent improvement in its recordable injury rate, which is 35 percent less than the Bureau of Labor Statistics Warehousing and Storage Industry average. The Walmart U.S. Logistics Network saw a DART rate performance 15 percent lower than the Bureau of Labor Statistics Warehousing and Storage Industry average.

Most importantly, our associates are accepting the new Enhanced Behavior Based Safety Program and moving forward with adding to our strong safety culture. The network is excited to see what this year holds as we move forward with a long-term strategy for continuous improvement.

### Walmart Logistics – DART Rate vs. Industry

█ BLS Warehousing & Storage   █ Walmart Logistics



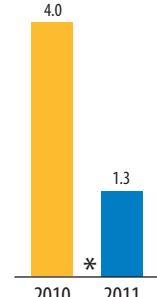
Industry Data Source: Bureau of Labor Statistics (BLS.gov), NAICS Code 49311

Days Away From Work, Days of Restricted Work Activity or Job Transfer (DART Rate) = (Number of injuries and illnesses that involve days away from work, or days of restricted work activity or job transfer, or both X 200,000) / Employee hours worked

Note: The 200,000 hours in the formula represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rates.

### Walmart Transportation – DART Rate vs. Industry

█ Industry Injuries & Illnesses   █ Walmart Transportation



Industry Data Source: Bureau of Labor Statistics (BLS.gov), NAICS Code 49311

Days Away From Work, Days of Restricted Work Activity or Job Transfer (DART Rate) = (Number of injuries and illnesses that involve days away from work, or days of restricted work activity or job transfer, or both X 200,000) / Employee hours worked

Note: The 200,000 hours in the formula represents the equivalent of 100 employees working 40 hours per week, 50 weeks per year, and provides the standard base for the incidence rates.

# Supply chain



Helping people live better has always been core to Walmart's mission and the foundation of our business. This mission applies to our customers, associates and the workers who make the products we sell. In 1992, we developed our Ethical Sourcing program to verify the products we sell are produced in a way that provides dignity and respect for workers in the supply chain, while protecting the environment.

## Taking ethical sourcing beyond compliance

As the world's largest retailer, we strive to positively impact global supply chain practices by consistently raising our own standards and partnering with other retailers, brands, suppliers, NGOs and government leaders to find innovative and sustainable ways to improve working conditions. Through this collaboration we work to help build ladders to a better life in the countries we source from.

Over the past year, we have continued to make great strides in this area. We are in the second year of our innovative Supplier Development Program, in which our Ethical Sourcing team works closely with suppliers to improve working conditions in factories. Through this and other related programs, we have helped elevate 286 factories from an orange to a yellow rating.



Our efforts have been recognized by various respected independent organizations. In the Q4 2011 Covance ethical reputation index, which tracks the ethical reputation of multinational corporations, Walmart ranked fifth out of 37 retailers. We also ranked second on resources devoted to supply chain compliance among apparel

companies in Toward a Safe, Just Workplace: Apparel Supply Chain Compliance Programs, a scorecard published in 2010 that examines supply chain compliance for fair working conditions.

Despite this progress, there is still considerable opportunity ahead. For example, in September 2011, Walmart introduced the Women's Economic Empowerment initiative. As part of this, we launched a program to provide basic life skills and leadership training to female factory workers. We are also looking forward to continuing our Supplier Development Program with a goal to include more than 100 new participants this year.



## Goals

### Drive change through high standards and factory audits

**Commitment:** Complete audits for 100 percent of factories supplying direct-import, private-label and nonbranded merchandise for all retail markets by Jan. 31, 2012.

**Progress:** As of Jan. 31, 2012, we reached 96 percent completion.

**Commitment:** Require that 95 percent of direct-import factories receive one of the two highest ratings in audit for environmental and social practices by Jan. 31, 2012.

**Progress:** As of Jan. 31, 2012, 94.8 percent of factories have received one of the two highest ratings.

**Commitment:** Ensure 86 percent of our domestic suppliers' private-label and nonbranded factories in the U.S., U.K. and Canada receive one of the two highest ratings in audits for environmental and social practices by Jan. 31, 2012.

**Progress:** As of Jan. 31, 2012, Walmart U.S. achieved 90.5 percent, Walmart Canada achieved 88.1 percent and ASDA achieved 88.6 percent.



## Partner with our suppliers to identify and implement solutions for improving factory conditions

**Commitment:** Enroll approximately 100 suppliers in the Supplier Development Program annually.

**Progress:** As of January 2012, there were 198 suppliers participating.

**Commitment:** Improve worker dormitory standards and canteen conditions globally in our suppliers' factories.

**Progress:** New dormitory and canteen standards have been developed and included in Walmart's Standards for Suppliers. Twenty-five pilot audits have been completed in key sourcing areas to gauge the impact of more stringent standards.

**Commitment:** Enhance chemical and machine safety in supplier factories through training, improved hazard protection safeguards and strengthened Ethical Sourcing program requirements.

**Progress:** New chemical and machine safety standards have been developed and included in the Standards for Suppliers. Supply-chain needs assessments have been conducted in 106 factories in key sourcing areas.

## Provide women working in supplier factories with the life, health, communication, technical and leadership skills to increase their economic and social opportunities

**Commitment:** Establish training programs for 60,000 women in 150 factories in India, Bangladesh, Central America and China over the next five years.

**Progress:** Since we announced in 2011, we have started programming with CARE in Bangladesh and Swasti in India.

## Proactively advocate for policies and practices that promote dignity and respect for all workers in Walmart's supply chain

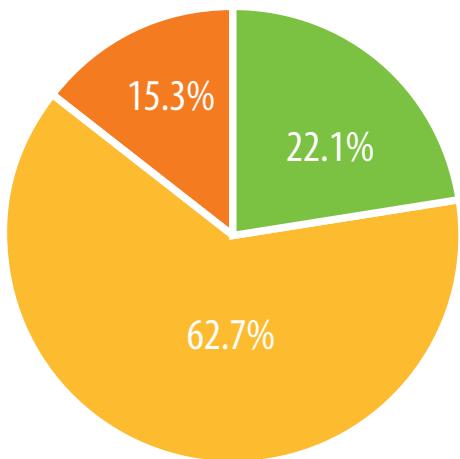
**Commitment:** Meet and exceed requirements of the California Transparency in Supply Chain Act and expand our efforts to make a significant contribution to global antitrafficking and antislavery efforts.

**Progress:** We posted our disclosure document on [walmartstores.com](http://walmartstores.com), included language on antihuman trafficking and slavery in our Standards for Suppliers, and launched an internal awareness initiative. Additionally, a group of core stakeholders was convened on the topic, resulting in the identification of five potential areas of focus: migrant labor, bonded labor, commodities, informal supply chains and conflict minerals. Attendees included End Human Trafficking Now, the Interfaith Center on Corporate Responsibility, the International Labour Organization, ManpowerGroup, Verite and others.

## Global audit results

### Active factory status summary

■ Low-risk ■ Medium-risk ■ Higher-risk



	ES Rating	% Total
<b>REGION A</b> Indonesia, Malaysia, Cambodia and Vietnam	Green Yellow Orange	7.2% 71.8% 21.0%
<b>REGION B</b> India and Sri Lanka	Green Yellow Orange	19.7% 62.3% 18.0%
<b>REGION C</b> Europe	Green Yellow Orange	21.9% 69.3% 8.8%
<b>REGION D</b> Far East	Green Yellow Orange	3.5% 77.8% 18.7%
<b>REGION E</b> The Americas	Green Yellow Orange	59.3% 31.6% 9.0%
<b>REGION F</b> Bangladesh, Middle East and Pakistan	Green Yellow Orange	9.7% 71.3% 19.0%
<b>TOTAL</b>	Green Yellow Orange	22.1% 62.7% 15.3%

Audit Rating Key		
Audit Rating	Violation Level	Audit Schedule
Green	Low-risk	Re-audited after two years
Yellow	Medium-risk	Re-audited after one year
Orange	Higher-risk	Re-audited after 180 days
Red disapproved	Egregious	Barred from business with Walmart for one year
Red failed	Egregious	Re-audited according to industry program schedules
Audit incomplete	Low-/medium-/higher-risk	Re-audited as soon as possible
Industry audit	Low-/medium-/higher-risk	Re-audited according to industry program schedules

## Global audit results by region

(percentage of all factory audits conducted)

**2009**

Rating

% Total

**REGION A**

Cambodia, Indonesia, Thailand and Vietnam	Green	5.1%
	Yellow	48.4%
	Orange	43.5%
	Orange-age	0.2%
	Red	0.7%
	Disapproved	2.1%

**2010****REGION A**

Cambodia, Indonesia, Thailand and Vietnam	Green	4.7%
	Yellow	37.7%
	Orange	30.5%
	Red disapproved	1.1%
	Red failed	0.5%
	Audit incomplete	0.0%
	Industry audit	25.5%

**2011****REGION A**

Cambodia, Indonesia, Thailand and Vietnam	Green	2.3%
	Yellow	33.8%
	Industry audit approved	33.1%
	Orange	29.1%
	Red denied	0.6%
	Red disapproved	0.2%
	Red failed	0.8%
	Red unauthorized	0.2%

**REGION B**

India and Sri Lanka	Green	20.8%
	Yellow	49.0%
	Orange	27.3%
	Orange-age	0.0%
	Red	1.8%
	Disapproved	1.2%

**REGION B**

India and Sri Lanka	Green	12.4%
	Yellow	46.6%
	Orange	39.2%
	Red disapproved	0.6%
	Red failed	1.2%
	Audit incomplete	0.0%
	Industry audit	0.0%

**REGION B**

India and Sri Lanka	Green	9.1%
	Yellow	66.1%
	Orange	22.9%
	Audit incomplete	0.2%
	Red denied	0.8%
	Red disapproved	0.2%
	Red failed	0.2%
	Red unauthorized	0.4%

**REGION C**

Europe	Green	30.4%
	Yellow	52.9%
	Orange	16.2%
	Orange-age	0.0%
	Red	0.5%
	Disapproved	0.0%

**REGION C**

Europe	Green	18.4%
	Yellow	53.7%
	Orange	26.9%
	Red disapproved	0.0%
	Red failed	0.0%
	Audit incomplete	1.0%
	Industry audit	0.0%

**REGION C**

Europe	Green	17.5%
	Yellow	71.7%
	Orange	10.3%
	Audit incomplete	0.4%

**REGION D**

China, Hong Kong, Japan, Philippines and Taiwan	Green	3.3%
	Yellow	57.2%
	Orange	35.9%
	Orange-age	0.5%
	Red	1.1%
	Disapproved	2.1%

**REGION D**

China, Hong Kong, Japan, Philippines and Taiwan	Green	1.7%
	Yellow	45.9%
	Orange	30.3%
	Red disapproved	1.8%
	Red failed	1.6%
	Audit incomplete	0.4%
	Industry audit	18.3%

**REGION D**

China, Hong Kong, Japan, Philippines and Taiwan	Green	1.4%
	Yellow	55.0%
	Industry audit approved	15.5%
	Orange	24.9%
	Audit incomplete	0.4%
	Red denied	0.9%
	Red disapproved	1.5%
	Red failed	0.2%
	Red unauthorized	0.2%

**REGION E**

Central America, North America and South America	Green	41.7%
	Yellow	36.6%
	Orange	20.6%
	Orange-age	0.0%
	Red	0.8%
	Disapproved	0.3%

**REGION E**

Central America, North America and South America	Green	54.8%
	Yellow	35.4%
	Orange	8.1%
	Red disapproved	0.2%
	Red failed	0.8%
	Audit incomplete	0.6%
	Industry audit	0.0%

**REGION E**

Central America, North America and South America	Green	48.0%
	Yellow	37.4%
	Orange	13.8%
	Red denied	0.7%
	Red disapproved	0.1%

**REGION F**

Africa, Bangladesh, Israel, Jordan, Pakistan and Turkey	Green	9.3%
	Yellow	54.5%
	Orange	33.9%
	Orange - age	0.0%
	Red	1.1%
	Disapproved	1.2%

**REGION F**

Africa, Bangladesh, Israel, Jordan, Pakistan and Turkey	Green	6.3%
	Yellow	55.5%
	Orange	33.4%
	Red disapproved	2.5%
	Red failed	2.0%
	Audit incomplete	0.3%
	Industry audit	0.0%

**REGION F**

Africa, Bangladesh, Israel, Jordan, Pakistan and Turkey	Green	2.7%
	Yellow	51.9%
	Industry audit approved	1.3%
	Orange	30.7%
	Audit incomplete	0.2%
	Red denied	1.0%
	Red disapproved	0.9%
	Red failed	0.2%
	Red unauthorized	11.0%

**TOTAL**

	Green	9.2%
	Yellow	54.0%
	Orange	33.8%
	Orange-age	0.3%
	Red	1.0%
	Disapproved	1.7%

**TOTAL**

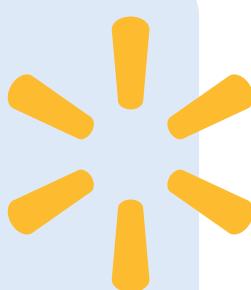
	Green	9.3%
	Yellow	45.3%
	Orange	28.4%
	Red disapproved	1.6%
	Red failed	1.4%
	Audit incomplete	0.4%
	Industry audit	13.6%

**TOTAL**

	Green	12.9%
	Yellow	51.7%
	Industry audit approved	10.2%
	Orange	22.1%
	Audit incomplete	0.3%
	Red denied	0.8%
	Red disapproved	0.9%
	Red failed	0.2%
	Red unauthorized	1.0%

# Supplier Development Program

Through our Supplier Development Program, our goal is to partner with approximately 100 suppliers annually to help them improve factory working conditions and implement effective management systems. In just its second year, the efforts are far reaching and affect our supply chain. By promoting improved working conditions and communication with factory management, empowering workers and offering valuable training, suppliers are equipped to run a more efficient and productive business and can produce higher-quality products. Participating suppliers report the program has enabled them to reduce worker turnover and incidents of injury, facilitate open communication and significantly increase worker satisfaction.



## Success story

In June 2011, Welspun India LTD successfully completed our Supplier Development Program. By identifying solutions to a variety of potential problems, the textile manufacturer was able to:

- Reduce energy consumption by 18 percent.
- Establish a systematic approach to internal factory audits.
- Improve visibility of emergency exit routes.
- Assign health and safety coordinators to the factory floors.
- Harvest rainwater from retention ponds for production needs.
- Create a standardized selection process for employee promotions.

**"We've started recording energy savings and other key parameters in a more organized manner, which led to our receiving the National Energy Conservation Award in 2010."**

Tarnjit Singh, head of operations, Welspun India LTD

## How it works

Walmart identifies suppliers for voluntary participation in the program. Once a supplier joins, we form an internal consulting team to conduct a thorough analysis of the supplier's social and environmental management systems and develop a customized program to fit its business model. The resulting plan is comprehensive and focuses on implementing best practices for:

**Hiring and employment:** Meet Walmart's nondiscrimination, age and labor standards.

**Training and development:** Develop training programs for factory management and workers.

**Performance management:** Provide fairness and equal opportunity for workers.

**Compensation and benefits:** Develop internal controls for strong salary and wage administration.

**Discipline and termination:** Meet Walmart, legal and international standards for fair, reasonable and humane treatment of workers.

**Worker communication and feedback:** Establish procedures for management to respond and communicate actions taken on worker feedback and create appropriate channels for workers to bring issues to management.

**Work hours and production systems:** Develop a strong system for monitoring the company's work hours policy.

**Environmental management:** Manage environmental issues by reducing negative impact and improving environmental practices.

**Health and safety of workers:** Provide chemical and machine safety training, improved hazard protection safeguards and the use of personal protective equipment.

We continue to work closely with the supplier to facilitate continuous improvement in its management systems.

The supplier development initiative is a pivotal component of Ethical Sourcing. To date, Walmart has provided internal resources and support to more than 200 suppliers in all our sourcing regions who have participated or are participating in the program. Through the Supplier Development Program, Walmart has the potential to affect hundreds of factories and thousands of workers in our supply chain.

**"This effort recognizes the untapped power of women around the world, and CARE is honored to partner with Walmart on this groundbreaking initiative. Together, we can sustainably and dramatically improve the lives of hundreds of thousands of women – factory workers and farmers among them. Together, we will see these women change the lives of their families and communities for the better. We congratulate Walmart for taking this bold step forward."**

Helene Gayle, president and CEO, CARE



## Women in factories

Empowering the women who work in our supply chain factories is an important priority for Walmart. Too often, female workers never realize opportunity beyond the factory floor, due to illiteracy, poverty and societal expectations. Through our Women in Factories program, we are working with leading NGOs in India, Bangladesh, Central America and China to address these issues and enhance the lives of women and their families.

Through this five-year program, we will provide critical life skills training, including communication, nutrition, hygiene, gender sensitivity and health to more than 60,000 women working in factories around the world. An additional 8,000 women also will have access to carefully tailored leadership and career development training. The Women in

Factories program will create a stronger pipeline of talent for factories around the world and empower women to advocate for themselves in their homes, workplaces and communities.

Working with third parties will be vital to the long-term success of this program. We are partnering with CARE International and other NGOs to design and implement the program locally. For example, CARE will manage the program in Bangladesh, while Swasti, an India-based NGO, will do so in India. Additionally, the program will be evaluated by a team at Northwestern University, in partnership with DAI and Mission Measurement, to validate that we are meeting our goals and effectively improving the lives of women in our supply chain.

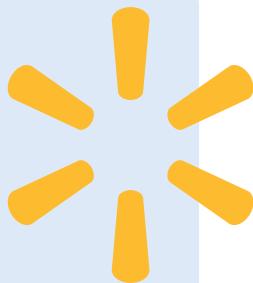
**"Walmart's openness to co-create the program for women in factories, with active participation of partners, has been impressive. It has led to a women-centric and result-oriented empowerment initiative, which will contribute significantly in changing lives of women who work in factories. We deeply appreciate the willingness to listen – to women, to partners, to solutions from the ground, in the constant endeavor to make the program better. This respect to women and partners is rare and I believe a strong ingredient of success and impact."**

Shiv Kumar, CEO, Swasti

## Strengthening worker families and communities

At Walmart, we strive to improve the lives of workers outside the factory walls, which is why the Walmart Foundation frequently provides grants to NGOs that operate in the communities where supplier factories are located. One example is the Walmart Foundation's funding of the Women's Health and Education Through Effective Learning (WHEEL) program in Bangladesh through our partnership with CARE.

In Bangladesh, it is estimated that more than 80 percent of garment workers are women. These women often lack a formal education and the skills necessary to improve their quality of life. With our assistance, the WHEEL program has set up 100 learning centers where women can gain workplace skills and receive health and literacy training, necessary to improve their lives and be better prepared to access the economic opportunities they deserve. The initiative will benefit 2,500 workers and their families, positively impacting an estimated 12,500 to 15,000 people in their communities.



### Securing a better life

Rehana Akter, Dhaka

Rehana Akter and her family moved to Dhaka, the capital city of Bangladesh, in search of a better life. For three years she worked as a maid before receiving a job in a factory.

"I did not get a chance to go to school and made lots of mistakes with numbers while working as a helper," Rehana said.

Through the WHEEL program, she started taking night school classes, where she learned to calculate her overtime, read and write Bengali, and more.

After completing her first year at the WHEEL learning center, Rehana's lifestyle changed. She now eats healthier and takes proper care of herself. She earned a promotion from helper to operator at her factory and anticipates additional opportunities to improve her quality of life in the future.

"I'm able to read, write and calculate because those learning opportunities were available to me at night," she said.

## Partnerships

Meaningful collaboration is essential to driving positive, lasting change in the supply chain. This is why we continue to partner with leading NGOs and take an active role in industry coalitions. We work to improve the effectiveness of our own Ethical Sourcing program and, ultimately, improve the lives of workers in our supply chain. Examples of our partnerships include:

### The Global Social Compliance Program

We were one of six leading companies who worked together to create the Global Social Compliance Program (GSCP) in an effort to place social values at the heart of commercial decisions. Currently, 34 companies are participating in GSCP. Looking forward, GSCP will focus on finding collaborative approaches for capacity building.

The goals of GSCP are:

- Drive conformity in ethical sourcing by building transparency and the ability to compare existing systems.
- Build consensus on best practices.
- Develop a clear and consistent message for suppliers globally.
- Reduce audit fatigue and duplication.
- Strengthen collaborative efforts for building capacity and training.

In January 2011, Walmart underwent a GSCP self-equivalence process, where we reviewed our standards and tools against GSCP to identify gaps in our program. This exercise has allowed us to strengthen our program by further aligning our requirements with GSCP's requirements.

For more information on the GSCP, visit [gscpnet.com](http://gscpnet.com).

**"The engagement of leading international buyers – such as Walmart – is essential to drive compliance with ILO core international standards and national labor law. Through their participation in the program, Walmart is helping Better Work reach a substantial number of factories, to promote better working conditions for thousands of garment workers worldwide."**

Dan Rees, director, Better Work

## International Labour Organization (ILO)/ International Finance Corporation (IFC) Better Work Program

We have partnered with the ILO and the IFC to support the Better Work Programs utilized in Cambodia, Haiti, Indonesia, Jordan, Lesotho, Nicaragua and Vietnam as well as the planned expansion into Bangladesh.

The Better Work Program's objective is to improve working conditions by monitoring factories, conducting training modules and engaging with key stakeholders, including workers, factories, communities and governments. Together, we continue to advocate for stronger labor policies and strengthen the capacity to monitor factory conditions in these countries. At Walmart, we are asking our suppliers who produce merchandise in these countries to fully support the Better Work Programs by requiring their factories to participate in this program.

## Business for Social Responsibility (BSR)

We are a member of BSR, a global network of more than 250 companies focused on developing sustainable business strategies and solutions through consultation, research and cross-sector collaboration. By working with BSR, we are able to utilize their expertise to identify trends and supply chain issues, and potential solutions.

## Ethical Trading Initiative (ETI)

We are an active member of the ETI, an alliance that works with companies, trade unions and volunteer organizations to improve the lives of workers across the globe who produce food and consumer goods. Through ETI, member organizations collectively tackle labor issues that would not easily be addressed individually. For example, our ASDA operations participated in the ETI purchasing practices work group, which developed a buyer training program focused on the links between daily decisions and production activities at the factory level.

## Sustainable Apparel Coalition (SAC)

We are a member of the SAC, an industry-wide group of leading apparel and footwear brands, retailers, manufacturers, NGOs, academic experts and the U.S. Environmental Protection Agency, working to reduce the environmental and social impacts of apparel and footwear products around the world. The goal of the coalition is to lead the industry toward a shared vision of sustainability built upon a common approach for measuring and evaluating apparel and footwear product sustainability performance.

## Other initiatives

### Dormitory and canteen standards

Walmart is implementing new requirements that go above and beyond industry norms to enhance dormitory living conditions in the supply chain. By taking proactive measures to go beyond local laws and

standards, we expect to improve worker health, safety and worker morale. In order to verify dormitory conditions are improved, we created a new mandatory standard that has gone into effect this year. In order for factories to become familiar with the new standards, they will not have an impact on the color rating a factory receives until 2013. Examples of new standards to be

put into place include requiring suppliers who provide residential and dining facilities for their workers to provide safe, healthy and sanitary facilities. Additionally, suppliers must provide appropriate and sanitary washroom facilities, including adequate toilets and showers segregated by gender.

### Machine and chemical safety

Using insight from more than 100 factories, Walmart initiated an improved set of safety standards to regulate the use of high-risk chemicals and machinery. These requirements, which have been incorporated into the audit process of Walmart supplier factories, include:

- Providing extra protection for workers involved in high-risk manufacturing processes
- Preventing factories and suppliers from cutting corners on existing safety regulations
- Increasing awareness around standards and providing additional training on safety standards
- Using appropriate equipment properly
- Providing proper training for workers who use high-risk machinery

### Orange School Program

In order to help our factories improve from an orange rating to a yellow or green rating, we created the Orange School Program to help supplier factories remediate high-risk violations. We provide instruction on how to implement effective management systems and address the root cause of issues. In addition to Orange School and the Supplier



Development Program, we also work with suppliers through audit orientation, violation correction training and roundtable discussions. As our supply chain expands, we are working to implement these programs across our markets.

### Purchasing practices

Our purchasing practices have an effect on suppliers, and we are committed to improving these practices. In 2011, we focused on increasing internal awareness about the effects of business decisions on the supply chain. We are working with our merchandising division to identify opportunities to improve our purchasing practices through increased training and awareness.

**"Walmart recognizes that audits alone will not solve complex issues in the supply chain. As such, Walmart is helping its suppliers build the capability to upgrade working conditions, improve workplace practices and ultimately improve factory management's ability to think beyond compliance and drive social performance independently."**

Ian Spaulding, managing director, INFACT Global Partners

## The audit program

### Standards for Suppliers

Walmart's Standards for Suppliers provides the framework for our audits, while outlining our expectations for employee relations and environmental management. A detailed manual has been developed for suppliers explaining our expectations and the audit process. Suppliers are required to display the Standards for Suppliers poster in the local languages in their factories in view of all workers. Suppliers must adhere to these standards in order to do business with Walmart. The Standards for Suppliers are updated regularly and include, but are not limited to, the following provisions:

- No forced or child labor
- No discrimination
- Wages and benefits must meet country law
- Freedom of association and collective bargaining
- Health and safety of workers
- Environmental compliance

### Audit process

In 2011, 9,737 audits on 8,713 factories were conducted to verify our suppliers were adhering to our Standards for Suppliers. Of these, 855 were conducted through the ILO/IFC Better Work Program or the International Council of Toy Industries CARE Process. Walmart chooses to participate in these programs in an effort to reduce audit duplication and because of the programs' remediation components. During 2011, we required our suppliers to cease production for Walmart in 155 factories due to serious violations.

Walmart audits factories supplying private-label and nonbranded goods or when Walmart is the importer of record. All audits are conducted by accredited and internationally recognized auditing firms. Audits are conducted every six to 24 months, depending on the findings from the previous audit. Initial factory audits are announced, with all subsequent audits being unannounced. Our Ethical Sourcing team conducts a percentage of validation audits to assess if audit firms are following the audit protocol and reporting findings accurately.

### Worker helpline

In addition to the audit process, violations of Walmart's Standards for Suppliers can be reported confidentially, in the local language of workers in the factory. On the Standards for Suppliers poster that all factories are required to display, there is a local toll-free telephone number, email address and website that workers can use to anonymously report violations and other concerns. Violations of our Standards for Suppliers are confidentially reported to a third party with the capability of processing concerns in more than 140 languages. All reports are directed to Walmart's Global Ethics office, where they are referred for investigation and corrective action if needed.

### Retail market compliance

Our Ethical Sourcing program has expanded to all of our retail markets around the world. As part of this global program, the Walmart Standards for Suppliers is now enforced in all our markets.

### Factory color rating system

As part of the audit process, we rate our factories based on the type and severity of violations found.

Green: Low to minor to no violations; the factory will be audited within two years.

Yellow: Medium-risk violations; the factory will be re-audited within one year.

Orange: Higher-risk violations; the factory will be re-audited within six months; if a factory receives three orange ratings in a two-year period, the factory is disapproved, and the factory is restricted from doing business with Walmart for at least one year.

Red: Most serious violations that prohibit future business with Walmart.

# Ethical sourcing around the world

Improving the supply chain



## Cotton supply chain

Persistent and documented reports of the use of child labor in cotton harvesting in Uzbekistan led us to instruct our supply base to cease sourcing cotton and cotton materials from Uzbekistan in 2008. We also began working with international governmental organizations to pressure Uzbekistan to stop using child labor. To help communicate our position with our suppliers and their factories and to gain additional information on challenges related to the use of Uzbekistan cotton, we partnered with other brands and retailers as part of the Strategic Mills and Spinners Initiative organized by the Responsible Sourcing Network in 2010. As part of our work to address global concerns around cotton production, including harvesting and ginning processes, we are partnering with the America Apparel and Footwear Association and others to determine the most effective ways to work collaboratively as retailers and brands to address issues in the cotton supply chain. We have found that the nature of the industry makes it difficult to determine where cotton has been grown. One way we have worked to address this challenge is to support the Better Cotton Initiative (BCI), a nonprofit organization that works with farmers to develop supplies of cotton with less environmental and social impact than conventional cotton – “better cotton.” ASDA/George has been a BCI member for two years. We expanded our BCI membership to include Walmart U.S. in January 2012.

## Dormitory standards

One important way we are working to improve the conditions of workers in our supply chain is through our efforts around dormitory standards. We are already seeing success in this program in Mexico. For example, following suggestions made by Walmart's Ethical Sourcing team, Daniel Cardenas Cevallos, a supplier of fresh produce based in Mexico, undertook several programs to improve the living conditions on his farm, including renovating six living spaces, two bathrooms and a childcare facility for workers' children. Daniel now reports that because of the improved living conditions, the workers, who are largely seasonal, have asked if they can return and work for him again next season.

## Fire safety

Fire safety continues to be a key focus for brands and retailers sourcing from Bangladesh. Consultation with industry experts on fire, electrical and structural safety helped equip us to establish criteria for factories at high risk for incidents of fire. We visited our supplier factories to understand which ones met the criteria, and then worked with our suppliers in Bangladesh to phase their production out of buildings identified as high risk for fire safety hazards. In 2011, we ceased working with 49 factories in Bangladesh due to fire safety issues. In February 2011, we organized a supply chain meeting, in collaboration with other brands and retailers focused on fire safety, which was attended by 160 suppliers. Through our participation in the Bangladesh Buyers Forum, we worked with other retailers and brands to create fire safety training films and training materials. These materials are being distributed to all Bangladeshi exporting garment factories, and training facilitated by the involved exporter associations has begun.

## Subcontracting

Undisclosed subcontracting is defined as factories in our supply chain that produce merchandise or component items for Walmart in a facility that is improperly disclosed and/or unknown to Walmart. There are signs that this practice may be on the rise in countries including, but not limited to, Indonesia, China and Pakistan. The potential impact of undisclosed subcontracting is that illegal and unethical practices can be more easily hidden. To more effectively monitor undisclosed subcontracting, we have taken steps to enhance our Standards for Suppliers, audit reporting and training processes.



## Walmart ethical sourcing timeline



### 1992

Walmart's Factory Certification Program is established, including the implementation of the Standards for Suppliers. Efforts are focused on the major export markets of Bangladesh and China. All suppliers must agree to labor, environmental and social requirements in order to source for Walmart. The Standards for Suppliers agreement is regularly updated and strengthened to improve working conditions for workers.

### 1993

Walmart publishes its first Factory Certification Program manual and begins to regularly audit factories. The criteria for the audits are based on the Standards for Suppliers, which cover areas such as compensation, working conditions and child labor.

### 1997

Walmart's program is expanded to include factories located in Egypt, India, Nicaragua and Pakistan.

### 2003

To strengthen the Factory Certification Program, Walmart increases consequences of minimum wage and severe working hours violations.

Walmart begins an industry best practice of "auditing the auditor" to verify the accuracy of all audits. Today, Walmart validates a percentage of all audits.

Walmart implements additional training programs for suppliers, factory managers and buyers to increase compliance with the Standards for Suppliers.

### 2004

Walmart begins to increase the percentage of unannounced audits. The movement toward more unannounced audits will continue in the coming years.

Walmart establishes a team focused on social responsibility and stakeholder engagement to reach out to NGOs and third-parties in order to improve their ethical sourcing program and increase industry-wide compliance.

### 2005

Walmart's program is renamed "Ethical Sourcing" to more accurately reflect program objectives.

The Standards for Suppliers expands to address freedom of association and collective bargaining as well as compliance with immigration laws and regulations for foreign contract workers.

Walmart trains more than 11,000 suppliers and members of factory management on the Standards for Suppliers and new environmental, health and safety audit requirements.

Walmart implements help lines in 45 countries in local languages to provide an easier way for factory workers to share concerns and issues.

Walmart increases the penalty period for disapproved factories from 90 days to one year to encourage stronger and more consistent compliance.

Walmart becomes a contributor to the International Labour Organization's Better Factories Cambodia program, which monitors, reports and improves working conditions in Cambodian garment factories according to national and international standards.

Walmart develops a relationship with Business for Social Responsibility (BSR), a well-respected nonprofit, to develop a stakeholder engagement program.

### 2006

Environmental and sustainability criteria are added to the Standards for Suppliers to include waste identification, waste handling and disposal, wastewater treatment and discharge, air emissions and banned substances.

The International Giving Program, which focuses on giving back to the communities where merchandise for Walmart is sourced and sold, awards its first grant to the Asia Foundation to fund scholarships for migrant women in China.

The auditing process is again strengthened by increasing the sample for worker interviews and documentation review from 15 to at least 25 workers, setting an industry best practice.

Walmart creates the Model Factory Program to identify and implement sustainable and cost-effective practices in factories in China.



## 2007

Through their International Giving Program, Walmart begins investing in HOPE Worldwide programs in Kenya and India. These programs provide education and training to factory workers and their children.

Walmart, through their International Giving Program, partners with the Apparel Lesotho Alliance to Fight AIDS (ALAF) to provide HIV and AIDS prevention and treatment to workers in the textile and apparel industries.

Walmart's International Giving Program joins the Continuous Improvement in the Central American Workplace (CIMCAW) project, which brings together stakeholders to form an alliance to improve standards in the textile and garment sector in the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua.

## 2008

Walmart hosts a Sustainability Summit with more than 1,000 leading suppliers in Beijing, China. At the summit, a series of aggressive goals and expectations are created to build a more socially responsible global supply chain. The goals that are set at the summit include requiring all direct-import, nonbranded and private-label suppliers to be compliant with local social and environmental laws and regulations by the end of 2011; having at least 95 percent of direct-import factories receive one of our two highest audit ratings by the end of 2012; and requiring all direct-import, nonbranded

and private-label suppliers to provide the name and location of every factory they use by the end of 2009.

Walmart becomes a founding member of the Global Social Compliance Program (GSCP), an initiative created by and for global buying companies wanting to work collaboratively on improving the sustainability (social and environmental) of their often-shared supply base. To this end, these companies begin their work to deliver a shared, global and sustainable approach by harmonizing existing efforts.

## 2009

Walmart Ethical Sourcing transitions from an auditing and monitoring team to focus on supplier development. This critical shift will allow Walmart to more proactively assist suppliers in improving working conditions in factories that produce merchandise for Walmart.

The Orange School Program is established to help the factories that have received an "orange" rating better comply with the Standards for Suppliers, local and national laws to improve conditions for workers.

Walmart supports the International Labour Organization (ILO) and International Finance Corporation's (IFC) expansion into Jordan, followed by Cambodia, Vietnam, Lesotho, Haiti, Indonesia and Nicaragua in subsequent years.

## 2010

Walmart implements a formal Supplier Development Program in which Walmart partners with suppliers to train them to manage their factories more responsibly. As a result, improvement can be seen throughout the entire supply chain. By promoting improved working conditions and communication with factory management, empowering workers and offering valuable training, suppliers are equipped to run a more efficient and productive business and can produce higher-quality products.

Walmart ranks second among corporations examined in Toward a Safe, Just Workplace; Apparel Supply Chain Compliance Programs, a report published by As You Sow, a corporate social responsibility nonprofit organization that monitors ethical sourcing practices by retailers and brands.

Walmart announces funding for CARE in Bangladesh to set up 100 learning centers where women can receive education and skills training. This will help approximately 2,500 women receive the tools they need to provide a better life for themselves and their families.

## 2011

Walmart implements the Women's Empowerment program focusing first Bangladesh, Central America, China and India.

Walmart creates additional standards for factory dormitories and canteens, focused on health and safety, which are now included in the audit process. These proactive measures go beyond local laws and industry standards to improve living conditions. When workers are shown dignity and respect, increased morale and productivity are anticipated results.

Walmart develops additional standards for protecting workers who use high-risk chemicals or machinery. These new standards will be included in the auditing process in 2012.

Walmart proactively works with other brands and retailers to increase awareness and implementation of best practices for fire safety prevention in Bangladesh. Through this collaboration, films and other training materials are created and will be distributed to garment factories for the benefit of their staff and workers.

## Regional challenges in ethical sourcing\*



### Region A

Cambodia  
Indonesia  
Thailand  
Vietnam

Challenges faced in this region are primarily related to issues surrounding migrant workers. The occurrence of strikes related to minimum wage is a potential risk for interruption of production, while increases in order volumes and inappropriate use of contract labor has the potential to lead to excessive working hours and hiring issues. Undisclosed subcontracting is becoming more evident in countries such as Indonesia.

### Region B

India  
Sri Lanka

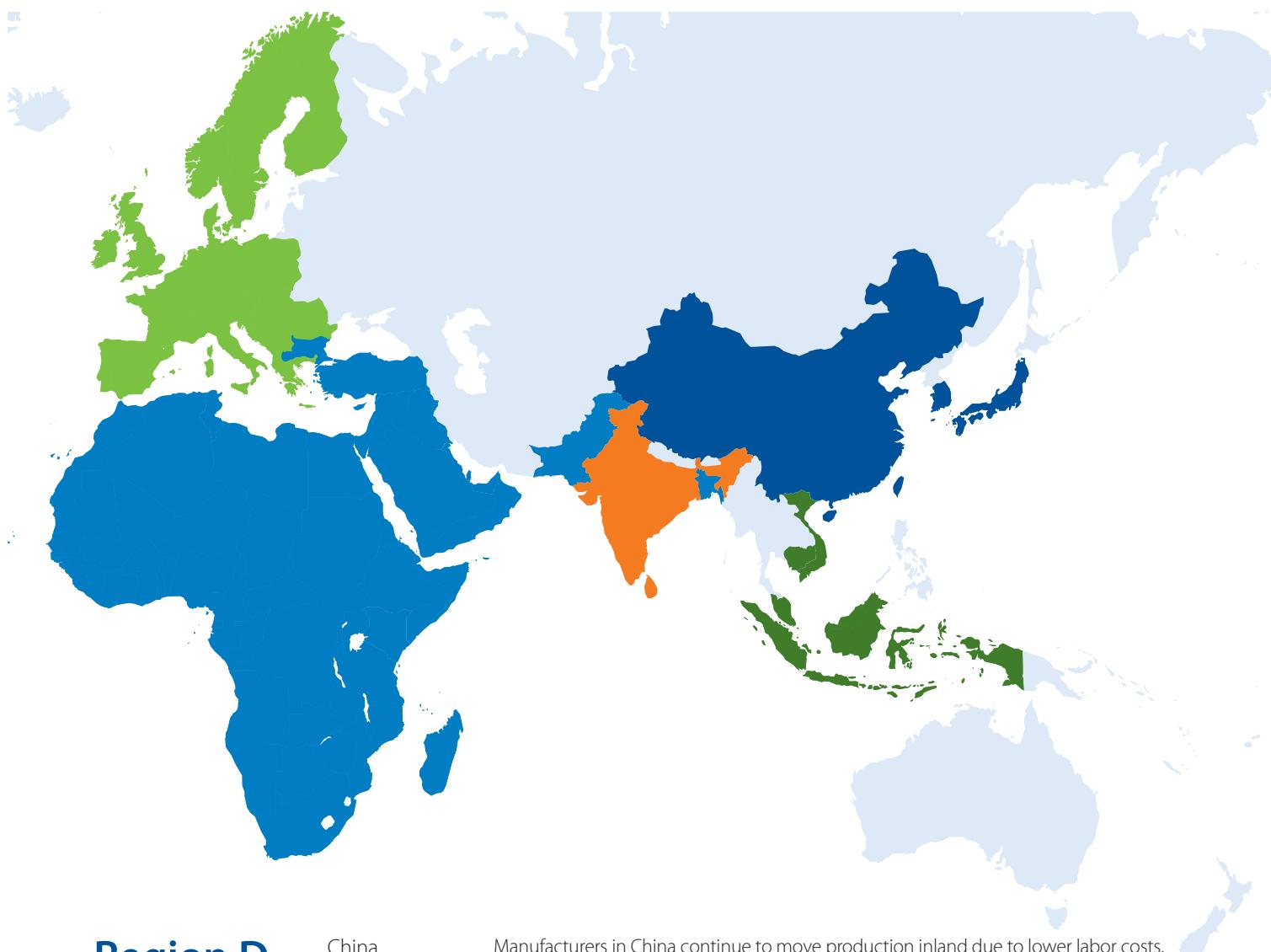
Some of the more prevalent concerns associated with this region include varying interpretations of the local law regarding contract workers and the lack of systems to verify compliance of wage and hiring procedures. Additional challenges include shortage of labor due to alternate employment opportunities, egregious working hours, undisclosed subcontracting and nonpayment of overtime premium. Sumangali bonded labor schemes are a challenge in India. We are working with stakeholders, such as the Tirupur Stakeholder's Forum in Tirupur, India, where this practice is most prevalent, to implement additional guidelines on employment practices in factories supplying to Walmart.

### Region C

Europe

In Eastern Europe, challenges include incomplete and inconsistent time systems, incomplete personnel files and poor compliance with requirements on fire drills such as adequate frequency and ensuring that all shifts are covered. The increasing number of migrant workers in the supply chain raises concerns of undisclosed deductions and nonpayment of wages.

\*Key countries listed.



## Region D

China  
Hong Kong  
Japan  
Philippines  
Taiwan

Manufacturers in China continue to move production inland due to lower labor costs, furthering the labor shortage in the south. Additionally, increased cost of raw materials and increased demand for low-cost goods are contributing to factory closures. Lack of complete transparency to production practices has hindered our ability to implement meaningful change at the factory level through our development programs. Additionally, egregious working hours, manipulation of records and undisclosed subcontracting remain prevalent throughout the Far East region.

## Region E

Central America  
North America  
South America

The Americas region continues to encounter challenges related to time systems, wages and employment practices. Development of effective management systems for tracking and recording working hours and production rates, as well as for hiring practices and wage calculation methods, has led to significant improvements at fresh produce packing facilities. However, living conditions associated with temporary housing continue to be problematic in this industry.

## Region F

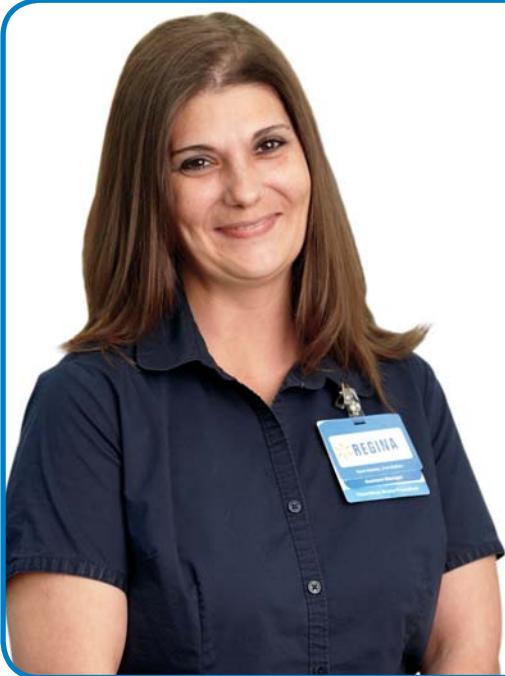
Africa  
Bangladesh  
Israel  
Jordan  
Pakistan  
Turkey

Frequent worker unrest, due to the declaration of the increased minimum wage, is currently affecting the garment sector in Bangladesh. There is increasing concern around the lack of fire safety awareness and training on fire prevention measures, in addition to structural safety issues, in these factories. Egregious working hours, manipulation of records and undisclosed subcontracting affect countries in this region, as well as migrant workforce issues which are prevalent, particularly in Jordan.



# Associates

The greatest power is our people



More than  
2 million  
associates  
worldwide



# Fostering a culture of respect and integrity

We are recognized around the world for saving our customers money so they can live better. The values our founder, Sam Walton, built our company on have fostered a unique, thriving corporate culture.

The foundation of our culture is integrity. A strong commitment to integrity is the right way to do business and is how we earn the trust and respect that are critical to our success. Our customers trust us to be their advocate. Our suppliers trust us to be an equitable partner. As Walmart associates, we trust each other to uphold the highest standards of conduct every day.

## Respect for individuals

We are united in our belief that every associate matters, even if our backgrounds and personal beliefs may be very different. We embrace and respect those differences, develop our associates, and serve our customers and communities. We encourage those around us to express their thoughts and ideas. Treating customers, suppliers and our fellow associates fairly and with compassion is the most basic form of respect.

## Service to our customers

We can exceed our customers' expectations if we give them superior service at every opportunity, provide the quality products they want at low prices and create a friendly, efficient shopping experience. When we exceed their expectations, we are at our best.

## Striving for excellence

We are proud of our accomplishments but are never satisfied. By setting high expectations and continually raising the bar, we ensure that we get better every day. We embrace change and constantly reach further to bring new ideas and goals to life. We seek out and provide opportunities for others to share their knowledge and to learn through experience. We never stop learning or helping others to learn, and together we use this to improve every day.

## Global associates



The associates in nine international markets (either entirely or in part) are covered by the terms of collective bargaining agreements. This represents approximately 12 percent of Walmart's global workforce.

1. As of FYE 2012.
2. Retail facility associates as of 12/30/2011.
3. According to Bureau of Labor Statistics.
4. Annualized total U.S. operations as of 12/31/2011.

\* Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua as of Dec. 31, 2011. Canada as of Aug. 30, 2011. Global associate headcount as of Dec. 31, 2011. Canada as of Aug. 30, 2011.

# Diversity



Our commitment to diversity is deeply rooted in our company's 50 years of rich history and culture. We strive to be a great place to work for all people, regardless of ethnicity, gender or race. By embracing the diversity of our associates, we are relevant to our customers.



## Opportunities for women, people of color

We are continually recognized as being one of the best places to work for both women and people of color. We are a company with career opportunities, and the numbers show we continue to make tremendous progress.

On Feb. 1, 2012, Rosalind Brewer became our second female CEO, joining Walmart Canada's CEO Shelley Broader. Rosalind, leading Sam's Club, is the first African-American female CEO of a business unit in the company and the first African-American female to be a direct report to the CEO of Walmart.

In addition:

- COO Gisel Ruiz is responsible for the operations of \$260 billion a year company.
- CIO Karenann Terrell is running one of the largest information systems in the world.

There has also been significant improvement in female representation in the C-suite:

- In the U.S., 20 percent of the direct reports to the CEO are women.
- In the U.K., approximately 50 percent of the direct reports to the CEO are women.
- In India, Canada, China and Japan, approximately 30 percent of the direct reports to the CEO are women.

In the U.S., women are making significant strides in our stores. Nearly 53 percent of hourly associates promoted in our U.S. stores last year were women. And we now have nearly 200,000 female associates who have been with us for 10 years or longer. Over the past five years:

- Female market managers have increased by 49 percent.
- Female store managers have increased by 46 percent.
- Female co-managers have increased by 143 percent.

We are also making strides with the promotion of people of color:

- Four executives who are people of color were promoted from senior vice president to executive vice president during the past year.
- During the past two years, the representation of people of color at the executive vice president role has increased from 8.69 percent to 16.12 percent.

At our Walmart U.S. stores over the past five years:

- Market managers who are people of color have increased by 86 percent.
- Store managers who are people of color have increased by 52 percent.
- Co-managers who are people of color have increased by 165 percent.

## 2011 EEO-1 U.S. workforce representation\*

	Total	White	African American	Hispanic	Native American	Asian	Pacific Islander	Two or more races
Female 2011	807,898	517,453	147,101	94,875	8,638	25,392	3,489	10,950
Male 2011	603,318	384,093	108,145	74,180	5,925	18,366	2,561	10,048
<b>Total 2011</b>	<b>1,411,216</b>	<b>891,546</b>	<b>255,246</b>	<b>169,055</b>	<b>14,563</b>	<b>43,758</b>	<b>6,050</b>	<b>20,998</b>

\*As of Aug. 12, 2011.

## Nurturing an inclusive culture

- We added 10 inclusion questions on our Associate Opinion Survey last year to create a baseline about our associates' perception around diversity and inclusion, and identify the areas we need to work on. Several international countries piloted inclusion questions in their engagement survey last year as well.
- We rolled out Leadership on the Move to help our associates better understand and maximize the value of diversity and inclusion. The series places a strong emphasis on associate engagement. It is comprised of four, six-week tracks focused on personal leadership, people leadership, thought leadership and results leadership.
- A micromessaging training program is now required for all associates. It is designed to establish the defective link between diversity and its influence on leadership effectiveness. A cornerstone of the MicroMessaging program is to enhance our culture so that all associates feel they are an integral part of the team.
- Our Develop 2 Lead sponsorship program assists our leaders in identifying, developing and preparing future leaders through sponsorship and commitment to the associates' goals. As of Jan. 30, 2012:
  - 117,578 hourly associates are being sponsored.
  - 59,200 managers have a requirement to sponsor associates.
  - 145,799 sponsorship relationships.



## Building a career

Kacey Barrington

Store Manager, De Queen, Ark.

Kacey Barrington began her Walmart career as a high school senior in Hope, Ark., looking to pay for her car insurance and gas. She transferred stores while attending college and eventually entered the Walmart Management Trainee Program.

"I've worked in nine stores in the past 12 years with Walmart," she said. "I believe meeting and working with so many different associates has helped shape me into the store manager I am today."

Kacey graduated college with a bachelor's degree in Fashion Merchandising and intended to work in the fashion industry, but Walmart changed that. She said she is honored to be among the growing number of women who are advancing their careers at Walmart.

"Walmart has provided me an opportunity to advance my career and be able to do the things I love most in life, which include spending time with my husband, Brandon, and our two children, Nora and Braxton."

# President's Global Council of Women Leaders



**Cathy Smith**  
SVP & CFO, Walmart International  
**Chantal Glenisson,**  
SVP Operations, Region 1, Walmart Canada  
**Claire Babineaux-Fontenot**  
SVP & Chief Tax Officer, Walmart Stores Inc.  
**Simona Visztova**  
SVP, Global Merchandise, Walmart International



**Kelly Thompson**  
SVP Merchandising, Walmart.com  
**Karen Casey**  
SVP, Labor Relations, Walmart U.S.  
**Kristin Oliver**  
SVP, People Division, Walmart U.S.  
**Laura Phillips**, Council Chairperson  
SVP, GMM Toys & Seasonal, Walmart U.S.



**Marybeth Cornwell**  
SVP, GMM Ladieswear/Intimates/Jewelry & Accessories, Walmart U.S.  
**Kim Sentovich**  
SVP, Pacific Division, Walmart U.S.  
**Pam Kohn**  
 EVP Merchandise Services, Walmart U.S.  
**Pearl Maphoshe**  
Group Human Capital Executive, Massmart



**Judith McKenna**  
COO, ASDA  
**Michelle Gloeckler**  
SVP, Home, Walmart U.S.  
**Riju Vashisht**  
HR Director, Walmart India  
**Shelley Broader**  
CEO, Walmart Canada

In 2009, CEO Mike Duke formed the President's Global Council of Women Leaders (PGCWL) to foster an inclusive environment and accelerate the development of women. This 16-member group, composed of influential female senior leaders from our U.S. and International businesses, advises senior leadership and acts as a catalyst to help identify, develop, retain and advance women by focusing on the following:

- Attracting female talent
- Promoting inclusion
- Investing in women externally

PGCWL has partnered with key leaders across the organization to help align all of these efforts. In its role as a catalyst for lifting women at every level of the organization, the council has accomplished the following over the past three years:

- Created vision and corporate framework for global women's strategy
- Helped implement strategies in all markets through alignment with global leaders and human resources partnerships
- Committed to mentoring other women via officer mentor circles, women's developmental events and roundtable discussions
- Served as advisor and catalyst to senior leadership team



## Associate Resource Groups

Our commitment to diversity and inclusion is deeply rooted in our core values of respect, service and excellence. For us, it is about creating an environment where the inclusion of all ideas is welcomed, and diversity is a foundational part of our business success.

Associate Resource Groups (ARGs) work together to create a more inclusive workplace where everyone is valued and invited to bring their ideas and experiences to drive business solutions.

ARGs are open to Home Office associates and include:

- **ADAE** – Advocates for Disability Awareness and Education Resource Group
- **UNITY** – African-American Resource Group
- **Tribal Voices** – American Indian and Alaska Native Resource Group
- **APIN** – Asian Pacific Islander Network Resource Group
- **Pride** – Gay, Lesbian, Bisexual & Transgender and Straight Ally Resource Group
- **HLARG** – Hispanic Latino Resource Group
- **Women in Retail** – Women's Resource Council

## Executive champion

Our senior executives serve as the executive champions for each ARG to advocate and support the ARGs' work.

- Offer advice on alignment between ARG activities and organizational business objectives
- Provide strategic insights and feedback to ARGs
- Participate in specific activities to support ARG goals

## Mi Futuro

When the Hispanic-Latino Associate Resource Group (HLARG) contemplated how they could make a difference in their communities, they came up with Mi Futuro, a youth mentoring program for at-risk students. Its mission is to motivate eighth graders to begin planning for future accomplishments today and reduce dropout rates.

Associates in Arkansas, Arizona and Oklahoma participate in the program to empower students, regardless of their backgrounds, to act on the understanding that a better future is possible through education and hard work. The goal for the 2011–2012 school year is to mentor 400 or more students at 12 middle schools.

Students obtain help in developing a strong, positive engagement in their education, improve their communication and leadership skills, and gain development plans for their own academic and future success, and this is accomplished through monthly mentoring sessions. For our associates, Mi Futuro provides an opportunity to bring to life Walmart's strong giving-back culture by serving as role models, sharing their own personal experience and helping them improve their own communication and leadership skills.



# Benefits

We all share a common goal: to make the best choices for ourselves and our families. Walmart recognizes this. Globally, we provide more than 1.6 million associates and their dependents with competitively-priced health insurance plans.



## U.S. health plans

We listen to the needs of our associates and strive to provide the resources and programs that support the well being of them and their families. Highlights include:

- Our lowest-cost, full-coverage plan is \$15.40 per pay period for associates and \$52.50 for families.
- All full-time and most part-time associates are eligible to enroll in a health plan once they have completed a waiting period\*.
- Most of our health plans provide first-dollar coverage of \$250 for associates and \$500 for families.
- All of our plans exceed the affordability and coverage requirements in the Patient Protection and Affordable Care Act (PPACA).
- Associates enrolled in our medical plan that need organ transplants are provided access to the Mayo Clinic for assessment and the transplant. This benefit also covers travel, lodging and a daily allowance for the recipient and a caregiver for required evaluations.

With our plans for 2012, it is important to keep in mind the following:

- We continue to pay the majority of the costs for associates' healthcare.
- Although eligibility rules have changed for new associates, there is no eligibility impact to currently enrolled U.S. associates.

\*New full-time associates are eligible for benefits after six months, while part-time associates are eligible after one year of service and if they work an average of 30 hours per week. Part-time associates hired prior to Feb. 1, 2012, were grandfathered under the old requirements, meaning they had to average 24 hours of work a week, and associates hired before Jan. 15, 2011, were grandfathered under the old requirements.

### Walmart U.S. benefits program highlights:

- First dollar coverage medical plans with no lifetime maximum and low premiums
- Comprehensive health care plan for less than \$8 per week \*
- A 401(k) Plan with a dollar for dollar match up to 6 percent of annual pay
- A 10 percent discount on most products throughout our stores
- Maternity wellness, including a coach from the Walmart's Life with Baby maternity benefit

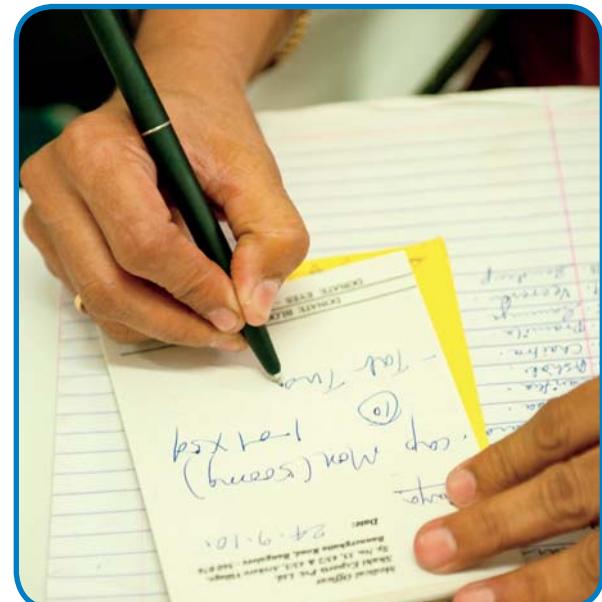
### Keeping healthy

Each of our U.S. medical plans offers preventive care, including check-ups, immunizations and mammograms, for those who enroll and use a doctor in network. Associates enrolled in any U.S. healthcare plan have access to comprehensive preventive care coverage before meeting the annual deductible, \$4 co-pays on many eligible generic drugs and access to Resources for Living, a confidential counseling and well-being information service.

U.S. medical plans offer  
free preventive care

U.S. associates receive a  
**10% discount**  
on fresh fruits and vegetables

**100% 401(k) matching**  
up to 6% of annual pay





more than 20,000  
associates and family members  
have participated in **Quit Tobacco**

## Quit Tobacco

One of our newest initiatives is Quit Tobacco, an effort to help associates quit using tobacco. Since its introduction in January 2011, more than 20,000 associates and family members have participated. This program is free to associates and family members, and includes telephone counseling, online coaching and tools for support, and nicotine replacement therapy for smokers who are on the Walmart Medical Plan. In addition, associates who are tobacco free receive reduced premiums on their 2012 medical, life and critical illness coverage.

## Financial benefits for U.S. associates

Financial benefits for our full- and part-time U.S. associates include retirement, bonus incentives and Associate Stock Purchase Plans. We match contributions made to associates' 401(k) plans dollar-for-dollar up to 6 percent of annual pay, as well as to the Associate Stock Purchase Plan by matching up to 15 percent of the first \$1,800 purchased each plan year. Since the matching contribution was introduced, the number of associates who chose to save for their retirement through the U.S. 401(k) plan increased by 42.5 percent.

## Employee discounts

In 13 countries, we provide a discount program for full- and part-time associates on purchases in our stores, ranging from 5 to 10 percent. Discounted categories vary from country to country, and some provide additional discounts during the holidays. For example, over the past three years, we have provided U.S. associates a 10 percent discount on all products for the Christmas holidays. To align with our commitment to healthy living, our U.S. associates also receive a 10 percent discount on fresh fruits and vegetables.

## Massmart HIV/AIDS program

Approximately 11 percent of the South African population is HIV positive (5.7 million people), including 18 percent of people 15 to 49 years old. To address this critical issue, Massmart offers a comprehensive HIV/AIDS management program to its associates that includes:

- Free HIV testing and treatment
- Free antiretrovirals (for infected permanent staff and spouses)
- Access to peer counseling
- Access to a variety of education initiatives

Since 2011, the number of Massmart associates tested for HIV has increased by 156 percent, while 87 percent of our HIV-positive staff is enrolled in our comprehensive program.

Massmart offers a  
comprehensive  
HIV/AIDS management  
program to its associates

# Recruiting



We expect to hire 4.3 million associates over the next five years to keep pace with anticipated growth and turnover. That number includes new positions as the company grows as well as replacements for positions vacated by associates. The figure includes an expected 91,000 managers and 400 global officers.



## New career site launches

More and more job candidates are turning to the Internet and social media to research and find jobs. To meet this challenge, our careers website has undergone a major overhaul for the first time in more than four years. More than six months of work went into building this new tool, which was launched in March 2012.

The new site:

- Is social network-enabled, allowing candidates to interact with us in a familiar way
- Is easier to navigate, with a cleaner, simpler layout
- Reinforces the notion that Walmart is a great place to work
- Emphasizes our core beliefs
- Offers a positive brand experience

The new site can be found at [www.walmart.com/careers](http://www.walmart.com/careers).

## Recruiting process goes green

Through our virtual recruiting program, we are addressing our continuous need for quality associates better than ever.

Previously, three to five finalists for jobs would be flown into Bentonville, Ark., to interview for the 2,600 annual hires made at corporate headquarters. Now, many of those interviews are done virtually, with the top one or two finalists flown in later.

This process gives hiring managers both a good feel for job candidates' qualifications and a chance to see how they fit within our culture.

Other benefits include:

- Cost savings of almost \$3 million in 2011. The average cost to fly and provide lodging to a job candidate is about \$1,200, but the average cost of a video interview is about \$100 per candidate.
- A reduction in carbon footprint of an estimated 628 kg of CO<sub>2</sub> per interview. With an average of 226 virtual interviews per month, the carbon footprint reduction is the equivalent of 456 cars being taken off the road.
- A significant time savings. Instead of spending a day or two on in-person interviews, managers and candidates can save time by completing virtual interviews in a matter of hours. The time savings also is significant for the job candidates, who no longer have to travel and take days out of their lives for a job possibility.
- Candidates who have been through the virtual interview process have provided positive feedback. The system shows potential associates we are serious about our sustainability commitments.



we expect to  
hire 4.3 million associates  
over the next five years

## Supporting veterans and military families

Our size and scale afford us an opportunity to serve military veterans in a unique way. They have done their part for us, and we are committed to making sure we are doing what we can for them.

Veterans represent one of the largest and most diverse talent pools in the world. They often have specialized training, hands-on experience, demonstrated leadership and are technologically savvy.

We are among of the country's largest employers of veterans and military families, and continue to actively recruit our nation's heroes to our corporate offices and more than 4,400 stores and clubs. Whether they make the decision to work for Walmart or not, we are committed to providing the resources necessary to make a smoother transition back to civilian life. That is our way of saying thanks.

### \$20 million commitment to veterans

On Veterans Day 2010, Walmart and the Walmart Foundation launched a five-year, \$10 million commitment to organizations that serve the veteran community, with a special emphasis on job readiness and training. In August 2012, we doubled our commitment to \$20 million through 2015. The funding will support a variety of job placement, preparation and training programs, including Veterans Green Jobs, which provides hands-on experience to veterans seeking environmental jobs.



### U.S. Chamber of Commerce

According to the U.S. Bureau of Labor Statistics, the unemployment rate at the end of 2011 for recently returned veterans has been as high as 12 percent this year, with rates higher for veterans under the age of 25. As a lead sponsor of the U.S. Chamber of Commerce's Hiring our Heroes program, we are working to change that. We have supported more than 100 job fairs across the country, where Walmart and other employers actively recruit veterans. To date, more than 8,500 veterans have been hired through the fairs.

We are also a founding member of the Chamber's National Veterans Advisory Council, a group of 25 corporations committed to hiring veterans and creating best and next practices for veterans' employment. We recently launched a new veteran-focused career site at [walmartcareerswithamission.com](http://walmartcareerswithamission.com), aimed at matching veterans' skills with private sector jobs.



doubled our commitment to  
the veteran community

**\$20 million**  
through 2015

# Talent development



At Walmart, our people truly do make the difference, which has a direct impact on the customer experience. We continue to invest in on-the-job talent development and career advancement opportunities for our associates, as well as skills training programs that cater to the specific needs of our communities at large.



## Walmart U.S. Lifelong Learning Program

We know that education is the single biggest competitive advantage our associates can have in the 21st century. We also know that time constraints and cost are the two factors which most commonly prevent working adults from taking the step to return to college. With this in mind, we created the Lifelong Learning Program to make college more affordable and more accessible for every associate who desires to continue their education.

Through this program, we believe Walmart can make meaningful progress against the following four goals: 1) better equip associates for their futures, 2) strengthen the company's talent pipeline, 3) demonstrate the value of retail jobs, and 4) play a leadership role in increasing the number of Americans with postsecondary education credentials.

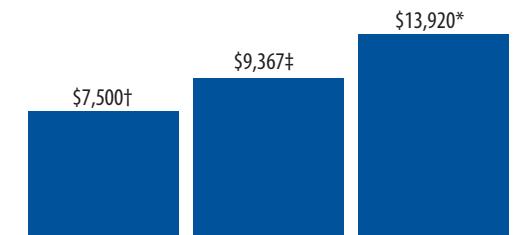
Through a partnership between Walmart and American Public University (APU), U.S. associates receive:

- A 15 percent tuition grant
- A book grant for all required undergraduate textbooks
- College credit at no cost for courses in which an associate can demonstrate that their on-the-job training and learning is equivalent

Since Lifelong Learning launched in June 2010, it has attracted a broad diversity of associates. Below are some of the participants' demographics and achievements:

- More than 2,800 associates have enrolled in the program and have taken one or more college courses.
- More than 40 percent of enrolled associates are eligible to earn academic credit for what they have learned on the job in their Walmart or Sam's Club career.
- Nearly 70 percent of participants hold hourly positions at the company.
- Fifty-eight percent of participants are female and approximately 33 percent are people of color.
- Participants work in all 50 states and the District of Columbia.
- By January 2012, the first three associates graduated with either a bachelor's or associate degree.

**Price Comparison for Full-time Undergraduate Students  
(in dollars)**



†APU tuition after 15% tuition grant and undergraduate book grant.

‡Public 4-year, in-state.

\*Other online institutions source: The College Board: Trends in College Pricing.

## ASDA Skills Academy

In the U.K., we have successfully developed and implemented ASDA Skills Academy. This program offers all eligible associates the opportunity to work toward nationally recognized qualifications, via City & Guilds, a leading national vocational education organization.

The purpose is to allow associates to learn while they earn. Opportunities are available at three specific levels, including:

- Intermediate retail apprenticeship
- Advanced retail apprenticeship
- Higher professional diploma in retail management (to develop leadership and coaching skills of our section and shift leaders)

ASDA is piloting several programs aimed at expanding the academy. Such programs include national Apprenticeship Weeks, a Retail Honors degree and ILM Coaching Qualification.



In 2011, Walmart spent nearly  
**\$100 million globally**  
on training for our associates

## Listening to our associates

### Associate Opinion Survey

For 50 years, our associates have served as a core ingredient of our growth and success. It is critical that we continue to build highly engaged teams and foster a work environment that helps associates serve customers. Our associates live our three basic beliefs – striving for excellence, serving the customer and respecting the individual – every day.

Sam Walton was a firm believer in listening to and learning from our associates. Our annual Associate Opinion Survey represents an important opportunity to continue this tradition. In 2011, the survey was made available to all 2.2 million associates and attracted a global participation rate of more than 90 percent.

In addition to measuring associate engagement, the results represent the starting point for formal grassroots feedback sessions. In these sessions, our managers and associates partner to create detailed action plans to address opportunities and identify ways to raise and maintain engagement in their areas. In the U.S. alone, management implemented nearly 14,000 action plans within three months of the results being made available.



### Evolving our open door policy

Our management believes open communication is critical to understanding and meeting our associates' and our customers' needs. Associates can trust and rely on the open door; it is one of the most important parts of our culture.

From the beginning, Walmart has maintained an open door policy to provide our associates an avenue to express their ideas and concerns without fear of retaliation. As we have grown as a company, we have continued to evolve our open door system to meet the needs of our associates.

In April 2011, we implemented the following three-step enhancement to our existing open door policy for all Walmart U.S., Sam's Club, Logistics and Transportation associates:

- **Step 1:** Associate speaks to the facility manager.
- **Step 2:** If the associate's concern remains unresolved, contact their market or divisional team.
- **Step 3:** If the associate's concern is still unresolved, they contact our Open Door Helpline, where an associate relations manager conducts an independent investigation.

This enhancement of the open door has been well received, with the Open Door Helpline taking more than 10,000 calls, which resulted in more than 490 independent investigations. This system has helped bring closure to concerns in a timely manner, reinforce our corporate culture and instill respect for the individual.

# Mywalmart.com

## An inclusive community

Open communication has always been a fundamental component of our corporate culture and remains key to fostering an inclusive workplace where associates can share their perspectives and ideas. This was a primary driver behind the launch of our associate website, mywalmart.com, in 2009. Over the past three years, mywalmart.com has evolved from a benefits-focused site to an inclusive tool where associates turn to connect with each other and gather the information that is most important to them.

One of the newest features on mywalmart.com is our diversity and inclusion community, where associates can learn more about the extensive programming and Associate Resource Groups offered. The community contains videos, online resources, blogs and forums for associates to share and connect with each other regarding these topics.

In addition to user-generated content, the community is home to Sharon's Corner, a blog written by Sharon Orlopp, global chief diversity officer, Walmart, that shares her personal learnings and leadership lessons on diversity and inclusion.

**Sharon's Corner,  
a blog written by  
Sharon Orlopp,  
global chief  
diversity officer**



We continue to find ways to address the challenges of translating our shared values globally by sharing best practices with our international ethics partners in order to provide a framework of consistent messaging and training.

The screenshot shows the mywalmart.com homepage with a dark blue header and a light blue footer. The main content area includes:

- Profile:** Shows a photo of Micah Laney, a Walmart Home Office associate since Feb 2003.
- Stock Ticker:** Displays stock prices for WMT (\$60.81), CSCO (13992.41), and SPDR (1398.17).
- Manager's Corner:** Includes links for "Talk with fellow managers", "Discuss work topics", "Share successful strategies", and "Closed-door conversations".
- Your Schedule:** Shows a "Schedule" button.
- Post:** A blog post titled "Leadership Lessons from Baseball" by Sharon Orlopp, dated March 13, 2012, with a rating of 4.8 stars.
- My Sustainability Plan:** A section for setting goals, with a goal to "Spend at Least 30 Minutes Outside Every Day" set for Mar 18 - 24 2012.
- Forums:** A list of recent forum posts, including "TN Associates [Tennessee]" and "New 401K Plan".

# Building global talent

To build a truly global company, it is critical to develop leaders who have global perspectives gained from a variety of experiences outside their home countries.

In 2011, we created our Global Assignment Team to focus on transforming the company into a global organization and grow international business by enhancing our associates' world perspective and building global leadership talents.



The team's goal is to play a critical role in helping leverage our talent through global assignments. Some of the initial steps we have taken include:

- Increasing the number of country-to-country and country-to-U.S. assignments, instead of the traditional U.S.-to-country assignments
- Developing local talent as in-country successors
- Selecting the right candidate for the right assignment and discussing the next career goals at the beginning of the assignment instead of at the end
- Tying expatriates' performance to their long-term development and succession plans

## Searching for talent

We have always encouraged associates to "Think globally. Act locally." As we continue to grow and opportunities arise for international business expansion, we need associates who understand how to interact with customers and business partners across our global markets. To better communicate international career opportunities within the company, we launched GlobeSmart. This tool allows U.S. associates to express interest in global opportunities by updating their talent profiles. Associates in our international markets have access to these same opportunities by visiting our Walmart Global Talent and Opportunities site.



## HR ambassador

Kate Vukelich

Kate Vukelich joined Walmart in 2006 and served in a variety of human resources roles before being selected to go to South Africa as the HR integration lead. Although she arrived late in the South Africa integration process, her current supervisor, Jay Porter, says she jump-started the overall project, team engagement and cultural rollout within the organization.

Kate has simplified the requirements from the team and focused both the execution of activities as well as delivery of messages. She has connected with the leadership and associates within the organization at all levels and truly is a Walmart ambassador.

## Mentor Me

Sharing diverse experiences and perspectives

We value mentoring as a developmental process that enhances associate engagement and performance. The Mentor Me program is designed to assist in creating and sharing diverse knowledge, experiences and perspectives among our associates. It empowers associates to take an active role in their development by providing resources, tools and suggestions to drive effective mentorships.

There are tremendous benefits to the mentee, mentor and company.

### Mentee benefits

- A safe environment to explore ideas, tactics or strategies
- Opportunity to gain additional knowledge, experience and perspective
- Opportunity to expand personal and professional networks
- Access to mentor's professional resources and advice
- Support with personal and professional development

### Mentor benefits

- Increased capacity for developing others
- Improved effectiveness in communication, leadership, patience and motivational skills
- Gratification from giving back by teaching, assisting, influencing and supporting mentees
- Enhanced self-confidence and recognition
- Exposure to diverse thoughts, perspectives and practices
- Access to developing internal talent



### Walmart benefits

- Opportunity to develop and retain the next generation of workforce leaders
- Broadens perspective and skill set of existing talent
- Increases associate engagement and performance
- Creates a culture of continuous improvement
- Shares knowledge across divisions and functions to increase effectiveness

Sam Walton said Walmart is all about ordinary people doing extraordinary things. That is one reason why mentoring has always been part of our culture, and all associates are encouraged to participate. Resources we provide include:

- **Mentor Me and Mentoring Circle Guides** provide an overview of the program, benefits, roles and responsibilities, tips to sustain the relationship and more.
- **Mentor Me SharePoint site** houses tools and resources to drive effective mentoring relationships.
- **Monday Morning Mentoring Class** is offered quarterly and allows associates an opportunity to gather best practices to drive more meaningful mentoring relationships.
- **Meet Three at Three networking events** are offered quarterly. Associates are encouraged to attend, network and identify three individuals who could potentially become a mentor/mentee.
- **National Mentoring Month Summit**, hosted every January, brings in a guest speaker. In 2012, Dancing With the Stars champion J.R. Martinez spoke on paying it forward.



**"I tell the associates the most important thing they can do to better themselves, and better their mind, is get an education. We want to make sure they have a foundation."**

Synetria Petersen, associate, Los Angeles

## Reaching out

When Synetria Petersen took over as manager of the Baldwin Hills Crenshaw Plaza store in south Los Angeles in 2010, she wanted to make a difference in the community. She immediately forged partnerships with the Los Angeles Urban League and the West Angeles Community Development Corporation (CDC), which have paid major dividends.

Her store teamed with the Urban League to help sponsor the organization's WorkSource Centers, where job seekers are assisted with resume building, interview preparation and other facets of finding a job. Since the partnership began, Synetria estimates at least 22 Walmart associates have been hired through WorkSource.

The partnership with the West Angeles CDC has led to ongoing assistance with food and shelter for the homeless in the community.

At the store, Synetria has implemented a successful mentorship program, something she benefitted from early in her work life at a national home improvement store. She and the management team take an active role by providing young associates the structure to allow them to further their education.

Petersen says the reward for her is in giving back, taking away hindrances to growth and seeing the community prosper.



## Mentoring circle

Baker Jiang and Sharon Orlopp

In May 2011, Baker Jiang, vice president of Hypermarket operations, Walmart China, met Walmart Global Chief Diversity Officer Sharon Orlopp, on a tour of a Beijing store. One month later, while visiting the U.S. for the annual Walmart Shareholders' Meeting, Sharon invited Baker to join her mentoring circle.

"It was an act of inclusion to raise the comfort level and break the ice for associates who were part of the group but had not yet met one another," Baker said. "Sharon's mentoring circle offers a variety of different backgrounds and cultures. When together, we are able to share and openly express our thoughts, ideas and insight. I never understood the importance of developing such rich resources from a global perspective until my inclusion into this circle of mentees and leaders."

Sharon uses different forms of communication each week and month, regarding culture, people and diversity, and the business. Her mentees exchange their thoughts, share business updates and gain crucial knowledge through feedback.

Other executives make themselves accessible to the mentoring circle, as well as other mentoring groups within Walmart. Sharon sets up activities that engage her mentees and executives in question-and-answer sessions.

"It's that kind of commitment to the company, the teams and the associates that makes me proud to work for a global company like Walmart," Baker said. "Associates are encouraged to engage in networking opportunities that help them develop their careers, advance their skills and become a better leveraged talent."



As we approach Walmart's 50th anniversary, we celebrate our tradition of integrity that has always served as the foundation of our culture. We lead with integrity by demonstrating honesty, fairness and objectivity in everything we do, and it continues to be critical to our success.

## Celebrating a tradition of integrity

In an effort to proactively promote ownership of Walmart's ethical culture to all stakeholders as we grow our global footprint, we formed the Walmart Global Ethics Office in 2004. We are committed to evolving with the company by continuing to provide support resources and tools to assist with ethical decision-making across our operations.

### Globalizing ethics training

The key to maintaining our unique culture and commitment to integrity is engaging all associates on the front end. In the U.S., all new associates complete a Statement of Ethics e-learning module, and ethics content is integrated into our Welcome to Walmart on-boarding program, leadership academy and human resource fundamentals program. All new U.S. Home Office management associates complete a four-hour ethics education course, and a Statement of Ethics refresher module is rolled out to all Home Office U.S. associates annually.

We conducted an audit of our global ethics education programs in each of our markets around the world. Those learnings enabled us to translate our Statement of Ethics e-learning modules for use in India, Brazil, Japan, Mexico, Argentina, Chile, U.K., China and Canada scheduled for rollout in FY2013. All new international Home Office associates receive ethics training as part of their on-boarding.

As more associates reach out to our office, we are continuing to make it easier for them to get relevant information through FAQs on our intranet and blogs on our internal social networking site. Our online, mobile-friendly version of our helpline ([walmartethics.com](http://walmartethics.com)) is accessible for associates, suppliers and customers.

### Leadership Speaks Series

Our Leadership Speaks Series supports our vision of promoting ownership of our ethical culture by engaging our leaders in thought-provoking conversations that set the tone at the top.

The purpose of the Leadership Speaks Series is to provide globally applicable messages to associates about the importance of integrity at Walmart. Executives and external speakers share and discuss their experiences and challenges faced to ensure that our values and culture are consistently applied and upheld across all markets.

We hosted two sessions in 2011 with two internal executives. In June, Susan Chambers, global people executive vice president, shared, "If you understand our values, you can interpret any situation and make the right decision." Former CEO and current board member Lee Scott shared insights on effectuating change today. "Managerial courage is doing what's right regardless of the cost," Lee said.



**"A strong corporate culture with its own unique personality ... gives us a sharp competitive edge."**

Sam Walton

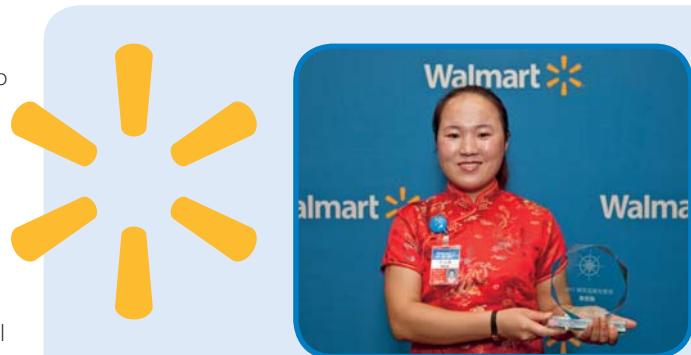
### Integrity in Action Award

Integrity is a foundational value at Walmart, and it is important that we keep our culture of integrity strong by celebrating associates who consistently live our values. We developed our Integrity in Action Award program to recognize associates who demonstrate integrity through consistent actions and words, and inspire other associates to always do the right thing.

The program is based on voluntary nominations received from our associates. Each country where we operate was able to select an award recipient for their market. Associates selected the overall global award recipient by voting for the story they felt was most inspiring. In 2011, we received more than 11,000 nominations and 87,000 votes from our associates around the world.

The following nine market recipients traveled to our corporate office in Bentonville, Ark., to receive their awards from CEO Mike Duke and International CEO Doug McMillon:

- **Raúl Arellano**, store manager, Chile
- **Carlos Dangate**, stockman, Henderson, Nev., U.S.
- **Rafael Butiri Garcia**, supply supervisor, Brazil
- **Shravan Kumar**, floor associate, India
- **Bany López**, assistant department manager, Mexico
- **Yuri Ubaldo Marquez**, sub-administrator, Central America
- **Nelson Otero**, operations manager, Argentina
- **Kevin Trott**, colleague relations advisor, U.K.
- **Mou Zongyan**, electronics associate, China



### Shining example of integrity

Mou Zongyan

As part of our Everyday Low Price philosophy and our commitment to remaining objective in business decisions, we decline gifts from suppliers, potential suppliers or customers. Mou Zongyan, an electronics associate with Walmart China, displayed that to the highest degree in 2011.

Mou was chosen by our associates as the global winner of the Integrity in Action Award in 2011. She modeled our culture of integrity by routinely declining gifts offered by suppliers seeking to influence her business decisions and by declining gratuities offered by customers to reward her for exceptional service.

Her positive actions have encouraged other associates to follow her lead and exemplify integrity. She's a role model of how to act with integrity every day, and of how to exemplify Walmart's culture.

# Volunteerism



Our associates are actively engaged in the communities where they live and work. We support their volunteerism every step of the way, as we are more than the products on our shelves. We are part of our communities.



## Volunteerism Always Pays

We encourage our associates to get involved with the charitable organizations that matter most to them, their families and the communities we serve. Our Volunteerism Always Pays (VAP) programs recognize associates who volunteer on their own or with a group of associates interested in the same cause.

In 2011, our associates generated more than \$13 million in local grants through our VAP programs.

Associates at our Distribution Center (DC) and Transportation Office in Brooksville, Fla., exemplify our think globally, act locally approach. In 2011, 323 associates at these two facilities alone volunteered a combined 23,000 hours, both individually and as part of community-based events. Their volunteerism touched 126 organizations, contributing the equivalent of \$182,000 to the Brooksville area.

Over the course of several months, these associates traveled to the Support Our Troops headquarters to organize donations, unload trailers, pack and deliver boxes and more. A large contingent gathered five times during 2011 to participate in river cleanup efforts at Weeki Wachee River State Park to ensure it was pristine year round. They also conducted outdoor property maintenance for a local shelter for abused women and children for the entire year.

This is just a sampling of the projects, events and organizations our associates at these two Brooksville facilities were a part of in 2011. Our associates across the U.S. and in communities in each of our international markets are making volunteerism a priority every day.

### Argentina

Walmart and Changomas stores in Argentina have Volunteers Committees with budgets that support local communities' initiatives as well as the implementation of different corporate social responsibility campaigns. Fifteen to 20 percent of our store associates participate in a volunteering activity. In December 2011, 43.7 percent of our Home Office associates in Buenos Aires were recognized during Volunteering International Day.

### Costa Rica

In 2009, our Costa Rican operations initiated a formal volunteerism program. For example, our associates have painted walls, constructed hydroponic gardens, renovated the library and more at Hospicio de Huerfanos, an orphanage in San Jose. In 2011 alone, our associates contributed 6,109 volunteer hours to such social organizations.

### El Salvador

In 2011, more than 400 associates participated in 12 volunteerism rallies in El Salvador, supporting a variety of environmental, educational and youth-focused causes.

### Nicaragua

In 2011, our Nicaraguan operations organized volunteer rallies in Granada and La Chureca; with more than 100 associates volunteering alongside local government offices and others. In addition, we spearheaded local volunteerism events in each of the 13 communities where we opened new stores.

### Mexico

The most important and essential part of our Mexico operations' community involvement is the fully committed and responsible work of our associate volunteers. Our associates participated in a number of activities in 2011, ranging from school, orphanage and hospital maintenance to hunger relief and environmental cleanup efforts. In 2011, more than 134,000 volunteers participated in events across the country.

**"Our associates are making the community a better place by giving selflessly of themselves."**

Toby Gray, general manager, DC #6020, Brooksville, Fla.

## My Sustainability Plan carries positive momentum into 2012

Propelled by a pair of major steps, our global associate engagement initiative, My Sustainability Plan (MSP), generated significant momentum in 2011.

Through the fulfillment of a commitment made at the 2010 Clinton Global Initiative annual meeting, we now provide a royalty-free license to organizations interested in adapting MSP for its employees or stakeholders. The license allows corporations, municipalities, school systems and nongovernmental organizations to access the program framework, curriculum, branding, artwork files, research and more. To date, 35 organizations, including UPS, Unilever, J.B. Hunt, UnitedHealthcare and others, have taken advantage of this licensing opportunity since its release in September 2011.

In addition, we launched an online MSP tool in the U.S. and had more than 50,000 associates register. The tool allows associates to create and track goals, connect with fellow associates through social gaming elements, and access tools and resources to help them stay on track with their goals. It also enables us to more accurately aggregate associate participation levels and better understand the impact of their collective efforts. We will roll out the online MSP tool to international markets in 2012.

### Defining MSP

Associates from 15 countries around the globe helped us define personal sustainability through the following 12 focus areas in three broad categories:

#### My Health

- Eat Healthy
- Get Active
- Quit Tobacco
- Reduce Stress

#### My Planet

- Save Water
- Reduce Waste
- Save Energy
- Enjoy Nature

#### My Life

- Learn New Skills
- Manage My Money
- Make Quality Time
- Help Others



My Sustainability Plan  
**msp**

**35 organizations**

have taken advantage of this licensing opportunity

**more than 50,000**

U.S. associates have registered online



For more details on the 2011 event, visit <http://greenroom.asda.com/>.

### ASDA associates take MSP to the next level

When ASDA challenged its associates to reduce their personal carbon footprint, four associates took on the challenge with impressive results. Their enthusiasm has encouraged friends, families and colleagues to adopt some of the same strategies.

David Chalmers (finance manager, Falkirk Depot), Edwina Emery (people development manager, ASDA House), Lynne Kenny (checkout operator, Burnley store) and Louise Williams (people manager, Brackmills Depot) took part in the Sustainability Challenge in May 2011 with the aim of lowering their collective household carbon footprint. They blogged about it as they went along, tracking their progress and illustrating that even small changes can make a big difference.

By reducing their water, electricity and fuel usage, and cutting down on food waste, they reduced their individual carbon footprints from

between 14 to 37 percent during the Sustainability Challenge. Their efforts ranged from simple steps, such as shorter showers, to larger measures, like keeping their cars at home and using public transportation.

They became so enthusiastic that they engaged their colleagues on what they were doing, demonstrating that being green brings tangible benefits – saving money, eating better and reducing energy.

The U.K. waste reduction body Waste and Resources Action Programme (WRAP) partnered with ASDA on the Sustainability Challenge to educate associates on the issue of food waste. According to WRAP, if we stop wasting food that could have been eaten, it would be the environmental equivalent of taking one in every five cars off our roads.

ASDA is gearing up for another challenge in 2012.

## More than 100,000 strong

As sustainability has become a living part of our Next Generation Walmart business model, many of our associates around the world have taken sustainability beyond the workplace. To engage associates and support this positive momentum, we introduced My Sustainability Plan (MSP) in 2010.

Through this voluntary program, more than 100,000 associates worldwide have selected personal MSP goals in one of three categories – My Health, My Planet

and My Life – while encouraging and inspiring each other along the way. This format allows everyone to understand how their individual actions, when combined with those of their two million colleagues, make a world of difference.

The top three MSPs in the U.S. are:

- Get at least 30 minutes of daily physical activity
- Create and manage a budget
- Quit smoking cigarettes or cigars

The following represents a sampling of MSP successes in our international markets:

- Chile: About 50 percent (20,000) of associates participate in MSP.
- Brazil: More than 62 percent (50,000) associates participate in My MSP.
- U.K.: Through Cyclescheme, associates have access to discounted rates on bicycles and related equipment at more than 1,700 locations.



## Challenges

With the challenge of launching the Lifelong Learnings program, we are now turning our focus to growing enrollment and assisting associates with completing their degrees.

### **U.S. health plans**

The current healthcare system is unsustainable for everyone. Our country needs to find a way to reduce the cost of healthcare.

### **Lifelong Learnings**

Now that the program has been successfully launched, we are turning our focus on growing enrollment and assisting associates with completing their degrees.

### **Ethics**

It is a challenge translating our shared values globally. We are working to address this with our international ethics partners in order to provide a framework of consistent messaging and training.

### **Recruiting**

Recruiting, hiring and training 4.3 million people globally during the next five years is a huge challenge. Some of the ways we are working to meet this need include our continued focus on recruiting veterans in the U.S. and providing training opportunities to the people in our communities around the globe.



# Environment

## Making a difference



### Our sustainability commitments



be supplied  
**100%**  
by renewable energy



create  
**zero**  
waste



sell products that  
**sustain**  
people and the environment

**"There will be no part of this company, anywhere in the world, that doesn't contribute to making Walmart more sustainable."**

Mike Duke, president and CEO, Walmart



## Sustainability 360

Sustainability 360 takes a comprehensive view of our business by engaging more than 100,000 suppliers, 2.2 million associates and hundreds of millions of customers around the world in our efforts. Sustainability 360 lives in every corner of our business – from associate job descriptions to our interactions with suppliers.

For example, in 2011, we launched the social initiative Walmart Institute Caravan in Brazil. More than 230 people in six Brazilian states gathered to discuss the importance of social mobilization actions and acknowledge those who foster such actions, while encouraging the creation of new initiatives in the area.

One year prior, the Walmart Canada Green Business Summit spawned ShareGreen.ca, a website dedicated to sharing case studies of sustainability-minded business practices that have successfully demonstrated return on investment. This tool is open to everyone and continues to grow in both content and popularity.

These are just a few examples in two of the markets we serve around the world. Sustainability 360 guides our decisions based on improving the environment, supply chain and communities, everywhere we operate and source.

## Sustainable Value Networks

At Walmart, we utilize Sustainable Value Networks (SVN) to help integrate sustainable practices into all parts of our business.

As we have learned and made progress, we have continued to redesign the SVN structure to better fit and support our progress. Our SVNs bring together leaders from our company, supplier companies, academia, government and NGOs. Together, we explore challenges and develop solutions to benefit our business, as well as our local and global communities.

Our nine SVNs are currently overseen by a pair of councils, charged with recognizing progress, evaluating future direction and aligning new goals.

### Operations Council SVN

- Renewable Energy
- Sustainable Buildings
- Sustainable Transportation
- Operations Waste and Recycling

### Sustainable Products Council SVN

- Index
- Packaging
- Food and Agriculture
- Chemical Intensive Products
- 20 Million Metric Tons Product GHG

Each of our SVNs has contributed a wealth of innovation and insight, resulting in numerous positive changes to our business operations and on the environment. We have become more energy efficient, reduced waste and increased the introduction of environmentally preferred products.

## Sustainable Value Networks

Index    Packaging    Food & Ag    Chemical Intensive Products

20 Million Metric Tons Product GHG    Renewable Energy    Sustainable Buildings  
Sustainable Transportation    Ops Waste and Recycling

### Chief Executive Officer

- Provides quarterly updates through executive management

### Network Captains

- Director or Vice President level
- Guide network efforts
- Drive SVN initiatives toward goals

### SVN Council

Vice President level or higher

### Sustainability Team

- Oversees network activities
- Aligns overall efforts
- Provides guidelines



# Energy

As we expand our reach around the world, we are working to reduce our energy use and greenhouse gas emissions. By investing in this key area, we are ensuring a cleaner environment, while saving our customers money and bringing new technology to market.

## Setting the stage for long-term success

As part of our aspirational goal of being supplied by 100 percent renewable energy, we envision a world where people do not have to choose between electricity they can afford and renewable electricity that is good for communities and the planet.



## Progress since our last report

- Walmart U.S. completes 100th onsite solar installation.
- Walmart Canada and China complete first onsite solar installation.
- Walmart U.S. opens first stores with 100 percent LED sales floor lighting.
- Massmart completes installation of rainwater harvesting systems on all Builder Warehouse stores.

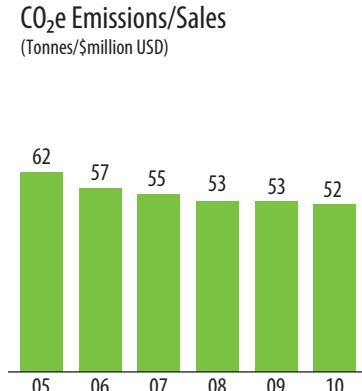
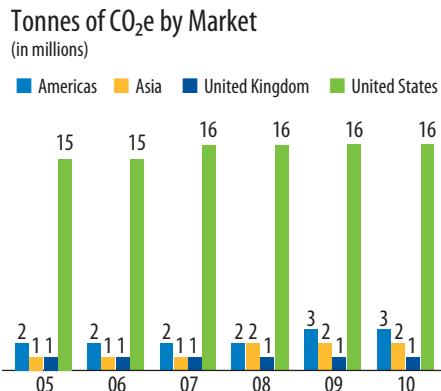
As such, Walmart's renewable energy activities are focused on

- Development and installation of new renewable energy projects
- Driving down the cost of renewable energy
- Building scale
- Securing cost-effective, stable energy pricing that meets or beats utility power pricing

Additionally, we are committed to experimenting, piloting and scaling a variety of cutting-edge and proven technologies to propel our use of renewable energy around the world.

To date, we have more than 180 renewable energy projects in operation or under development across our global portfolio, providing us more than one billion kilowatt hours of renewable electricity annually. That is enough to power 78,000 American homes<sup>1</sup> every year. Added together with the renewable electricity we are supplied by the grid, 22 percent of Walmart's electricity needs globally are supplied by renewable sources (more detail in the section below).

All of this power generates no greenhouse gas emissions, and is being delivered in a cost-effective manner, demonstrating that a new energy future can contribute to everyday low costs and enable everyday low prices for our customers.



During fiscal years 2006, 2007 and 2008, foreign currency exchange rates had a USD \$1.4 billion, USD \$1.5 billion and USD \$4.5 billion favorable impact on net sales, respectively. As a result, efficiency improvements when calculated as global CO<sub>2</sub> emissions per USD \$1 million

of global net sales, appear stronger than there had been no exchange rate impact to net sales. In fiscal years 2009 and 2010, we experienced respective USD \$2.3 billion and USD \$9.8 billion unfavorable currency exchange rate impacts, meaning we managed

to decrease our emissions per million in sales even with increased adverse currency rate impacts. This trend reversed in fiscal year 2011, and we experienced \$4.5 billion favorable currency exchange rate impacts. This improves our rate of efficiency per unit of net sales. We fully

expect future currency exchange rates and market conditions to impact this measurement and potentially impact future CO<sub>2</sub> per net sales ratios either for the positive or for the negative.



## How Walmart defines *renewable energy*

*Renewable energy is generated from resources that replenish themselves in short periods of time. Examples include – but are not necessarily limited to – the sun, wind, moving water, plant and organic material (biomass) and the earth's heat (geothermal).<sup>2</sup>*

## Walmart's renewable energy approach

To become powered by 100 percent renewable energy, we recognize it will require investing in different technologies and power generation strategies. Our approach is three-pronged:

### 1. Distributed generation.

Walmart is a leader in both testing and scaling onsite renewable energy projects, including solar rooftops, microwind on our parking lots, biodiesel generator sets, and fuel cells. Walmart currently has:

- **115 rooftop solar installations in seven countries** (Canada, China, Japan, Mexico, Puerto Rico, U.K. and U.S.), delivering 71 million kilowatt hours of electricity annually to our stores, clubs, and distribution centers. In California alone, approximately 75 percent of the Walmart-owned locations will have rooftop solar installed by the end of 2013. In 2012, Walmart China completed its first rooftop solar project, a formidable task given the unique real estate, regulatory and geopolitical challenges in that market. Rooftop solar typically provides up to 30 percent of the store's annual electricity requirements.
- **26 fuel cell installations in the United States**, delivering 65 million kilowatt hours of electricity annually. Fuel cells can be sized to provide a wide range of the store's annual electric requirements, but to date we've sized our systems to provide 40–70 percent of the stores' annual electric requirements.
- **We are testing onsite microwind, solar water heating**, as well as solar thermal in various markets, including Canada, Chile, China, Mexico and U.S.

### 2. Utility-scale, offsite generation.

We changed the way we buy power, extending our contract length, and going directly to the source. Our willingness to sign longer-term power purchase agreements (PPAs of up to 15 years in some markets), enables large-scale renewable energy developers to secure preferred financing, lowering the cost of utility-scale

renewable energy projects. This fits our strategy of procuring renewable energy for prices at or below utility rates and, ultimately, we believe will make clean, renewable energy more affordable for everyone. Walmart currently has five utility-scale offsite wind projects in operation or under development in Mexico, the U.S. and the U.K., totaling 470 million kilowatt hours of renewable power annually. Additional details of our large-scale wind projects include:

- **348 stores in Mexico supplied by wind power** through an agreement with Eléctrica del Valle de Mexico via its state-of-the-art wind farm. This clean energy resource currently provides 17 percent of the energy needs of Walmart Mexico and has reduced CO<sub>2</sub> emissions by an estimated 137,240 tons annually.
- **350 stores in Texas receive up to 15 percent** of their electricity needs through a four-year agreement to purchase clean energy from Duke Energy's wind farm in Notrees, Texas.
- **14 stores in Northern Ireland supplied by wind power**, with 100 percent of the electricity into those stores both affordable and renewable.

### 3. Grid-connected and other green power purchases.

In many parts of the world, regulatory barriers prevent Walmart from directly purchasing electricity from wind farms, and other barriers make onsite renewables cost-prohibitive. We work with stakeholders across government, nonprofit and multilateral organizations to make the grid as renewable as possible, as fast as possible. In some cases, promoting affordable renewable power may include participating in utilities' green power purchase programs; in other cases, purchases are made through competitive green power market sources. We have participated in these programs in two markets (Canada and U.S.), resulting in more than 500 million hours of renewable energy annually.

<sup>1</sup> <http://www.epa.gov/cleanenergy/energy-resources/calculator.html#results>.

<sup>2</sup> This definition is an adaptation of definitions from the World Resources Institute (p. 4, [http://pdf.wri.org/guide\\_purchase\\_green.pdf](http://pdf.wri.org/guide_purchase_green.pdf)) and the American Council on Renewable Energy. Walmart's definition is still evolving, in partnership with leading NGOs.



## Adding it all up

According to the United States EPA's Green Power Partnership program, Walmart's California and Texas renewable energy projects alone bring us to be:

the **second-largest** purchaser of green power among U.S. retailers<sup>3</sup>

the **second-largest** onsite green power generators in the U.S.<sup>4</sup>

the **third-largest** U.S. green power purchaser in their ranking overall<sup>5</sup>

the **third-largest** green power purchaser in the Fortune 500<sup>6</sup>

<sup>3</sup> <http://www.epa.gov/greenpower/toplists/top20retail.htm>.

<sup>4</sup> <http://www.epa.gov/greenpower/toplists/top20onsite.htm>.

<sup>5</sup> <http://www.epa.gov/greenpower/toplists/top50.htm>.

<sup>6</sup> <http://www.epa.gov/greenpower/toplists/fortune500.htm>.

Note: Walmart's goal also encompasses energy sources for transportation and logistics, and Walmart will be developing metrics for measuring renewability of logistics-related energy needs in the future. For the purposes of this report, the metrics include only energy consumed by buildings.

**Even with our demonstrated early leadership, we recognize we have a long way to go to reach our aspirational goal to be supplied by 100 percent renewable energy. When we measure our total renewable energy supply, we look at it two ways:**

### 1 Renewable energy as a portion of our buildings' *electricity* needs.

This approach is used by most other companies in the EPA Green Power Partnership and reflects the majority of our renewable efforts to date. When we developed our first roof-mounted solar projects in 2007–2008, renewable energy supplied less than 1 percent of our electricity needs. As of 2010, Walmart-driven renewable projects provide about 4 percent annually or, 1.1 billion kilowatt-hours of our buildings' electricity needs. The grid supplies another 18 percent, for a total of 22 percent renewable electricity.

### 2 Renewable energy as a percentage of our buildings' *total energy* needs.

This approach is used by most organizations with a global footprint, and includes electricity, natural gas, propane and other building energy sources. As of 2010, the most recent data, renewable energy served 15 percent of our total building energy needs, with about 12 percent coming from the grid and about 3 percent coming from Walmart's renewable projects. Though electricity is our company's largest energy source, natural gas and others are also consequential and we are actively working to reduce our use of those nonrenewable fuels, including energy efficiency initiatives.





## Walmart-driven renewable energy

produces **4%** of our buildings'  
electricity needs and **3%** of our buildings' *total energy needs*

## Getting to 100 percent

Because of Walmart's global reach, making a meaningful penetration into our goal to be supplied by 100 percent renewable energy relies on the alignment of a number of market conditions, as described below. Some of our markets and/or regions are well suited for maximum renewable penetration, and, in those markets, our percentage of renewable electricity is much higher. For example in Texas and

California, Walmart's renewable projects meet 28 percent of our electricity needs (not including grid electricity), and in Mexico, 17 percent of our electricity is served by our renewables projects (not including grid electricity). In many other regions where we operate, the absence of the market conditions described below results in almost 0 percent renewable energy.

### To drive a higher volume of renewables, the following nine conditions must exist:

#### For all types of renewable projects:

- 1. Renewable resource availability.** There must be rich wind, solar, geothermal or other renewable resources.
- 2. Mature technologies and providers.** The technologies – and the companies to install and maintain them – must be available to turn the renewable resource into useable energy.
- 3. Finance capital availability.** The market must have banks and financial institutions willing and able to lend to project developers. Often, lenders offer lower cost of capital and other preferred finance terms as a result of Walmart's low-risk profile as one of the project partners. In some of our markets, unexpected finance risks – like past currency crises – have made lenders unwilling to finance projects in those markets, especially for utility-scale projects.
- 4. Government incentives.** In some markets, renewable energy projects are viable without government incentives; however, in many regions, government incentives help make the project viable.
- 5. Cost of electricity.** Highly subsidized grid electricity costs make renewable energy less attractive.

#### For offsite utility scale projects:

- 6. Favorable regulatory framework.** For example, it must be legal for Walmart (or other energy consumers) to directly source electricity from project developers. In some of our markets, our ability to drive scale is diminished because we are not able to sign direct power purchase agreements.
- 7. Grid reliability.** The electricity must be able to reliably transmit from the project site to our stores.

#### For onsite distributed generation projects:

- 8. Rooftop rights.** Installing onsite renewable energy is far more viable when we own the building and have access to the roof, parking lot and other real estate to install systems. Some of our markets lease space in the basement of multistory high-rises, creating both ownership and engineering barriers.
- 9. Permitting and regulatory freedom.** Many of our attempts to install renewable energy on our roofs, parking lots or land have required significant time working with regulators to manage permitting rules that inadvertently prevent renewable installations.

When the right combination of these nine conditions align, Walmart has the opportunity to do what we do best: leverage our scale, our creativity and our willingness to take risks to drive significant new renewable capacity. In markets where only a few of these nine conditions align, we are far more limited.

## McKinney/Aurora solar tests

In 2005, our new stores in McKinney, Texas, and Aurora, Colo., represented our first foray into solar technology experimentation.



## Global renewable energy efforts

### Mexico

In 2011, Walmart Mexico signed three renewable energy contracts to generate 252 megawatts. This clean energy resource is expected to supply 50 percent of Walmart Mexico's energy needs by 2015, while reducing CO<sub>2</sub> emissions by 490,000 additional tons annually. More than 350 of our units utilize renewable energy generated via wind or solar, and additional wind farms and hydroelectric plants are being pursued to cover our remaining 1,600 units.

### Canada

In 2011, Walmart Canada installed a rooftop solar generation system at our Kitchener-Waterloo, Ontario, store. The system is expected to reduce annual GHG emissions by 80 tons and generate 450,000 kilowatt hours (kWh) of energy per year, enough to power 39 average-size Canadian households. We also utilize solar power, hydrogen fuel cells and wind turbines at our state-of-the-art fresh food distribution center in Balzac, Alberta. Walmart Canada is one of the largest purchasers of low-emission power through our partnership with Bullfrog Power.

### China

In 2011, Walmart China completed the installation of a roof-mounted solar system at its Xiangmihu store in Shenzhen. It marks the first non-state-owned project under China's Golden Sun Solar Program and is the result of four years of preparation by the Walmart China team. The solar installation covers 30 percent of the store's roof space and provides an estimated 18 percent of its electricity needs. This has the potential to reduce greenhouse gas (GHG) emissions by 430 tons annually.

### U.K.

ASDA purchases energy through Airtricity Northern Ireland Wind to supply 100 percent of the electricity needs for 14 of our stores in Northern Ireland. We have also taken the global lead at Walmart in the testing and deployment of electric vehicle charging stations. ASDA anticipates installing charging stations at all of its stores by the end of 2012.

# Sustainable facilities

## Walmart first in retail with green refrigeration prototype

Unless you are a scientist, environmentalist or a repair specialist, it may come as a surprise that one of the most common emissions damaging our environment today is produced by the refrigerated display cases and walk-in coolers used in most grocery stores. According to the United Nations Environment Programme (UNEP), hydrofluorocarbons (HFCs) used in refrigeration systems (as well as other applications) are expected to increase 8 percent a year through 2050, and "given the fact that the global warming potential of the current mix of HFCs is about 1,600, there is concern that HFCs could significantly influence the climate in the future."

At Walmart, refrigeration accounts for about 11 percent of our GHG emissions and is an even bigger contributor to our carbon footprint than our truck fleet. According to the U.S. Environmental Protection Agency (EPA), the average supermarket refrigeration system has a 25 percent leak rate. In fact, the average grocery store releases more greenhouse gas (GHG) from refrigerant than from electricity use. At Walmart, we recognized we had an opportunity to set the industry standard in GHG reduction.

In 2011, we became one of the first retailers in the U.S. to incorporate a refrigeration system known as secondary loop in our new store prototype design.

We believe this technology can transform the industry and dramatically reduce a grocer's carbon footprint. Secondary-loop refrigeration is just one of the innovations we have implemented to reduce our carbon footprint and improve the sustainability of our facilities.

### U.K.

Since 2005, ASDA has reduced its refrigerant gas leakage from 20 percent to 7.1 percent, nearly a full percentage point lower than its goal of 8 percent by 2015. This is partly due to our newly constructed and recently renovated stores, which have a leakage rate of just 2.6 percent.

From 2007 through 2010, ASDA reduced operational carbon emissions by 148,800 tonnes (11.9 percent), despite opening 50 new stores and serving more than 2.5 million additional customers each week during the same timeframe. When making key environmental business decisions, the existing simple payback model of a specified number of years had to be rethought to ensure the right investments were being made. To improve our methods and assist in future decision-making, we conducted a project in 2011 with our retail finance team to identify a shadow price of carbon. The project was highly successful, and ASDA was one of the first U.K. retailers to embed a shadow cost of carbon in all carbon mitigation investment decisions. The actual price we set is confidential, but flexible, to allow it to change with time as external factors evolve, ensuring our appraisal model remains world class.

### International

All of Walmart's international markets, with the exception of the U.K. and Canada (where testing continues), are in the process of eliminating open freezers. In most markets, doors are being added to these freezers, but some have opted to transition away from them altogether in lieu of vertical freezer cases with doors. These doors keep the cool air inside, allowing the refrigeration units to operate more efficiently. We anticipate a reduction in energy consumption of up to 50 percent and an ROI of approximately three years. Mexico has taken the transition one step further by moving all of its fresh meats, beverages, deli, dairy, salads and bakery items into vertical refrigerated cases with doors in new Superama stores.

### Sub-Saharan Africa

All of Massmart's 28 Builders Warehouse stores are equipped with rainwater-harvesting tanks. This water is captured, safely stored and made available for use in certain areas of the store. Motorized pumps move the water from the storage tanks to the gardening center for use in watering plants.

The next step for Builders Warehouse is to install meters to gauge how much water is being used from the rainwater harvesting tanks. These meters allow the chain to determine savings in its monthly water usage. Now that all Builders Warehouse stores have tanks installed, smaller neighborhood Builders Express stores will get theirs.

### Japan

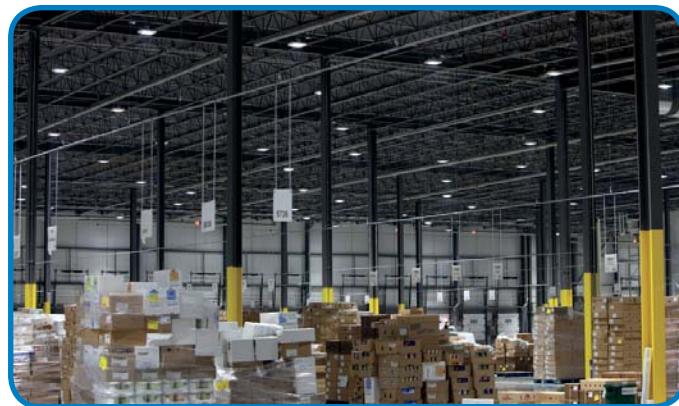
In 2011, we made significant progress in reducing GHG emissions, compared to our 2005 baseline through a number of initiatives:

- Improved energy efficiency of refrigerated cases in newly renovated stores
- Reduced lighting levels in aisles, checkout counters and more in stores without negatively impacting the shopping experience
- Reduced air conditioning energy consumption by halving the number of units in operation at any given time
- Introduced an Energy Management System (EMS) to 345 stores, which allows us to monitor energy use in these facilities from a central location.

### India

Our Best Price store prototypes in India feature a variety of sustainability-focused technologies, ranging from LED lighting and energy-efficient refrigeration systems to daylight harvesting. These stores also emphasize water conservation by filtering stormwater runoff from our rooftops and parking lots through layers of gravel and sand before it flows into the water table. In addition, we implemented a system to capture and process wastewater from our facilities for re-use in such applications as irrigation and flushing.

## Greenhouse gas



We continue to make progress on reducing greenhouse gas (GHG) emissions from our 2005 base of existing stores, clubs and distribution centers around the world by 20 percent by the end of 2012. In this fleet of baseline buildings, we saw an absolute reduction in our GHG emissions from 2005 of 12.74 percent at the end of 2010 (the most recent year for which we currently have data).

Calculating reductions on a straight-line basis indicates that we should be at a 12.5 percent decrease. Among the many contributing factors were technological advances in energy efficiency, reductions in refrigerants and renewable energy projects. We anticipate that further reductions will be increasingly challenging since the projects with the highest efficiency gains at lowest cost have already been implemented in many of our facilities. We continue to seek, identify and implement opportunities to move toward the realization of this important goal.

In the total GHG footprint for 2010, which also includes new facility growth and transportation emissions as well as the existing baseline fleet, we saw an approximate 13.8 percent increase since 2005, while our sales over that same time increased by 35.6 percent and our square footage by 33.1 percent, indicating that we are still improving our efficiency. While we continue to make great strides in designing more efficient stores, installing renewables and reducing other sources of GHG in our fleet and refrigeration systems, there are external factors outside our direct control that impact performance. For example, winter 2010 was a particularly extreme weather season in the U.S., significantly impacting energy requirements. Despite these external factors, we continue to achieve positive results.

### 20 Percent Goal Accounting

The 20 percent GHG reduction goal applies to a specific subset of our facilities, requiring a robust accounting process to accurately assess progress. The general principles of our accounting methodology are as follows, and the full methodology is available upon request:

- We follow the GHG protocol methodology and use a conservative approach in assessing our footprint, intending to conservatively err on the side of including rather than excluding emission sources.
- The 20 percent GHG reduction goal applies to our 2005 baseline of stores and can be compared on a like-to-like basis in the current year. In partnership with NGOs, we have developed a conservative approach to assess which facilities open since 2005 ought to be included in the program.
  - Facilities that have been remodeled or converted from a general merchandise store to a supercenter/grocery (thereby increasing energy and refrigerant loads) *without physical expansion of square footage* are counted in the program.
  - Stores that have been closed are removed from the baseline, thus the accompanying GHG reduction from the closure is not counted toward the goal.
  - Stores that have expanded their hours – thus increasing their energy load and GHG emissions – are still counted in the program.
  - Facilities that expanded square footage or relocated after 2005 are removed from the baseline, and their associated reductions are not included in our progress.
  - New stores and acquisitions are not a part of the goal and are not included.
- We include several unique factors that are important elements of our progress on GHG reduction.
  - One is refrigerants, which are not always considered in GHG assessments but are an important component of our footprint. We have made significant progress in several markets to identify and reduce this source.
  - A second is our purchases of renewable energy. For the first time this past year, we included selected renewable energy purchases that provided verifiable GHG reduction benefits toward the goal.
- The deadline to complete installation of projects contributing toward the 20 percent GHG reduction goal is the end of calendar year 2012. Because a full year of measurement is required to assess the annual impact of these efficiency projects, the final measurement and comparison year will take place in calendar year 2013. Results will be reported in 2014 as soon as the data becomes available.

we achieved a **12.74 percent  
absolute reduction**  
in GHG emissions in our 2005 base of stores, clubs and distribution centers

# Successes and challenges of building a model for change in Chinese factories

In 2008, we hosted a gathering of more than 1,000 leading suppliers, Chinese officials and nongovernmental organizations (NGOs) in Beijing, China. There, we set aggressive goals aimed at building a more environmentally and socially responsible supply chain.

One of those commitments – to partner with our suppliers to improve energy efficiency at 200 factories in China by the end of 2012 – has proven to be one of our most valuable learning experiences to date. We had never piloted a supply chain initiative like this before. To our knowledge, no one had.

Our objective was to develop a project we could learn from – begin to define the unknown. Before scaling efforts to reduce supplier energy use, we sought to better understand how to select factories for such a program, how to collect data in a transparent and relevant manner in parts of the world where energy management infrastructure is weak, and how to ensure data quality and reliability.

## Program outcomes to date

In this project's three years, we have learned a lot, and our suppliers and factories have showed a willingness to step into what was, for many, uncharted territory. Such transparency about energy information was unprecedented for most of the suppliers in this program.

At the end of 2011:

- More than 450 factories have received training from Walmart and our partners on energy efficiency improvements.
- 190 representatives from suppliers or factories have participated in roundtables to share best practices and discuss how to execute an energy efficiency program.
- 313 factories were actively participating in this program, making energy efficiency improvements to their facilities, ranging from minor upgrades to major systems improvements.
- 148 factories had achieved a 20 percent reduction in energy consumption (per unit of production or revenue).



## Identification of top suppliers

As in our other supply chain programs, we aim to capture the biggest, fastest, most economical greenhouse gas reductions possible. As such, when identifying which supplier factories we would enroll in this program, we asked our merchant teams to nominate their top suppliers, based on volume and strategic priority of the relationship. We also examined these suppliers' energy efficiency opportunities. Currently, factories enrolled in the program include:

- 185 factories that supply our hardline (i.e., sports, hardware, crafts and stationery) and entertainment department
- 95 factories that supply our home department
- 24 factories that supply our shoes department
- 9 factories that supply our apparel department

The 313 factories in the program represent about 40 percent of our Freight on Boat (FOB), a reasonable volume of our directly sourced products for a pilot-level project. As we consider how to scale this type of work to an even more significant portion of our directly sourced products, this pilot group of suppliers has helped us learn and refine our approach.

## Evolution of the program's approach

We are grateful to the suppliers for their willingness to join us, and we are indebted to the NGOs and other partners who helped us develop, refine and improve our metrics and approach. Since the program's launch in 2009, we have made a number of adjustments along the way to improve data quality and reliability, and the program still has room for further improvement.

Energy infrastructure in China proved to be an early and ongoing challenge for us. Most factories lack good energy metering systems, many generate power onsite leaving them with inadequate records of energy consumption, and few had ever been asked by a customer to share such information.

We partnered with two of Walmart's top U.S.-based NGO partners in the early months of the project, Business for Social Responsibility (BSR) and Environmental Defense Fund (EDF). With BSR, we co-developed an Energy Analysis Tool for facilitating factory energy data collection and result analysis. And EDF was instrumental in helping us conduct rapid energy assessments of factories.

The BSR Energy Analysis Tool has allowed us to estimate the impacts to date, and we are encouraged by the estimations of lowered GHG emissions, electricity reduced and expenses saved by our suppliers. As we are better able to validate these estimations, we hope to provide more detail upon the pilot project's conclusion.

These tools and assessments set us on a strong start, and our partners also have helped us learn that we need even more sophisticated data.

In 2011, we launched a partnership with the Hong Kong Productivity Council (HKPC), a Hong Kong-based government organization with significant multidiscipline expertise, including energy management. We adopted the International Performance Measurement and Verification Protocol (IPMVP) for whole-facility energy management that provides: improved baseline methodology, increased information requirements that may impact energy data (such as production seasonality, change in factory size and variety of product types, etc.) and improved identification of potential problems or abnormal data. This approach enhanced the existing assessments, reviewing each individual retrofit measure's effects on overall energy reduction of the participating factories.

In a market where consistency and reliability of energy data is not standardized, we have also refined our ability to assess data quality. Because there is no example for utilizing the IPMVP tool at this scale in China, the HKPC has developed a process through which they assess the confidence level Walmart can have in the information provided by our suppliers. At the end of 2011, 167 participating factories initially reported 20 percent or greater improvement in energy efficiency. After adopting HKPC's methodology, 148 factories reported 20 percent or greater improvement.

In addition to the HKPC data confidence assessment, we require a full audit of 10 percent of the 148 factories, which are selected at random. These audits were performed by two leading energy audit firms, CGN CLP (China Guangdong Nuclear & China Light Power) and SGS.

With only a year remaining in the program, we are encouraged by both the program's results and the lessons we have learned. We'll focus 2012 on targeted training and sharing of best practices.

We entered uncharted territory when we made this commitment, but through partnerships with BSR, EDF, HKPC Productivity, CGN CLP and others, we are on our way to building a foundation for profound and lasting change.



## Focus on GHG

### Framework in place for reduction of 20 million metric tons

With the greenhouse gas (GHG) emissions associated with our global supply chain being many times larger than our direct emissions, we remain committed to leveraging our size and scale to drive innovation globally. In February 2010, we announced our goal to eliminate 20 million metric tons (20MMT) of GHG emissions from our global supply chain by the end of 2015. The target represents one-and-a-half times our estimated operational global carbon footprint growth over that five-year time frame.

To date, we have eliminated more than 120,000 metric tons of GHG emissions and have innovation projects identified with the potential to reduce emissions by a combined 16 million metric tons. Examples range from our collaboration with a supplier to adjust freezer temperatures for specific cold chain products to a focus on sustainable palm oil and beef production.

We knew this goal was an aggressive one, and we have encountered a variety of challenges along the way. The layers and coordination associated with every project have proven difficult, but that was to be expected. This level of commitment has never been taken on before and, when there is no predefined roadmap to success, we must rely on experimentation, trial and error, and rapid prototyping before we can scale real innovation. Slowly but surely, we are creating that path and using what we learn to adjust our course, with an unwavering commitment to our ultimate goal.

We spent the first year working in a deliberate manner with our partners, including Environmental Defense Fund (EDF), to develop a guidance document to help us understand what projects would count and how progress would be tracked. Once that document was in place, we focused on identifying projects, on-boarding key stakeholders and initiating the work. We have identified and experienced many of the key challenges we face delivering on this goal. For example, our most significant opportunities to reduce GHG require coordination with multiple layers of the supply chain. Those layers translate into complexity, time and resources.

Even the smallest of projects involve trusted partners, often complicated implementation plans and can take more than a year to launch. From the beginning, we have been in close collaboration with suppliers and environmental experts to lead the development, measurement and independent assessment of carbon reductions.

Our strategy targets a wide array of projects spanning large, transformational GHG innovations all the way to smaller-scale projects that cumulatively make a big difference. Because of the significant time required to launch, implement and realize GHG reductions from transformational, system-changing projects, we have worked with our key partners to implement a deferred tons project track. This track allows the 20 MMT goal to account for GHG reductions from select projects implemented prior to 2015 through the end of 2017, at a discounted rate. These projects must be identified as "game-changers," have an action plan to guide their success through completion, have a full budget designated and secured through 2017, and have

executive-level buy-in and commitment. For more information on the deferred tons track, please reference the updated Walmart Supplier GHG Innovation Program Guidance Document at the Walmart sustainability hub website.

We are eagerly looking for suppliers interested in partnering with us on GHG supply chain innovations. We have established a web-based tool to connect with these hundreds of initiatives. Suppliers can visit [www.walmartsustainabilityhub.com](http://www.walmartsustainabilityhub.com) to submit projects for consideration, share best practices and learn from success stories. These initiatives have the potential to reduce several million tons of GHG emissions.

## From idea to implementation

Multiple steps are required to bring a specific mid-level GHG project from idea to implementation.

A Tier 1 supplier sought to increase the temperature of its cold supply chain and reduce temperature spikes, which had the potential to lead to reductions in energy consumption, product waste and associated GHG emissions. Key steps included:

- Gained buy-in and detailed proposal review by our merchandising, operations, sustainability, energy, transportation and logistics teams.
- Coordinated with supplier to align on key performance metrics and test parameters, including location, duration, comparison temperatures, compliance requirements and more.
- Established measurements and calculation tool to evaluate results.
- Test initiated, followed by thorough review and validation of results.

This particular test proved successful, so the next steps included:

- Walmart and supplier partner to achieve operational improvements associated with the change.
- Supplier aligns with all other retail accounts on implementation of the change.
- Walmart to achieve consensus with other suppliers regarding the change.
- Plan and communicate the change. Distribute to ensure a smooth transition.
- Project will be rolled out and tracking of GHG/business savings will begin.

Projects such as these typically span 12 to 18 months. For more direct projects, such as a single supplier switching out a piece of equipment, idea to implementation could move as quickly as six to 12 months. Large-scale projects involving multiple suppliers carry a timeline of 24 to 36 months.

## Supplier development

### Small and Medium Enterprise

#### Mexico/Central America

##### Banco Walmart

Banco Walmart financially supports Small and Medium Enterprises (SME) based on historical performance of our suppliers. With options including short-term and guarantee-free financing, our suppliers gain access to the capital they need to continue growing. The majority of our small business clients use credit to invest in raw materials, reduce costs and finance seasonal production peaks.

In 2011, our supplier credit reached \$110 million, an increase of \$53 million over 2010, while our year-end balance was \$236 million, a 119 percent increase over the prior year. Total sales at our stores and clubs made with Banco Walmart products in 2011 exceeded \$261 million, of which 80 percent were made at Walmex units. This represents a 321 percent increase over 2010.

#### Chile

##### Developing Program for More Sustainable Suppliers

In 2011, our new Developing Program for More Sustainable Suppliers (DPMSS) earned the endorsement of the Chilean government. This three-year process begins with a committee of specialists examining the production process of 15 suppliers to determine where improvements can be made to lessen a product's impact on the environment. Findings will be formalized by July 2012, when suppliers will begin phasing in detailed improvements that take the entire life cycle of a product into account.

## Fleet improvements

### Walmart U.S. truck fleet

In 2011, we achieved almost 69 percent improvement in fleet efficiency over our 2005 baseline. Throughout our network, we delivered 65 million more cases, while driving 28 million fewer miles, by increasing our pallets per trailer and better managing our routes. The heavier loads have minimal impact on our fuel-efficient equipment, which includes an average tractor age of three years and the addition of more than 13,000 skirted trailers. Our network efficiency improvement equates to avoiding nearly 41,000 metric tons of CO<sub>2</sub> emissions, the equivalent of taking about 7,900 cars off the road.



## 69% improvement

in fleet efficiency while delivering 65 million more cases

### Leading the industry in the development of fleet technology

Walmart U.S. Logistics is an industry leader in the development and testing of advanced technologies to improve the efficiency of Class 8 heavy-duty trucks. In partnership with truck and component manufacturers, we have built a number of prototype tractors with the goal of learning from testing in a real life environment to improve the technology. Like many emerging technologies, these trucks may never enter operation or may not remain in operation long as they go through multiple iterations before being cleared for commercialization. We are already working on many next generations.

**Hybrid assist:** Hybrid assist tractors utilize a traditional diesel drivetrain in conjunction with an electric motor to recover energy normally lost during braking to provide additional torque in high-load situations like going up hills. The onboard batteries are also used to run components such as heating, air conditioning and the electrical system when the engine is off. This model was our first hybrid tractor and was built in partnership with Peterbilt and Eaton Corporation. Over the course of a year, we gathered data and highlighted key areas of opportunity (e.g., batteries) needed to achieve an acceptable return on investment. Hurdles for the batteries include cost, size and weight, and capacity.

**Wheel-end hybrid assist:** The concept of this hybrid, built in partnership with Freightliner, is similar to the one above, except for the placement of the electric motor. This tractor has two wheel-end motors on the second axle, putting the energy right where it is needed and avoiding energy loss from the front of the tractor. Already under development, the next generation of this tractor will attempt to resolve the inability to add future enhancements, such as stationary recharge of the hybrid battery due to current motor placement.

**Full propulsion hybrid:** This configuration is a dual-mode hybrid with the ability to run completely on its electric motor when traveling under 48 miles per hour. When it passes that mark, it switches over to a diesel engine. This hybrid, built by Meritor, was the first of its kind in this class when unveiled. Similar to the hybrid assist tractors, the next generation of this hybrid drive system is under development, being paced by the design of a battery system with enhanced performance and improved robustness.

**Natural gas:** Walmart has been testing five Westport Liquid Natural Gas (LNG) trucks in California for the past three years, and has just taken possession of a Westport/Cummins Alpha 12-liter natural gas engine. This new truck will run on compressed natural gas (CNG) and will also be tested in California. Although available fueling infrastructure is a challenge, the technology performance and potential sustainability benefits encourage further review.

**Technology truck:** In our continuing quest for improved efficiency, considerable opportunity lies in improving the individual components of the truck. To that end, Walmart and Freightliner worked together to build an advanced, aerodynamic tractor with the latest in efficiency and predictive technologies. Testing will allow for the evaluation of individual components as well as the interplay of multiple components. This tractor was built with further development in mind and will be retrofitted with new advancements as they become available.

These and other technologies, along with innovative operational initiatives, are moving us toward the goal of doubling our fleet efficiency.

# International fleet improvements

## ASDA

### Alternative fuel sources

We conducted a series of trials with alternative fuel sources in 2011, including CNG, and identified opportunities to reduce both our carbon impact and cost of fuel. In the U.K., we view CNG as a leading sustainable fuel source of the future and are developing a business case to introduce this technology to a wider percentage of our fleet.

## India

### Shipper boxes

In December 2011, Walmart India began piloting the use of shipper boxes to transport frozen food to several long-distance delivery stores. These innovative shipping containers utilize dry ice to keep products frozen regardless of shipping distance. The cooling blankets we used in the past were effective only on shorter routes. Shipper boxes have the potential to expand the reach of our cold supply chain by bringing frozen food to more customers without the use of refrigerated trucks, which consume considerably more energy. This translates into a wider variety of refrigerated products for our customers and a cleaner environment for everyone. We are reviewing opportunities to expand this program to meat and other perishables.

## Mexico

### Consolidated shipping

We are piloting the use of roll containers and pallet covers, packing devices that utilize dry ice or other cooling technology, rather than diesel or electricity, to keep merchandise refrigerated. This would enable us to pack refrigerated and dry merchandise on the same, nonrefrigerated truck for delivery to our smaller format stores. These methods have the potential to reduce our number of outbound trucks, while lowering transportation costs by 25 percent.

### Focus on efficiency

Over the past five years, our transportation department in Mexico has demonstrated continued improvement in the area of efficiency. In 2011 alone, our focus on backhauls, the practice of picking up a load from a vendor and delivering to our distribution centers (DC), rather than running an empty truck between our store and DC, saved more than 56,000 trips. Combined with other initiatives across our transportation department, we saved more than 86,600 trips and nearly 3.2 million miles, while avoiding 4,878 tons of CO<sub>2</sub> emissions.



## Challenges

- There are as many definitions as there are countries, regions and communities around the world. After considerable consultation, both inside and outside our company, Walmart developed our renewable energy definition on page 71.
- Developing a consistent, transparent approach to procuring and accounting for renewable energy in a global marketplace where local laws, regulations and stakeholder opinions vary just as significantly as local definitions.
- Regulatory differences sometimes result in vastly different market incentives and tools, for both renewable energy and for the accompanying greenhouse gas credits, renewable or green energy credits and other non-power attributes.
- In our efforts to ensure our operations are contributing to Everyday Low Prices for our customers, it has sometimes been difficult to find and fund low-carbon technologies that meet our ROI requirements. In addition, projects with the highest efficiency gains at lowest cost have already been implemented in many of our facilities.
- We believe it is an environmental win to rebuild and retrofit old stores, rather than simply building new ones. Adding groceries and refrigeration to our stores and clubs often increases the energy load for that facility. Finding enough GHG-reduction projects to offset this growth in energy and refrigerants is challenging.
- In some of Walmart's global markets, it has been a challenge to develop clean technologies. Likewise, in some markets, the labor force does not have expertise in GHG reduction.
- Ironically, more extreme weather patterns may in some cases hinder our ability to lower energy consumption and, therefore, GHG emissions.

# Waste



## Utilizing our scale to reduce waste globally

Our goal of achieving zero waste motivates associates and suppliers across our global operations every day. Our vision is to reach a day where there are no dumpsters behind our stores and clubs, and no landfills containing our throwaways.

According to the Environmental Protection Agency, more than 665,000 tons of waste is created every day in the U.S., adding up to more than 243 million tons annually. Of all that trash, more than half ends up in a landfill. Multiply that the world over and it is easy to understand how important it is for Walmart to leverage its size and global scale to create new solutions for keeping waste out of landfills.

Every day, we are identifying opportunity and driving innovation across our global operations. At Walmart Mexico, for example, we recovered the cooking oil used in 690 stores and restaurants. We worked directly with suppliers to turn nearly 1.2 million pounds of recovered cooking oil into biodiesel, soap or a supplement for cattle feed. Through a separate program piloted at 28 of our stores in Puebla, we composted 1,950 metric tons of organic waste. We continue to search for opportunities to expand on these two success stories where the appropriate recycling infrastructure exists.



## Chile

### Recycling capacity

In 2011, we launched a pilot program aimed at improving our recycling capacity in the back of our stores. The plan included upgrading the recycling infrastructure at two of our stores and more training for associates. Through these efforts, we doubled the amount of cardboard recycled at our Lider Puente Alto store, while initiating organic waste recycling at our Lider Puente Alto and Express Lider Tomás Moro stores. We plan to implement these programs at all of our stores in the next three years.

## Progress since our last report

- Walmart cuts global plastic bag waste globally by 35 percent per store compared to 2007 baseline.
- Walmart U.S. keeps 80 percent of our operational waste across the country out of the landfill.
- 100th Walmart Japan store reaches 100 percent recycle status.

working with suppliers,  
we've recycled nearly

**1.2 million**  
pounds of recovered cooking oil

Walmart China diverted  
**52%** of its operational waste  
 from landfills in 2011

## China

### Composting organic waste

In 2011, Walmart China began a collaboration with Beijing Goldenway Bio-Tech (BGB) to compost 360 tons of organic waste from 10 stores in Beijing. BGB picks up organic waste from the stores every day and treats it in their recycling stations. These stations use micro-organisms, temperature and pressure to convert the waste into protein feed and fertilizer additives. This byproduct is then used by companies and farmers to grow organic produce and feed livestock. This effort, in combination with a variety of other initiatives, helped Walmart China divert 52 percent of its operational waste from landfills in 2011.



## ASDA

### Reducing food waste

ASDA sends no food waste to landfills. If the food is still good quality and safe for consumption, it's given to charities or sent back to our ASDA Service Centres (ASCs) where we find ways to recycle it. We are also working with the Food Standards Agency and the Waste and Resources Action Program (WRAP) to determine whether certain products can have a greater shelf life by transitioning "Use By" codes to "Best Before" codes. In addition, we are supporting WRAP's goal for a 4 percent cut in household food and drink waste from our sector by 2013. One of the ways we hope to do this is by supporting the government's Love Food, Hate Waste campaign. In 2011, we provided more than 7 million customers with tips and recipes for storing and using leftovers via our print and online versions of ASDA Magazine.



## Brazil

### Waste diversion

In 2011, Walmart Brazil successfully diverted 52 percent of its operational waste, the equivalent of 37,000 tons, from landfills. More than 6,000 tons of waste was composted or reused. Today, 10 Walmart Brazil stores recycle 90 percent or more of their operational waste, setting an example to be replicated across the country.

## Japan

### Zero-waste store

Walmart Japan recognizes both material recycling – turning used materials into new products – and thermal recycling – the utilization of heat from burning waste – as contributing to its aspirational goal of producing zero waste. Based on this definition, we have achieved 100 percent zero waste at more than 100 of our stores.

Waste program achieves  
**80%**  
**reduction**  
 across U.S. operations

In 2011, Walmart U.S. prevented 80.9 percent of the waste generated by its stores, clubs and distribution centers nationwide from going to the landfill. This has the potential to prevent more than 11.8 million metric tons of CO<sub>2</sub> emissions annually, the equivalent of taking more than 2 million cars off the road.

The zero landfill waste program returned more than \$231 million to the business last year through a combination of increased recycling revenue and decreased expenses. In addition, the integrated organics reduction program, which finds nonlandfill solutions for our organic waste, created 1,600 jobs with the service providers and end-of-life processors who service the Walmart account.

There is no easy answer for the remaining 19.1 percent of our waste, generally from our restrooms and parking lots. This waste management may demand new technology and require key internal and external partnerships to find nonlandfill solutions. As we continue work toward a zero-waste program, we are consolidating waste reduction efforts on a global scale. We recently restructured our Sustainable Value Networks to help standardize processes, procedures and data validation methodologies across all countries. This will ensure the communication of best practices and facilitate reduction comparisons as we move forward.

We spent years developing a credible data capture and reporting system, specifically around facility-level waste generation and reduction. Today, our program covers three core areas:

- **Recycling** cardboard, paper, aluminum, plastic bags and roughly 30 other items through the Super Sandwich Bale (SSB) program. Items not eligible for the SSB, including wood pallets, polystyrene plastic and apparel, are sent to our return centers for re-use or recycling.

**"This initiative sends a clear message to other businesses that this is one source of emissions that can and should be addressed now."**

Karen Luken, director, Clinton Climate Initiative



- **Donating** healthy, nutritious food to food banks around the country. In 2011, we donated 338 million pounds of food to hunger relief organizations – the equivalent of 250 million meals.
- **Creating** animal feed, energy or compost from expired food and other organic products following the U.S. Environmental Protection Agency's food waste hierarchy.

Our landfill reduction percentage is calculated by compiling waste disposal and recovery data for 150 waste-line items, representing approximately 50 separate waste categories. A third-party review of our nationwide program has shown we use an appropriate process to establish our waste reduction data. As a result of this program, we have or are in the process of removing more than 1,400 trash compactors from our U.S. stores.

We recognize that much of the necessary recycling recovery infrastructure is lacking, cost-prohibitive or geographically restrictive to achieve zero waste today; however, Walmart remains committed to pursuing this ultimate goal.

**Zero landfill waste program  
 returned more than \$231 million  
 to the business in 2011.**





## Cutting plastic bag waste globally

Plastic shopping bags continue to represent a tremendous opportunity as we work to reduce waste being sent to landfills. Since 2008, we have been working to reduce the weight of plastic bag waste across our global operations by an average of 33 percent per store. In 2011, we cut bag waste by 42.5 million pounds, or approximately 3.1 billion bags. This represents a 35 percent reduction per store from our 2007 baseline.

### Brazil

Walmart Brazil has been a leader on plastic bags since the beginning, taking its commitment even further: to reduce plastic bag waste by at least 50 percent by 2013. Through various initiatives – ranging from the sale of 2.5 million reusable bags in just two years to packing-focused training for associates – Walmart Brazil successfully reduced plastic bag waste in its stores by approximately 48 percent in 2011 (2007 Baseline).

Its most impactful initiative to date has been an incentive program that provides customer discounts for not using plastic bags. Since its launch in 2008, the initiative has awarded more than \$1.1 million in customer rebates. Today, that rebate program is in place across northeast Brazil, and is expanding in the south and southeast. Walmart Brazil remains an active partner with the Ministry of Environment and other influential organizations to raise customer awareness of this important environmental issue.

### Chile

#### New recycled plastic bag

In 2011, we launched a new recycled plastic shopping bag for our customers that uses less virgin material with improved durability. The bag, made of 75 percent recycled plastic, has the potential to keep 1,500 tons of plastic from landfills annually.

### Mexico

In 2011, Walmart Mexico offered a sustainable, foldable trolley for purchase by its customers. By the end of the year, we sold approximately 130,000 trolleys, each of which eliminates the need for five plastic bags per store visit. In addition, we sold nearly 3.5 million reusable green bags, which will replace an estimated 540 million traditional plastic shopping bags.

### Argentina

Through a variety of initiatives, including the continued success of its Ecologic Checkouts – lanes that do not stock plastic shopping bags – Walmart Argentina reduced its plastic bag waste by 69 percent compared to the 2007 baseline.

### China

In 2011, Walmart China partnered with the National Development and Reform Committee (NDRC) and the Ministry of Commerce (MOFCOM) to promote the third anniversary of the National Plastic Bag Restriction Policy in Beijing. As the only corporate sponsor, we launched a Walmart Green Restrictions on Plastic Bags in Communities campaign in 12 cities. As part of this campaign, 64 stores and four clubs participated in No Plastic Shopping Bags initiatives on each Wednesday in June, which reduced plastic bag use by 360,000 bags. To date, these and other programs helped us reduce plastic bag waste in our stores by 86 percent in 2011 (2007 Baseline).

## Challenges

Customers have told us they have trouble remembering to bring reusable bags to the store, which could result in a renewable bag becoming a single-use bag. To avoid this, we are working on ways to help remind customers to remember their bags.

We face a number of challenges in our commitment to create zero waste, including:

- Lack of infrastructure (recycling facilities) where all stores operate, for example in rural parts of a market, or rural markets in general.
- Lack of consistent internal data and tracking across all Walmart markets. For example, not every market measures their throwaway rate the same way.
- Lack of international standards. Most waste diversion standards are local-region specific, which can be difficult to manage across 10,000 retail locations.

# Packaging

Packaging is an integral part of the products we sell. In addition to positively impacting greenhouse gas emissions and preserving precious natural resources, effective package reduction generates savings across our distribution networks, which we pass on to customers in the form of low prices.

We have focused on helping suppliers identify and implement packaging solutions that align with our corporate mission of saving people money so they can live better. By setting longer-term, aspirational goals and partnering with leaders in manufacturing, academia and government, we are inspiring innovative packaging solutions. Creating zero waste and achieving packaging neutrality – where packaging demand is focused solely on items that are recyclable, reusable or renewable – are two such goals.

Another strategy has been to set challenging, yet achievable, short-term goals in specific sectors. Over the past year, we eliminated a variety of single-use packaging, such as wire ties from most toys, while reducing the weight and materials associated with a number of grocery items. We continue to seek a balance between measurable, short-term objectives and ambitious goals that fulfill the need for long-term direction and scope.

## Streamlining success

### Thermoform changes prompt positive ripple effect

Plastic is an essential ingredient to packaging. But with 5.85 billion\* pounds of plastic – the equivalent of 3.8 million tons of greenhouse gas (GHG)\*\* – being added to landfills across North America annually, it is critical that we identify opportunities to address this growing issue.

Our Walmart Canada team identified one such opportunity in 2011, and the streamlined solution implemented is already having a positive ripple effect across North America.

Traditionally, thermoform – the plastic clamshell packaging used for berries, mixed salads, toys and even some electronics – was made with a variety of plastics. While all varieties protect the product, most recyclers found it difficult to differentiate between the recycle-friendly PET plastic and other forms, such as PVC, which contaminate the recycling stream. Our customers had an even more difficult time differentiating between what plastics they should and should not toss into their recycling bins.



Through the work of a specially designed material optimization committee, Walmart Canada determined the elimination of PVC from our thermoform packaging would have an immediate and lasting positive impact. And in doing so, we set our sights beyond our own supply chain by partnering with the Retail Council of Canada, including the country's top grocery chains, in an effort to remove obstacles preventing the recycling of PET thermoform. The improvement will help to clean up the Canadian recycling stream, encouraging broader collection and recovery of postconsumer thermoform packaging material and increasing the availability of recycled PET, resulting in a reduction in GHG, when compared to packaging made from virgin PET resin.

While each market we serve presents its own unique challenges and circumstances, we are already actively researching opportunities to globalize this program. By leveraging our size and scale, we are influencing positive change throughout our supply chain and beyond our own global operations.

### Smaller is better

By reducing packaging by 14 percent, Sam's Club's Castle Wood Reserve deli meat proved in 2011 that good things really do come in smaller packages. Through the development of a smaller, reusable package, the supplier is able to ship 1,040 more pounds of deli meat per truckload. The improved packaging keeps meat fresher and makes the product easier to store, has eliminated 24.1 tons of corrugate from landfills annually and has prompted an increase in sales.

\*According to NAPCOR.

\*\*According to EPA WARM.

## Walmart Mexico

### Partnerships yield big packaging reductions

During its inaugural sustainability forum in 2010, Walmart Mexico signed an agreement with the Secretariat of Environment and Natural Resources to implement a free program to elevate and encourage environmental management within our supply chain. Through training and technical support from the Secretariat, our suppliers found opportunities to develop eco-efficiency projects that fit their strategies and capabilities. In 2011:

- 152 companies completed program
- 12.2 million kWh of energy saved annually
- 12,545 tons of GHG emissions avoided annually
- 19,533 tons of waste diverted from landfills annually



## Highlights\*



### Packaging reduction

Aurrera 1.5-liter bottled water

- 17 percent bottle weight reduction
- 70 percent cap weight reduction
- 3.7 tons of PET eliminated annually
- 1.2 tons of HDEP eliminated annually

### Packaging reduction

Colgate fabric softener

- 10 percent weight reduction
- Internal plastic insert removed
- 820 tons of HDPE removed annually



### Packaging redesign

Mitsui Electronics

- 45 percent weight reduction
- 71 percent size reduction in corrugated cardboard
- 102 percent increase in units per shipping container
- Transition from Styrofoam to recycled corrugate inserts



### Closed loop product

Great Value 400g laundry soap



- Recycling 20 tons of cooking oil per month
- Closing the loop of cooking oil from 315 stores/restaurants



### Packaging material efficiency

Tyson chicken nuggets

- 14g to 12g
- 18 tons corrugated cardboard reduction annually
- Sulfate paper removed
- UV coating removed

\*According to suppliers.



## Protecting our waters

Fresh water is a luxury in much of the world. According to the U.N., only about 2.5 percent of the water on the planet is fresh – and with our world population on pace to reach 9 billion by 2050, protecting our water resources is more important than ever. Walmart associates are working to identify opportunities and implement solutions to address both water quality and availability in our operations and supply chain.

In recent years, we have examined U.S. poultry operations and their use of water. Our suppliers have implemented changes ranging from the simple to the complex – and they have made a considerable difference. Our suppliers have saved more than 1 billion gallons of water over the past two years in their U.S. poultry facilities that provide products to our stores and clubs. We have accomplished this by encouraging recycled water, working with the USDA to meet high standards and encouraging the use of low-flow water nozzles.

With Mexico's many water-stressed regions, Walmart Mexico is a leader in water stewardship in our company and has water initiatives underway in multiple locations. Our Mexico business partnered with eNPure, a leading water treatment systems developer, to develop an advanced wastewater plant at the Walmart Supercenter Vicente Guerrero, Chalco. This store, which traditionally had been provided with water delivered by truck, also installed a rainwater harvesting system. As a result of these two projects, the store is on track to reduce its dependence on outside water by 75 percent. In coming months we plan to share best practices from Mexico with other markets and more systematically address water stewardship in our company.

U.S. poultry suppliers  
have saved more than  
**1 billion** gallons of water  
over the past two years

# Products



A more sustainable product offering involves examining the full life cycle of a product – from raw materials to where it is made to how the end-product is used. With millions of customers around the world shopping our stores and clubs each week, we are in a position to lead in this area. Today, sustainability is an essential ingredient to bringing value to our customers.

## Bringing sustainable products to the forefront

Throughout our global operations, Walmart works with its supply chain to bring more environmentally sustainable products to market. From the Forest Stewardship Council-certified Garanimal brand wooden preschool toys sold in our U.S. stores, to the use of more than 14 million pounds of tire rubber to produce outdoor mats, we have initiated a number of successful collaborations.

In 2011, Walmart Brazil took the step of adding a "Sustainable Products" category at [walmart.com.br](http://walmart.com.br), making it easier than ever for customers to incorporate sustainable products into their everyday lives. This category features more than 560 sustainability-minded products in five specific categories: organic and natural cosmetics, energy, E-Solidarity, raw materials and alternative transportation. Each featured product includes a summary of environmental benefits, successfully delivering the information and convenience our customers are looking for.

In addition, Walmart Brazil partnered with Walmart Institute to offer more than 400 handcrafted products throughout E-Solidarity, by more than 2,000 artisans, mostly women, in 12 Brazilian states for sale on the website. This partnership has been developed with the social company Solidarium and has created long-lasting income and employment opportunities for these local artisans, their families and communities.



### Progress since our last report

- Walmart U.S. increases sales of locally grown produce by 97 percent.
- As part of our Sustainability Index progress, Walmart successfully pilots Sustainable Produce Assessment.
- Sam's Club offers first product in North America with Roundtable on Sustainable Palm Oil (RSPO) and Fair Trade Sugar logo.
- Walmart India Direct Farm program grows to 3,700 farmers.
- Walmart Brazil completes second product End-to-End program, reducing GHG emission by 3,100 tons.



### Fair Trade sweetened Daily Chef cherries

In 2011, Sam's Club introduced 14-ounce packages of Daily Chef Dried Montmorency Tart Cherries at 300 locations. These Michigan-grown dried cherries are sweetened with Fair Trade Certified sugar, which enables farmers to earn a higher price for their goods and receive an additional premium fund for community development projects. Such Fair Trade funding has historically been used for schools, scholarships, health care clinics, clean water wells and more.

### Mexico

We recently developed a program to promote the sale of products made by Mexican women who live in indigenous communities and in poverty. In 2011, we returned \$30,701 to indigenous female artisans who sold their products in our stores.



# Sustainable agriculture

As the world's largest grocer, we have an opportunity to use our global scale and resources to play a significant role in contributing to solutions for one of the most important issues facing our world today. By some estimates, food production must increase roughly 70 percent to feed the estimated 9 billion people who will inhabit the planet by 2050, according to the U.N.

In 2010, we recognized that just a few of our then-39 public sustainability goals addressed our food business. That changed with the announcement of our global sustainable agriculture commitments. We set out to form direct connections between farmers and markets, reduce food waste, motivate farmers to optimize production and sustainably source key agricultural products. By doing so, we are strengthening local farmers and economies, while providing our customers around the world with long-term access to affordable, high-quality, fresh food.

This comprehensive approach is being implemented under the leadership of our Food and Agriculture Sustainable Value Network which oversees project teams led by associates from our global business allowing us to leverage the specialized expertise found across our



enterprise. Our Food and Agriculture SVN is partnering with a wide range of experts from nongovernmental organizations (NGO), governmental agencies, and academia to address the food sustainability challenges in our supply chain. We have public goals that are due by the end of 2015 which support three broad areas of focus.

## Focus areas for sustainable agriculture

### Support farmers and their communities

**Commitment:** Our vision is to support farmers and their communities by helping small- and medium-sized farmers gain market access, improve the business viability of their farm operations and reduce their environmental impact. In emerging markets, our goals are to:

- Sell \$1 billion in food sourced from 1 million small- and medium-sized farmers
- Provide training to 1 million farmers and farm workers – half of which we expect to be women – in such areas as crop selection and sustainable farming
- Increase the income by 10 to 15 percent for the small- and medium-sized farmers from whom we source

In addition, knowing that our customers in the U.S. value locally sourced products, we committed to doubling our U.S. sales of locally sourced produce, accounting for 9 percent of all the produce we sell domestically.

**Progress:** Walmart Central America, with its best-in-class program for buying directly from small- and medium-sized farmers, leads our global Direct Farm Project Team. A highlight of 2011 was holding our inaugural Global Direct Farm Summit, which brought together our leaders who source and buy produce from around the world

to advance our sustainability goals and enhance our direct farm business model. Our Direct Farm Project Team also focused on:

- Better defining our direct farm business model, including integrating sustainability and gender attributes through a partnership with INCAE Business School in San Jose, Costa Rica
- Benchmarking the direct farm programs in each market so to enhance the business and sustainability design of existing direct farm programs
- Working with Massmart in South Africa and NGO Technoserve to create a blueprint for more uniform implementation of small-holder programs in new markets
- Developing an income scorecard, in partnership with the University of California-Davis, as part of a broader methodology to measure the income impact of the Walmart Direct Farm programs
- Piloting farmer training on vegetable production bases in China, including training of women farmers, with support from Business for Social Responsibility (BSR)

In the U.S., our sales of locally sourced produce far exceeded our expectations. In 2011, we increased the amount of locally sourced produce we sell by 97 percent, which accounted for more than 10 percent of all produce sold.

## Focus areas for sustainable agriculture *continued*

### Produce more food with fewer resources and less waste

**Commitment:** We have one of the world's largest food supply chains, and we are committed to working from field to table to reduce and optimize the resources required to provide food to our customers around the world. We will bring transparency to our supply chain by:

- Accelerating the agricultural focus of the Sustainability Index, beginning with a Sustainable Produce Assessment for top producers in our Global Food Sourcing Network
- Investing more than \$1 billion in our global fresh supply chain by the end of 2015
- Reducing food waste in our emerging market stores and clubs by 15 percent and by 10 percent in our other markets by the end of 2015

#### Progress:

- We successfully piloted a Sustainable Produce Assessment to gauge water, energy, fertilizer and pesticide used by growers supplying our Walmart U.S. and ASDA stores. More than 60 growers on four continents participated in the development of the tool and pilots. Through this, we are identifying opportunities to increase crop yields, lower costs and encourage sustainable farming practices.
- Through the end of 2011, we invested \$167 million into our global fresh supply chain.
- Our waste teams around the world are examining opportunities to reduce food throwaways in our stores. This is a key business metric that increases the efficiency of our fresh food business and decreases food waste.

### Sustainably source key agricultural products

**Commitment:** The third area of focus for our sustainable agriculture commitments is to sustainably source key agricultural products. We are continuing to expand the work on sustainable seafood we have had underway for a number of years. Walmart U.S. is intent on procuring cotton from more socially and environmentally sustainable sources. In addition, we are:

- Requiring sustainably sourced palm oil for all Walmart private-brand products globally by the end of 2015
- Extending Walmart Brazil's policy of sourcing only beef that does not contribute to deforestation of the Amazon to all of our companies worldwide by the end of 2015
- Walmart U.S. and Sam's Club requires all fresh and frozen, farmed and wild seafood suppliers to become third-party certified as sustainable, using Marine Stewardship Council (MSC), Best Aquaculture Practices (BAP) or equivalent standards. We require currently uncertified fisheries and aquaculture suppliers – by June 2012 – to develop work plans to achieve certification

#### Progress:

- Our Palm Oil Project Team, led by ASDA, conducted a series of workshops with our merchants on sustainable palm oil, and we developed a global baseline of palm oil used in our private brands. Sam's Club was the first in North America to introduce products containing sustainable palm oil and carrying a certification from the Roundtable on Sustainable Palm Oil (RSPO). Our ASDA business continues to increase the number of products featuring sustainably sourced palm oil, including its private-brand Christmas pudding.
- Walmart Brazil has developed a proprietary monitoring system for beef in our supply chain to identify and mitigate beef from unwanted sources. This system will be piloted in 2012 and used to monitor suppliers of Brazilian beef to prevent sourcing from producers who contribute to deforestation in the Amazon.
- As of Jan. 31, 2012, 76 percent of our fresh, frozen, farmed and wild seafood suppliers was third-party certified. An additional 8 percent had developed the required certification plans. One significant highlight over the past year has been the BAP certification of our Atlantic-farmed salmon and tilapia.
- We are partnering with the Better Cotton Initiative (BCI), a Swiss nonprofit organization focused on effecting positive change in the way cotton is grown and the lives of people who grow it. Through the Better Cotton Fast Track (BCFT) program, we are in the process of identifying opportunities to implement BCI projects in our supply chain, placing special emphasis on women's development in cotton farming. Women not only make up the bulk of the workforce, but remain highly marginalized in the cotton farming industry.

# Supporting farmers and their communities

## Central America

Created to meet market demands for fresh, high-quality agricultural products, our signature Tierra Fértil program supported the development of 3,774 small- and medium-sized farmers in 2011. Our team of agronomical engineers advise farmers regarding seed and crop quality, soil use, yields, maturity, safety, responsible use of agrochemicals, crop rotation and more. This program assists farmers in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua with diversifying their crops to respond to market needs.

## Mexico

As of August 2011, Walmart Mexico had trained more than 2,447 farmers and farm workers in Best Agricultural Practices (BAP), including contamination, safety, water treatment, pesticides, postproduction and waste treatment. Participants earned certification from accredited national and international organizations, which allows them to expand into new markets.

## India

Initiated in December 2008 with 65 farmers in Malerkotla, Bharti, Walmart's Direct Farm program has expanded to include 3,700 farmers across Uttar Pradesh, Delhi NCR, Haryana, Karnataka and Maharashtra states. We work with these small farmers to close the critical gaps in the cultivation and postharvest processes. The farmers earn a better price for their product and receive expert advice on crop planning and management, while our customers benefit from fresher, safer and lower-priced produce. As our business grows and our scale improves, we will develop a more robust system for consolidation, handling, packaging and delivery of produce to our stores.

## Japan

Walmart Japan has had a hand in the direct sourcing of produce for nearly four decades. For example, the Gunma-based Kanratorioka farmers' group has 430 farmers and represents one of our longest-running partners. We started directly sourcing shiitake mushrooms from this group, and have increased the number of items to nearly 70. In 2011, the amount of direct sourcing of Walmart Japan accounted for more than 30 percent of all produce sales.



## Brazil

In April 2011, Walmart Brazil extended its successful Producer's Club to Rio de Janeiro, immediately impacting 127 farmers in the state. The program, which aims to provide producers access to the retail market through Walmart Brazil, has benefited more than 9,000 families in more than 350 cities in 12 Brazilian states. Participating farmers improve their production processes for fruits and vegetables, while gaining access to a new market with the potential to increase their standard of living for years to come. Meanwhile, our customers have access to a wider variety of fresh, high-quality products.

## Chile

Walmart Chile has collaborated with local government to train small- and medium-sized agricultural suppliers across the country in high-quality standards and sustainable practices. The training helped to double the number of local suppliers in many of the communities we serve in 2011. By cutting out intermediaries and selling directly to Walmart, these suppliers earn about 15 percent more for their goods, on average.

## Producing more food with fewer resources and less waste

### Sustainable Produce Assessment

We help manage one of the world's largest food supply chains, and we are committed to optimizing the resources required to produce it.

In 2011, we developed and piloted a Sustainable Produce Assessment examining the usage of water, energy, fertilizer and pesticides, among other inputs used by growers supplying primarily Walmart U.S. and ASDA stores. More than 60 growers on four continents covering 14 crops participated in the development of the tool and the pilots. Never before had we gathered this level of insight into our growers' practices. We are using this information to identify opportunities to help growers increase crop yields, reduce inputs, lower costs and strengthen sustainable farming practices.

The original pilot focused on tomato suppliers in Mexico, avocados in Chile, pineapples in Central America, potatoes in the Northwest U.S., table grapes in California, and citrus in Florida and Texas. We have since expanded the pilot to include a sampling of African and European suppliers who produce short-cycle crops, such as parsnips, lettuce and broccoli. Two different methodologies – self-assessments and independent audits – were applied.

From the beginning, we have engaged key nongovernmental organizations (NGOs), research universities and growers in the development of this assessment. We envision this as a tool suppliers can use to monitor year-over-year progress in their sustainability efforts.

Our next step will include the continued incorporation of the Sustainable Produce Assessment into our global business.



## Sustainably sourcing key agricultural products



### Focusing on sustainable palm oil

#### Sam's Club leading the way with responsible products

While you may not recognize palm oil when you see it, it is a common ingredient in thousands of everyday products – from baby lotion to fudge brownies – around the world. And while we enjoy these products, it is critical that palm oil is produced with regard to the local ecosystems and the people who live there.

The popularity of the product has, in the past, resulted in the conversion of large areas of high-conservation-value forests into palm oil plantations. We are committed to sourcing only sustainably produced palm oil for all of our proprietary brands by year-end 2015.

One such example has been the creation of Sam's Club Artisan Fresh Banana Nut Bread, the first product in North America to feature the Roundtable on Sustainable Palm Oil's (RSPO) Mixed Palm Oil logo. It is also the first product in the world to have both the sustainable Mixed Palm Oil and the Fair Trade Certified Sugar logos on the package. Farmers in Belize are using these Fair Trade funds to rebuild roads destroyed by Hurricane Dean, provide scholarships to their children and increase productivity on their farms.



## Tracking Brazilian beef

### Monitoring system set for roll-out in 2012

As the second-largest producer of beef and the top global exporter since 2004, beef cattle represent the leading driver of deforestation in the Brazilian Amazon. According to the National Wildlife Foundation, the country is also the world's third-largest emitter of greenhouse gases, nearly half of which are directly tied to deforestation. These factors make the monitoring of our supply chain critical.

We have developed a proprietary monitoring system for our beef supply chain to identify and mitigate beef from unwanted sources. It is now being piloted and on track for rollout to all Brazilian suppliers of beef this year. The system provides transparency to the supply

chain by asking suppliers to trace their beef back to the farm. We have identified our markets that source beef from Brazil and will recruit and train our merchants and suppliers to incorporate this new tool into their decision-making processes.

Meanwhile, we continue to engage with key stakeholders through the Global Roundtable for Sustainable Beef, Brazilian Roundtable for Sustainable Beef (GTSP) and the Consumer Goods Forum Sustainability Committee. Looking forward, we will continue to work toward meeting our commitment and will explore opportunities to expand our beef-related sustainability efforts beyond deforestation.

## Focus on cotton

### Committed to sustainability, job creation and social development

Cotton is the second most water-intensive crop in the world, and, although it covers just 2.5 percent of the world's cultivated land, it accounts for approximately 16 percent of the world's pesticide use. Cotton is considered by many to be the world's "dirtiest" crop, and approximately 90 percent of cotton farmers live in developing countries, according to the Organic Trade Association. So this product represents a particularly important socio-economic commodity in these regions.

We are working with local and commercial farmers and suppliers to source cotton more sustainably, create jobs and promote social development in regions in which cotton is grown. We have partnered with the Better Cotton Initiative (BCI), a Swiss nonprofit organization focused on effecting positive change in the way cotton is grown and the lives of people who grow it. Through the Better Cotton Fast Track (BCFT) program, we are in the process of identifying opportunities to implement BCI projects in our supply chain. In addition, we have placed a special emphasis on women's development in cotton farming, as they account for the bulk of the industry.

monitoring  
beef supply chain  
to identify and mitigate beef  
from unwanted sources

## Global Direct Farm

To support farmers and their communities, we have pledged to sell \$1 billion in food sourced from 1 million small- and medium-sized farmers in emerging markets, and train a million farmers and farm workers, of which we expect half to be women. In doing so, we aspire to improve farmer incomes 10 to 15 percent.

Walmart Central America already has a best-in-class program that is buying directly from small- and medium-sized farmers, eliminating middlemen, raising farmer income and emphasizing sustainability.

We are working to replicate the success of this program in the communities we serve around the world, while remaining mindful that each region has its own unique opportunities, needs and challenges. Already, there are long-standing, direct farm track records in countries like Japan, and those being implemented in countries like Brazil are having an instant impact.

we have pledged to sell

**\$1 billion** in food sourced from **one million**  
small- and medium-sized farmers in emerging markets

### Direct Farm Summit in Central America

The first Walmart Global Direct Farm Summit, hosted at INCAE Business School in San Jose, Costa Rica, on Nov. 8-10, 2011, marked the realization of a dream we've had for some time. For the first time, we brought together our leaders who source and buy produce for our stores all over the world. They came from Argentina, Brazil, Canada, Chile, China, Japan, Mexico, Puerto Rico, South Africa, the U.K., the U.S. and more.

The purpose was to focus our global Direct Farm Resource team on advancing our direct farm goals and creating a leverage platform for our direct farm business model. We spent three days collaborating, gaining hands-on experience on the farms we source from and more, with the following objectives in mind:

- Create a shared vision for Walmart's direct farm strategy and engagement with small- and medium-sized farmers.
- Learn what makes a world-class small/medium-sized farmer program: commercial, environmental and social.
- Exchange knowledge and best practices.
- Spend time on the farm to consolidate understanding.
- Share common understanding of how to measure our progress.



Direct farm programs allow us to bring locally sourced and fresher produce to our stores in the communities close to where it is grown.



This is a great example of Walmart bringing our global operations together to scale a successful program in one of our markets by analyzing the produce sourcing business models in each of our markets and exploring how economic, social and environmental sustainability attributes can be integrated into them. We look forward to the innovations that will result from this first-of-its-kind collaboration. We are changing lives, one direct partnership at a time.

**"Our commercial relationship with HortiFruti has enabled my family to buy more land and increase production. I will continue selling to HortiFruti as long as they allow me."**

Esteban Navarro, third-generation Costa Rican farmer, Tierra Fértil

local, small farmers  
are expected to supply **250,000**  
watermelons in 2012



### Replicating locally grown success

#### Alabama partnership brings opportunity to life for area farmers

Food and opportunity are at the core of our accelerated commitment to sustainable agriculture. One of our goals is to double the sale of locally sourced produce in the U.S. by the end of 2015.

Walmart U.S. partnered with Tuskegee University and the USDA to identify local growers and better understand the barriers they face in gaining market access to retailers like us. The first thing we found out is that the idea of supplying Walmart is intimidating to many small growers, so we committed to work with the farmers at every step from food safety to packaging to logistics.

Through our discussions, we identified a great opportunity in shelled peas. The local farmers had been growing this crop for years and selling it where they could. Because we were not currently selling this product, we began working through the challenges of bringing it to market. And the challenges were many.

With no previous access to a large retailer, these farmers did not have the financial resources necessary to pay for the containers, labels and more they would need to make this partnership a reality. Determined

to open the door to this potentially long-lasting economic opportunity, Tuskegee University covered these initial expenses. We coordinated with a local Walmart distribution center to borrow the pallets and pallet jacks necessary to ship.

In 2011, for the first time we sold shelled peas and plan to significantly grow this category in 2012. In addition, small farmers in the area will be supplying Walmart stores with more than 250,000 watermelons this year.

The local farmers are starting to put land back into specialty crop production because of the market access they now have, and, because they are selling more produce, the farmers are seeing their income increase.

We are working to replicate this program in Arkansas, Georgia, Mississippi and Texas. We expect to significantly increase the amount of produce we buy from these farmers and communities in 2012.

This truly is a win-win-win. Customers have access to a wider variety of fresher, locally grown produce, farmers are able to sell more product, earn more income and know how much we will buy before they ever put a seed in the ground, and Walmart is able to reduce its costs and the costs of our customers by eliminating much of the shipping costs by sourcing close to our stores.



## Building the Sustainability Index into our business

In 2009, we committed to leveraging our size and scale to help develop a global Sustainability Index, a new retail standard for the 21st century. Our goal was to improve the sustainability of our products by creating a more transparent supply chain, accelerating adoption of best practices and driving product innovation, while providing customers transparency into the products they buy.

### The Sustainability Consortium

To fully grasp the progress made to date on the index, it is important to first understand the evolution of The Sustainability Consortium. The consortium has secured the membership of more than 90 organizations, among them many of our largest competitors, such as Kroger, Tesco, Best Buy, Safeway, Marks & Spencer and Royal Ahold.

It has established affiliations with leading nonprofit organizations, government agencies and a host of respected research institutions. In 2011, the consortium opened a European office at Wageningen University in the Netherlands, while establishing affiliations with a number of additional universities in Asia, Europe and Latin America.

This first-of-its-kind consortium is delivering research and measurement and reporting systems that are improving our understanding of sustainability in our products and suppliers and beginning to influence how we engage our suppliers around sustainability. The consortium continues to actively research leading issues. It identifies opportunities and develops key performance indicators to establish the "common language" necessary to evaluate product and supplier sustainability performance, while driving innovation where it matters most.



### Sustainability Index vision

**The Sustainability Index will provide tools for our merchants and customers that will help us:**

- Improve the sustainability of the products our customers love
- Integrate sustainability into our core business
- Reduce cost, improve product quality and create a more resilient, efficient supply chain
- Strengthen customer trust by leading our industry in product transparency

### Business integration

Walmart provided its more than 100,000 global suppliers with a brief survey to evaluate their own sustainability. The survey represented a key step toward enhancing transparency in our supply chain. Through the incorporation of the consortium's category key performance indicators, we are now able to ask more detailed questions on specific products than ever before.

By January 2011, we piloted these detailed assessments in six specific product categories. We used those results to create category scorecards, which allow our buyers to evaluate supplier performance against the biggest issues and opportunities across their products' life cycles. We will expand those six pilots to develop scorecards in up to 100 categories by the end of 2012 and have already created a new Sustainability Value Network (SVN) to engage the rest of our merchandising business in the process. These scorecards are being integrated into some of our core merchandising business processes, and we are developing buyer and supplier incentives to ensure we recognize those buyers and suppliers who are performing well, and to ensure sustainability is part of what it means to be a merchant at Walmart.

### Consumer engagement

In addition to driving improvement across our supply chain and integrating this into our business, we believe the work of The Sustainability Consortium will one day allow us to engage our customers through industry-leading transparency into the sustainability of products. It will provide them with information about products in a simple, easy-to-understand manner, helping them save money while they help their families, and the world, live better.

**"We believe we can influence other suppliers to adopt similar actions, creating a multiplier effect throughout the market."**

Marcos Samaha, president, Walmart Brazil

## Walmart Brazil partnership reduces waste



### Walmart Brazil: End-to-End program sparks ripple effect

With our size and scale, every innovation Walmart drives has the potential to create a positive ripple effect. That is a responsibility we take seriously, and a significant reason Walmart Brazil's End-to-End project is generating such buzz.

End-to-End was created three years ago to analyze the entire life cycle of select consumer products. At the time, many of our suppliers were unaware of the benefits that come from greener products. Walmart Brazil initiated a partnership with Cetea, Brazil's Packaging Technology Center, to study products – from the sourcing of raw materials to the disposal of waste.

To start, we selected 10 suppliers with the biggest potential to impact the market in specific categories. We challenged them to choose a top-performing product to be studied – end-to-end – by Cetea, at no cost. The 10 products included cooking oil, household cleaners, disposable diapers, beverages, fabric softener, bandages and our leading private-brand soap. We identified several opportunities and were successful in reducing packaging, incorporating the use of recycled materials and limiting water usage during production.

Another 13 products have since gone through the project, bringing the total to 23. Participating suppliers have experienced a significant increase in sales, confirming our customers have a thirst for environmentally responsible products. The results have caused a ripple effect across our supply chain with participating suppliers and their competitors initiating improvements to additional products in their assortments.

## Success story

Our private brands team worked with Sentir Bem Oatmeal through the End-to-End program to increase sustainability throughout the life cycle of its product. The team helped improve production and reduce soil erosion by not tilling the fields, diverted oat hull waste into animal feed and developed an educational campaign on both environmental and social responsibility in the oat production region. As a result, the following improvements have been realized:

- Reduced emission of CO<sub>2</sub> equivalent by more than 1,100 tons
- Reduced diesel/fuel oil use by 1,290 gallons
- Reduced packaging mass 10 percent or 3,400 pounds
- Reduced waste by 455,000 pounds
- For every unit sold, one penny (estimated \$4,500 to \$5,700 annually) is donated to Perfect Love (Amor Perfeito), a local organization that benefits more than 150 children and teenagers

## Growing impact

Based on Walmart Brazil's estimated annual sales of the 13 products developed in the second round of End-to-End, the following environmental improvements have been realized:

- Reduced emissions of greenhouse gases (GHG) by 3,171 tons
- Packaging reductions increased truck capacity by 32 to 64 percent
- Reduced diesel consumption by more than 232,400 liters
- Reduced energy consumption by more than 19 million kWh (the equivalent of more than 8 million 100-watt light bulbs)
- Reduced water consumption by 2.4 million liters
- Reduced packaging mass by 79,450 kg
- Reduced waste by 250,400 kg

## Sustainable seafood

Over the past half century, demand for seafood has increased five-fold, with an estimated three quarters of the world's fisheries at or beyond sustainable limits. Meanwhile, an estimated 1 billion people rely on fish as their primary source of protein, while another 200 million depend on the industry as their main source of income, according to seafish.org.

### U.S.

Walmart U.S. and Sam's Club requires all fresh and frozen, farmed and wild seafood suppliers to become third-party certified as sustainable, using Marine Stewardship Council (MSC), Best Aquaculture Practices (BAP) or equivalent standards. We require currently uncertified fisheries and aquaculture suppliers – by June 2012 – to develop work plans to achieve certification.

As of Jan. 31, 2012, 76 percent of our fresh, frozen, farmed and wild seafood suppliers were third-party certified. An additional 8 percent had developed the required certification plans. One significant highlight over the past year has been the BAP certification of our Atlantic-farmed salmon and tilapia.

We continue to work closely with all seafood suppliers that have not yet developed plans for certification to help ensure that they meet the June 2012 deadline specified in our public goal. We are also collaborating with the Sustainable Fisheries Partnership (SFP) to identify



high-risk fisheries and initiate Fishery Improvement Projects (FIPs). In addition to partnering with the SFP, we have established five seafood working groups to help drive our sustainable seafood goal. These working groups focus on:

- Wild-caught seafood
- Farmed seafood
- Certification equivalencies
- Scorecard management and standards
- Canned tuna

## Challenges

The eventual rollout of the Sustainability Index will, no doubt, provide valuable tools to help us integrate sustainability into our core business and establish transparency with our customers. Along the way, we continue to face and overcome a variety of challenges.



For example, the sheer scale of the project and complexity of supply chains prohibits a quick-fix scenario. Development has spanned several years, and we have focused the bulk of our resources on the largest issues and opportunities across the industry, while attempting to provide a sampling of quick wins to demonstrate our long-range vision and potential.

Our next major challenge will be to ensure the valuable tools and information created are fully embraced and incorporated into our business. We are in the process of developing the necessary training and incentives internally, but remain committed to translating all of this into actionable improvement opportunities on a scale much broader than Walmart alone. We continue to work in close partnership with The Sustainability Consortium, Consumer Goods Forum and other influential organizations to ensure a common framework that can be applied globally.



# Our company

Walmart has grown from one store in Bentonville, Ark., to a global retailer, achieving far more than anyone could have imagined. It began 50 years ago with Sam Walton's vision of saving people money so they can live better. Today, we are reaching across the globe – improving lives through economic, social and environmental empowerment – while upholding the highest ethical standards.

We serve our customers and members more than 200 million times per week at more than 10,000 retail units under 69 different banners in 27 countries and generated \$443.9 billion in net sales in fiscal year 2012. With more than 2.2 million associates worldwide, we generate job growth, increase tax bases and, through our Every Day Low Prices guarantee, lower the cost of goods in the communities we serve.

We operate in an era of transparency, where advancing technology is erasing boundaries between individuals, nations and organizations. We are interconnected and interdependent. In such an environment, we are uniquely positioned to thrive because of our culture, business model and method of operations.

As we grow and continue to fulfill our purpose of helping people live better, we must work together with our associates, customers, suppliers and communities to continue building a sustainable future.



**Sales – \$264.2 billion**

## Walmart U.S.

Today, there are more than 3,800 total stores in 50 states and Puerto Rico offering a convenient shopping experience across the U.S. Walmart offers low prices on the broadest assortment of grocery and general merchandise through a variety of formats, ranging from supercenters and supermarkets to smaller formats. We also offer the convenience of online shopping at [walmart.com](http://walmart.com).

**Sales – \$125.9 billion\***

## Walmart International

In 1991, Walmart became an international company when we opened a Sam's Club near Mexico City. Just two years later, Walmart International was created. We operate retail units with many different formats and leverage our global resources to meet local needs. Today, Walmart International is the fastest-growing part of our overall business, with more than 5,500 stores and more than 780,000 associates in 26 countries outside the U.S. and Puerto Rico.

**Sales – \$53.8 billion**

## Sam's Club

The first Sam's Club opened in Midwest City, Okla., in 1983, and has grown to include more than 600 locations nationwide. Our warehouse membership format leverages insights to deliver value and quality on a broad selection of name-brand merchandise and large-volume items. On average, our clubs are approximately 132,000 square feet and employ about 175 associates.

\*Includes currency impact and acquisitions.

# Governance



In our governance structure, the CEO is responsible for the general management, supervision and control of the business and affairs of our company, including the execution of all 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. We believe our separate CEO/chairman structure is the most effective leadership structure for Walmart shareholders.

Walmart's board of directors is responsible, among other things, for overseeing the management of the business and affairs of the company, and to exercise their business judgment to act in what they reasonably believe to be in the best interests of our company and our shareholders. Although the board oversees the process, the day-to-day responsibility of running our business rests with our senior management around the world. Our directors hold us to a high standard of integrity and transparency in our service to our customers, associates and shareholders. In addition, our board is committed to diversity.

# responsibility

as a leading global retailer

A majority of our directors are independent in accordance with the requirements of the New York Stock Exchange. Our officers serve on one or more of the six committees of the board: (1) the Audit Committee, (2) the Compensation, Nominating and Governance Committee, (3) the Global Compensation Committee, (4) the Executive Committee, (5) the Strategic Planning and Finance Committee, and our newest committee (6) the Technology and eCommerce Committee. Each committee is governed by a written charter, which outlines its specific roles in our company's governance and achieving our company's business objectives.

Consistent with our approach to sustainability and to our responsibility as a global corporation, our board of directors voted in 2010 to assign board committee oversight for these areas by amending the charter for the Compensation, Nominating and Governance Committee. This committee advises management regarding social, community and sustainability initiatives, as well as our company's charitable giving strategy.

**For additional information on corporate governance policies and practices, please visit the corporate governance section of our website at [walmartstores.com/investors](http://walmartstores.com/investors), where you may access:**

- Our Statement of Ethics
- Each of our board committees' charters
- Biographical information on our directors and senior management
- Our company's bylaws
- Our corporate governance guidelines
- Our code of ethics for the CEO and senior financial officers
- Our procedures for accounting and audit-related ethics complaints

# Public policy



## U.S.

### Tax code testimony

In June 2011, Mike Duke, president and CEO, Walmart, testified before the U.S. Senate's Committee on Finance on how the tax code affects hiring, businesses and economic growth. He said the keys to reform are lowering the corporate rate, eliminating incentives and leveling the playing field with a territorial system. Without any one of those three key components, he said it would be impossible to achieve a fiscally responsible, simplified and competitive tax system. "We need comprehensive solutions, not piecemeal attempts to repeal this and that incentive to raise revenue for unrelated initiatives," he testified.

### Federal nutrition programs

Walmart is working with policymakers to improve federal nutrition programs, such as Women, Infants and Children (WIC) and the Supplemental Nutrition Assistance Program (SNAP), for our customers. We have partnered with organizations across the U.S. to help low-income families learn how to cook more nutritious meals for their families on a tight budget. We continue to work with policymakers to improve the delivery of those benefits to customers in a modern, user-friendly system.

### Alliance for Mainstreet Fairness

Walmart is a member of the Alliance for Main Street Fairness, a coalition of small and large retailers, business organizations and community leaders dedicated to ensuring sales tax laws are up-to-date and fair for all businesses. An online-only sales tax loophole currently disadvantages local businesses and puts those businesses at risk; we are working to level the playing field. In 2011, laws were passed in several states and legislation was introduced in the U.S. Congress to remove outdated barriers, allowing government policy to treat all businesses equally. The work done by the Alliance helps protect local companies that create jobs and make investments in our communities.

### U.S. Conference of Mayors Climate Protection Awards

Since 2007, Walmart has sponsored the U.S. Conference of Mayors' Climate Protection Awards. These awards recognize cities for their efforts to curb global warming through energy efficiency measures. Cities that displayed exceptional mayoral leadership, creativity and innovation, reduction of greenhouse gas emissions and improved quality of life were awarded the highest honors. Recipients are chosen by an independent panel of judges appointed by the Conference. A complete list can be found online at [usmayors.org](http://usmayors.org).

### Public-Private Partnership Award

Walmart worked with the Arkansas Governor's office to improve access to hunger relief programs, strengthen community infrastructure for food delivery and raise awareness of healthy food resources throughout the state. As part of the No Kid Hungry campaign, Walmart gave \$150,000 and provided additional resources to fund first-year priorities. This effort is part of our overall commitment to help address food insecurity. The National Governors Association recognized the program with its Public-Private Partnership Award, which is given to companies that have partnered with a governor's office to implement a project that positively impacts citizens.

### U.K.

#### WWF Warm Homes Amendment

In March 2011, our ASDA operations joined the World Wildlife Fund's (WWF) campaign to amend the U.K. government's Energy Bill to reflect the importance of improving energy efficiency of people's homes. The Warm Homes Amendment introduced provisions to help ensure that government's program on energy efficiency aligns with the Climate Change Act – an 80 percent reduction in emissions by 2050. It also reinforced the need for energy efficiency policies to contribute to the statutory fuel poverty target. The Energy Act passed in October 2011 with these important provisions.

#### Carbon Trust "Green Growth"

In 2011, ASDA participated in the Green Growth campaign with Carbon Trust, a nonprofit organization that specializes in helping businesses and the public sector boost returns by cutting carbon emissions. We called on the U.K. government to act on its commitment to be the "greenest government ever." We were a main signatory to a joint letter and press release published in a national newspaper, and utilized our digital channels to bring the message to an even wider audience.

### Brazil

#### Brasil sem Miséria Plan

In October 2011, Marcos Samaha, CEO, Walmart Brazil, signed a Technical Cooperation Agreement for the Brasil sem Miséria (Brazil Without Poverty) Plan in the presence of Dilma Rousseff, president of Brazil. This major, federally funded social program aims to boost the income and well-being of those living in poverty. Through this agreement, we committed to promoting and utilizing family farming production, hiring and training workers, and making products from small suppliers available online. Examples include our Producers' Club, Social Retail School and E-Solidarity programs, all of which are detailed in this report.

**we help provide access to**  
products our customers want and need

## Stakeholder engagement



We are committed to engaging all of our stakeholders, both internally and externally, to become the most sustainable, responsible company we can. By listening to, partnering with and considering the perspectives of our associates, customers, shareholders, academic leaders, government, nongovernmental organizations (NGOs) and even our competitors, we are truly saving our customers money so they can live better.

Our engagement with each stakeholder group differs and, in an effort to adapt to changing needs and issues, continues to evolve. As we pursue our corporate sustainability goals, we intend to further strengthen these relationships. Together, we are establishing transparency and enhancing our relevancy with the customers and communities we serve.

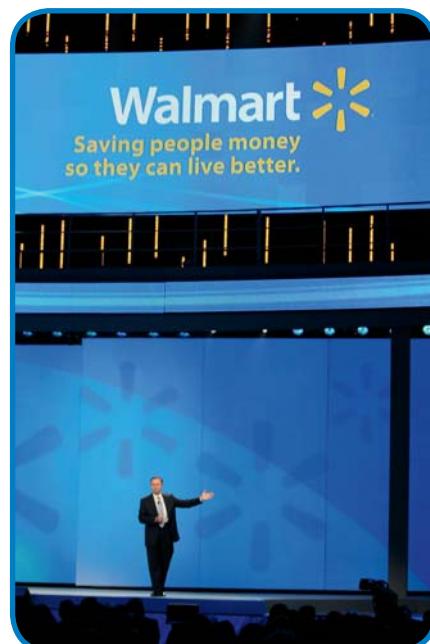
### Key stakeholders

#### Associates

Regular communications and engagement, via channels including our mywalmart.com site, monthly associate magazine, Associate Opinion Surveys and the open door. Based upon hire date, each associate, globally, is also eligible to receive a performance evaluation annually.

#### Customers

Daily engagement with customers in our stores and clubs, and through select social media outlets, including our new sustainability blog, walmartgreenroom.com. We also conduct customer satisfaction surveys on a regular basis.



#### NGOs

Regular meetings with NGOs to find common solutions in order for our efforts to exceed anything we could achieve alone. We discuss strategy development, execution and best practice sharing.

#### Shareholders

Quarterly and annual financial reporting, annual meeting of shareholders, periodic individualized mailings and conference calls between senior management, investors and/or analysts and rating firms. In addition, we hold three full-day interactive meetings with the investment community each year to discuss company strategies.

#### Suppliers

Regularly engage with suppliers to promote and institute sustainability solutions. Major projects from 2011 include Sustainability Index, Supply Chain GHG program and Sustainable Agriculture.





We have created more formal channels for interacting with stakeholders both to learn from their expertise and to provide a forum for them to provide us with feedback.

## Stakeholder forums

### Sustainable Value Networks (SVN)

Our SVNs are teams of associates, suppliers, academic leaders, government, NGOs and others who help us better understand sustainability challenges and create market-based solutions.

### Live Greener Working Group (LGWG)

The LGWG is a group of NGOs that Walmart collaborates with monthly to make progress in areas including climate change, poverty and resource degradation. We are proud of our part in this new movement of cooperation between companies and environmentalists. It makes all of us better and stronger.

### My Sustainability Plan (MSP)

Through MSP, associates make voluntary commitments to improve their health, environment, communities and lives, which often inspire solutions toward our corporate sustainability goals. We provide structure and resources to help associates achieve their sustainability goals.

### Multistakeholder collaborations

We actively support industry efforts to drive sustainability in consumer goods supply chains. These efforts, like The Sustainability Consortium, Retail Industry Leaders Association and Consumer Goods Forum, allow us to collaborate with and engage our suppliers and competitors in industry-wide sustainability initiatives.

Stakeholders are encouraged to learn more about Walmart's corporate responsibility by going to our website at [walmartstores.com/sustainability](http://walmartstores.com/sustainability). In addition, we encourage people to contact us at [corpsu@wal-mart.com](mailto:corpsu@wal-mart.com).

### Currency exchange

Foreign currency conversions have been made using the average exchange rate from Feb. 1, 2011–Jan. 31, 2012. As a global company, we highlight the performance of our global markets, as well as the efforts taking place throughout our supply chain.

### Report structure

Structure of report was based on the company's pillars for sustainability. The social and environmental indicators were obtained by internal survey and checks without the participation of external auditing.

### Customer Communications

Our legal department verifies that Walmart's advertising campaigns are in compliance with applicable consumer protection laws, advertising regulations and industry self-regulatory guidelines.



# Our progress

## Progress on commitments

Working toward the realization of our core aspirational goals is imperative to building a sustainable future. The following pages chart progress on our public commitments in the areas of energy, waste, people and products.

## Goals achieved

We will require all direct-import, nonbranded and private-label suppliers to declare that their factories are compliant with local social and environmental regulations by the end of 2011.

Achieved

### Global – Complete

Language has been added to all supplier agreements requiring suppliers to declare compliance with relevant social and environmental regulations. Suppliers will make these declarations on an ongoing basis as they review their supplier agreements with us annually.

Walmart will work with The Sustainability Consortium globally to establish the criteria that will be used to gather information from top-tier suppliers and other retailers for products in at least 20 categories.

Achieved

### U.S. – 100 product categories

The Sustainability Consortium is developing Category Sustainability Profiles and key performance indicators (KPI) in 100 product categories and has a roadmap for expanding this work over the next several years. As this work is rolled out, we are incorporating the KPIs and collecting data from suppliers to feed Category Live Better scorecards. We have piloted this work in more than seven major categories across our business and will be expanding to cover 100 major categories by the end of 2012.

Walmart is accelerating the agricultural focus of the Sustainability Index globally, beginning with a Sustainable Produce Assessment for top producers in its Global Food Sourcing network by the end of 2011.

Achieved

### Global – Complete

In 2011, we successfully piloted the Sustainable Produce Assessment with 66 growers, covering 14 crops on four continents. The assessment examines usage of water, energy, fertilizer and pesticides used by growers supplying Walmart U.S. and ASDA stores.

Walmart Mexico to reduce water use by 20 percent by 2013 (2008 Baseline).

Achieved

### Mexico – 21.3 percent reduction in water use

Walmart Mexico achieved this goal two years early by reducing water use 21.3 percent. Number is calculated by comparing consumption (in cubic meters) by stores that operated in 2011, compared to the same stores in 2008.

Walmart commits to provide a license for organizations, such as universities, NGOs, government agencies and corporations around the world to the My Sustainability Plan (MSP) employee engagement program by Sept. 1, 2011.

Achieved

### Global – 35 organizations have signed up for the license

We now provide a royalty-free license to organizations interested in adapting MSP for their employees or stakeholders. The license allows corporations, municipalities, school systems and nongovernmental organizations to access the program framework, curriculum, branding, artwork files, research and other assets to help these organizations launch similar programs or advance existing ones. Through 2011, 35 organizations have signed up for the license..



be supplied  
**100%**  
by renewable energy



create  
**zero**  
waste



sell products that  
**sustain**  
people and the environment

## Goals not met

Double the sale of products in the U.S. that help make homes more efficient by 2011 (2008 Baseline).

**Not met**

Reduce phosphates in laundry and dish detergents in the Americas region by 70 percent by 2011 (2009 Baseline).

**Not met**

### U.S. – 33.52 percent sales increase

While we did achieve a 33.52 percent increase in the sale of these products, we did not meet the goal to double our sales. One primary factor is that approximately half of the categories identified for this goal, such as programmable thermostats, once purchased, do not need to be repurchased.

### Americas region – 43 percent reduction

We were successful in reducing the amount of phosphates in laundry and dish detergents that we sell in our stores in the Americas region by 43 percent. Our Walmart retail operations in Argentina and Brazil surpassed the 70 percent reduction goal. In Central America and Mexico a key supplier had already made considerable reductions in phosphates prior to the baseline year, and we expect them to make another significant reduction in 2012. We will continue promoting phosphate-free detergents and other alternatives that have a positive environmental impact. Central America and Mexico will continue to address important issues around water supply and quality, which are meaningful to local communities.

# Goals in progress

## Energy

be supplied  
100%  
by renewable energy



### Be supplied by 100 percent renewable energy. In progress

#### Global –

- **22 percent of total electricity**
- **15 percent of total energy**

When we measure our total renewable energy supply, we look at it two ways: First, we measure renewable energy as a portion of our buildings' electricity needs. This approach reflects the majority of our renewable efforts to date, which have primarily been renewable electricity technologies. As of 2010, Walmart-driven renewable projects provide about 4 percent annually or, 1.1 billion kwh of our buildings' electricity needs. The grid supplies another 18 percent, for a total of 22 percent renewable energy.

Secondly, we examine renewable energy as a percentage of our buildings' total energy needs, including electricity, natural gas, propane and other building energy sources. As of 2010, renewable energy served 15 percent of our total building energy needs, with about 12 percent coming from the grid, and the impact of Walmart-driven renewable energy projects dipping slightly to 3 percent.

### Double fleet efficiency in the U.S. by October 2015 (2005 Baseline). In progress

#### U.S. – 69 percent improvement

We achieved almost 69 percent improvement in 2011 over our 2005 baseline. We delivered 65 million more cases, while driving 28 million fewer miles. This equates to taking 7,900 cars off the road. We measure fleet efficiency as cases shipped per gallon burned. It is calculated by dividing the number of miles we traveled by the average fuel efficiency we achieved in our trucks, as measured in miles per gallon. This leaves us with the amount of fuel we used to travel those miles. Next, we take the number of cases we delivered during the same time period and divide it by the amount of fuel we used to deliver the cases.

### Reduce greenhouse gases (GHG) at our existing store, club and distribution center base around the world by 20 percent (2005 Baseline). In progress

#### Global – 12.74 percent reduction

In this fleet of buildings, we saw an absolute reduction in our GHG emissions of 12.74 percent by the end of 2010 (the most recent year for which we have data), and we continue to identify additional opportunities to move toward the realization of this important goal.

Along with our internal efforts to reduce GHG, several external factors can impact GHG performance, such as emission factors and weather. On average in 2010, changes in emission factors across the countries in which we operate contributed positively to our overall progress. Individually, some countries benefit from these changes while others are negatively impacted, and the average impact may shift in future years. Other external factors, such as weather extremes, may also impact goal progress in coming years.

# Goals in progress

## Waste

create  
zero  
waste

2



**Eliminate landfill waste from U.S. stores and Sam's Club locations by 2025.**

**On track**

**Reduce our global plastic shopping bag waste by an average of 33 percent per store by 2013 (2007 Baseline).**

**On track**

**Walmart will reduce food waste in emerging market stores and clubs by 15 percent and in our other markets by 10 percent by the end of 2015 (2009 Baseline).**

**In progress**

### **U.S. – 80.9 percent landfill waste reduced**

As of Dec. 31, 2011, Walmart achieved an 80.9 percent reduction rate in the amount of waste we send to the landfill across our more than 4,500 U.S. facilities.

### **Global – 35 percent reduction**

In 2011, we reduced the plastic bag waste across our global operations by 42.5 million pounds, or approximately 3.1 billion bags. This represents a 35 percent reduction per store from our 2007 baseline.

### **Global – Baselines being established**

Walmart is tracking food throwaways in the fresh produce, fresh meat and fresh bakery categories. Currently, all of our global markets are establishing their baselines for this goal, and will then develop and implement plans for reducing throwaways by 15 percent in emerging market stores and clubs and by 10 percent in all other markets by Dec. 31, 2015.

# Progress on Products



We will partner with suppliers to improve energy efficiency by 20 percent per unit of production by the end of 2012 in the top 200 factories in China from which we source directly (2007 Baseline).

In progress

## Global – 148 factories have reduced energy consumption 20 percent

In the three years since we announced this project, we have learned a lot, and our suppliers and factories have showed a willingness to step into what was, for many, uncharted territory. Such transparency about energy information was unprecedented for most of the suppliers in this program.

At the end of 2011:

- More than 450 factories have received training from Walmart and our partners on energy efficiency improvements.
- More than 150 representatives from suppliers or factories have participated in roundtables to share best practices and discuss how to execute energy efficiency program.
- 313 factories were actively participating in this program, making energy efficiency improvements to their facilities.
- 148 factories had achieved a 20 percent reduction in energy consumption (per unit of production or revenue).

We will work with suppliers to drive customer returns on defective merchandise virtually out of existence (less than 1 percent) by the end of 2012.

In progress

## Global – 1.72 percent returned

In 2011, we reduced our customer returns on defective merchandise from direct-import suppliers to 1.72 percent. The return rate for defective merchandise from direct-import and domestic suppliers was 0.93 percent.

Reduce packaging by 5 percent globally by 2013 (2008 Baseline).

In progress

## Global – Estimates indicate we are on track to reach our goal by 2013

Packaging reduction continues to be a major focus. Our suppliers have been extremely diligent in finding new ways to reduce their packaging, and several multiyear packaging reduction efforts are now bearing fruit. In the past year, we have eliminated 16 percent of the paper fiber used to package our Great Value brand margarine, transitioned our Great Value brand sandwiches from a nonrecyclable plastic bag to a recyclable paperboard carton and helped our national-brand suppliers to reduce their packaging as well. Our Sam's Club team collaborated with a national cereal producer to reduce packaging and meet member needs by shifting from a single club-size pack to a twin bundle of smaller, lighter cartons, resulting in a cut in fiber consumption, and our Walmart Canada team is now shipping our Great Value brand spring water in a bottle made from 100 percent recycled PET.

**sell products that  
sustain  
people and the environment**




**Be packaging neutral globally by 2025.**  
**In progress**

**Global – Packaging that is recyclable, reusable, made with recycled and/or sustainably sourced renewable content**

It is our ambition to use only that amount of packaging required to safely and effectively move the products we sell from the farms and factories where they begin, through our supply chain, and on to our customers' homes. We look forward to a time when all of the packaging we consume is either recyclable, reusable or renewable, and we are working with suppliers, manufacturers, researchers and experts to develop the next-generation materials, processes and tools that will be required to accomplish that goal. Significant progress is being made, and we continue to prioritize the use of recycled materials and returnable packaging when appropriate. There are critical applications, primarily related to the shelf life and freshness of food, the efficacy of drugs and other personal care products, and the security of high-value items that require materials which are not easily recycled or reused. We continue to work with suppliers to identify and cultivate these new materials so that they can contribute to our long-term vision.

**Walmart commits to developing a worldwide sustainable product index globally.**  
**In progress**

**Global – Beginning business integration**

Walmart is using the research and data developed through The Sustainability Consortium to deliver the index to our global business, beginning in the U.S., Canada and Chile. We are:

- Using The Sustainability Consortium's data and metrics to score and rank our suppliers on how they address the key issues in the life cycle of their products, and providing those suppliers with actionable opportunities to make improvements
- Integrating this work into the business by developing category Live Better scorecards, and developing merchant and supplier training and incentives to accelerate progress
- Committing to meaningful change in environmental and social outcomes based on index results and piloting customer engagement

**Eliminate 20 million metric tons of greenhouse gas emissions from Walmart's global supply chain by the end of 2015.**

**In progress**

**Global – More than 120,000 metric tons eliminated, 16 million metric tons identified**

Through 2011, we eliminated more than 120,000 metric tons of GHG emissions from our supply chain and have projects underway with the potential to reduce emissions by a combined 16 million metric tons.

**Expand the success of Walmart China's Direct Farm program by engaging as many as 1 million farmers by 2011.**

**In progress**

**China – Supporting 81 farm bases in 23 provinces**

Walmart China currently supports 81 farm bases in 23 provinces. These Direct Farm bases provide Walmart China stores a variety of fruits, vegetables, fish and rice. In the coming year, we will redefine this goal and develop a more meaningful metric for identifying the growers who benefit from Walmart Direct Farm purchases.

sell products that  
**sustain**  
people and the environment



**Walmart will sell \$1 billion in food sourced from 1 million small- and medium-sized farmers in emerging markets by the end of 2015.**

**In progress**

**Global – We expect to report metrics in our next report**

In 2011, we developed a direct farm business model and created a blueprint for implementation in new markets such as South Africa which will enable us to expand sourcing from small- and medium-sized farmers in a systematic manner. We plan to begin reporting sales from small- and medium-sized farmers in our global supply chain during 2012. With more than 13 business units sourcing globally, we are now revalidating the definition of small- and medium-sized farmer used in each geography and setting up a system for data collection that we expect to have operational by the middle of the year.

**By the end of 2012, we will require that 95 percent of direct-import factories receive one of the two highest ratings in audits for environmental and social practices.**

**On track**

**Global – 94.8 percent**

More than 94 percent of direct-import factories have received one of our two highest audit ratings.

**Walmart will provide training to 1 million farmers and farm workers in our food supply chain, of which we expect half will be women, in emerging markets by the end of 2015.**

**In progress**

**Global – We expect to report metrics in our next report**

During the first half of 2012, we will undertake an inventory of farmer training in our global supply chain so that we can begin reporting this year. We are augmenting training conducted through our direct farm programs with broad support to the industry from the Walmart Foundation. Under a 2011 Foundation grant to Business for Social Responsibility, we inaugurated a training pilot in China at two vegetable farms on a variety of sustainable agricultural practices ranging from soil testing to integrated pest management to waste recycling through composting. Similar training in China will be provided to additional vegetable farms in early 2012, followed by expansion to a larger pool of fruit and vegetable growers in China's supply chain. In India, a Walmart Foundation grant to Technoserve for training of small vegetable farmers will position us to reach an additional 7,200 farmers this year.

**We will raise the income of the small- and medium-sized farmers we source from by 10 percent to 15 percent in emerging markets by the end of 2015.**

**In progress**

**Global – We expect to report metrics in our next report**

Walmart funded the University of California-Davis (UC Davis) to develop an income scorecard that could be used as part of a broader methodology to measure the income impact of the Walmart Direct Farm programs. The UC-Davis income scorecard is designed to provide an average income estimate of both direct farm participants and a group of comparison nonparticipant farmers. In 2012, we plan to use the tool in China, followed by India and Central America.



sell products that  
**sustain**  
people and the environment

In the U.S., Walmart will double sales of locally sourced produce, accounting for 9 percent of all produce sold by the end of 2015 (2009 Baseline).  
**On track**

Walmart will require sustainable sourced palm oil in all of our private-brand products globally by the end of 2015.

**In progress**

Walmart will expand the already existing practice of Walmart Brazil of sourcing only beef that does not contribute to the deforestation of the Amazon rainforest to all of our companies worldwide by the end of 2015.

**In progress**

In the U.S., Walmart will require all fresh and frozen, farmed and wild seafood products sold at Walmart and Sam's Club to become certified as sustainable by a third party using Marine Stewardship Council (MSC), Best Aquaculture Practices (BAP) or equivalent standards. Walmart will require currently uncertified fisheries to develop work plans to achieve certification and report progress biannually.

**In progress**

Walmart plans to invest more than \$1 billion in our perishable supply chain so that we deliver fresher, higher-quality food with a longer shelf life by the end of 2015.

**In progress**

#### **U.S. – 97 percent increase**

In 2011, Walmart increased the amount of locally sourced produce it sells in the U.S. by 97 percent, which accounted for more than 10 percent of all produce sold. We measure progress on the dollar amount of sales of produce grown and sold within the same state as a percentage of the overall dollar amount of produce sales.

#### **Global – Walmart baseline calculated**

In 2011, all of our global markets adopted a new palm oil procurement policy. We have also undertaken the complex task of calculating our palm oil usage baseline to better understand where our biggest opportunities are. We expect to complete this progress in early 2012. The Sam's Club Artisan Fresh Banana Nut Bread became the first product in North America displaying the new Roundtable on Sustainable Palm Oil (RSPO) Trademark. Progress for this goal is measured by the percentage of private-brand suppliers using sustainable palm oil based on the RSPO standards or equivalent for products sold to Walmart.

#### **Global – Monitoring system pilot underway**

We have developed a proprietary monitoring system for our beef supply chain to identify and mitigate beef from unwanted sources. The monitoring system will provide transparency to the supply chain by asking suppliers to trace Brazilian beef back to farm. Currently, we are piloting the new monitoring system with a key supplier and plan to roll out the system to all Brazil suppliers in 2012. We have identified our markets that source beef from Brazil and will recruit and train our merchants and suppliers to incorporate the monitoring tool into their decision-making process.

#### **Global – 76 percent third-party certified**

As of Jan. 31, 2012, 76 percent of our fresh, frozen, farmed and wild seafood suppliers were third-party certified. An additional 8 percent had developed the required certification plans. One significant highlight over the past year has been the BAP certification of our Atlantic-farmed salmon and tilapia.

#### **Global – \$167 million invested**

Through the end of 2011, we invested \$167 million into our global fresh supply chain.

# 2011 awards and recognition



The various awards we receive each year confirm that the decisions we make are positively impacting people's lives and the environment. Some of the awards listed below are also a result of our participation in selected surveys, which provides us the opportunity to share our practices and validate our efforts, particularly in the areas of diversity and inclusion.

## Argentina

- The municipal government of Resistencia City, province of Chaco, declared the supercenter grand opening of "Interest for the City."

## Brazil

- 2011 Eco Award – American Chamber of Commerce (AMCHAM)
- Planet House Prize – Casa Cláudia magazine – Walmart Institute – Bombando Cidadania (Pumping Citizenship) project
- Von Martius Sustainability Prize, in recognition of our ongoing sustainability program
- Diamante Azul (Blue Diamond) – Best Virtual Store – E Bit
- Vasconcelos Sobrinho Prize – Pernambuco state environment secretary, in recognition of community involvement
- Ecology Prize – Expressão publishing house, in recognition of our End-to-End program
- Named "Company Most Respectful of Consumers 2011" – Consumidor Moderno magazine, in the Hypermarket category

## Canada

- VP/CIO Gale Blank receives Breakaway Leader Award – Evanta
- Award for Corporate Environmental Excellence, GLOBE Awards Gala – GLOBE Foundation
- Retail Council of Large Chain In-Store Retail Merchandising Award – Excellence in Retailing Awards, for Fashion by George: Walmart Apparel's Extreme Makeover project
- 10 Most Admired Corporate Cultures – National Post
- Commitment to Care and Service Award – Pharmacy Practice Drugstore Canada, for introducing the Ecolo-Vial
- Food Logistics Golden Pallet Award, for excellence in warehousing
- Best Employers for 50-Plus Canadians – Workplace Institute

## Central America

- Ranked Top Five in leader development – Hewitt, RBL and Fortune magazine
- Socially Responsible Company Award – CSR Honduras Foundation
- Walmart Central America was named "The Most Admired Multinational Company in Central America" for the third consecutive year by Estrategia & Negocios magazine.
- Walmart was recognized for its leadership in the retail industry in Central America and the creation of value chains with suppliers, assuring the lowest price for customers, while driving development and benefits for the communities where it operates.

## Chile

- LIDER was recognized among the top 10 most socially responsible companies in Chile by Mori.
- Energy Efficiency Award 2011 – Agencia Chilena de Eficiencia Energética.

## China

- Most Influential Enterprise award at the High Forum in Commemoration of the 10th anniversary of China's accession to the WTO, hosted by China Business Herald.
- Outstanding CSR Company award at the 2011 China CSR High Forum and the launch of Chinese Companies' CSR Report event, hosted by xinhuanet.com.
- Most Influential Enterprise in 2011 by Oriental Entrepreneur, Manager, Xinmin Weekly, Financial Circle and BTV.
- Best Employer in 2011 by China HR, ranking 20th amongst the top 50 companies.
- Beijing Wangjing store named as one of the 100 Low Carbon Demonstration Stores by the China Chain Store & Franchise Association.
- 2011 Special Award on Corporate Social Responsibility from the China Association of Enterprises with Foreign Investment (CAEFI), China Foundation on Consumer Protection. Christina Lee, Senior Director of Corporate Affairs, was awarded the China 2011 Outstanding CSR Practitioner.

## India

- Corporate Responsibility Company of the Year, Silver – Bharti Foundation's Changemaker Awards
- Overall Best Corporate Social Responsibility Practice – World CSR Day/Global CSR Awards

## Mexico

- Ranked #1 Retailer Globally, #1 All Sectors in Mexico, #2 All Sectors in Latin America and #14 All Sectors Globally "2011 Green Rankings Global List" – Newsweek
- Best Social Responsibility Event, Together for a Better Planet Sustainability Forum – Ganar-Ganar magazine
- Ranked #1 in leader development – Hewitt, RBL and Fortune magazine

## U.K.

- End User of the Year, RAC Cooling Industry Awards – RAC magazine
- Finalist for Project of the Year (Containment, Collaboration and Continuing Trials), RAC Cooling Industry Awards – RAC magazine
- Finalist for Project of the Year (Containment, Collaboration and Continuing Trials), RAC Cooling Industry Awards – RAC magazine
- Compassion in World Farming, Good Dairy Award
- IGD Award for Sustainable Distribution, Double-Deck Trailers
- IGD Award for Supply Chain Excellence, Fewer Cheaper Miles
- European Supply Chain Excellence, Fewer Cheaper Miles
- Motor Transport Own Account Operator of the Year, Transport Efficiency
- Chartered Institute of Logistics and Transport 2011, Fewer Cheaper Miles
- Quintile 1 Award, Northern Ireland Business in the Community 13th Environmental Benchmarking Survey
- Environmental Collaboration of the Year, for delivering new refrigerant technologies
- Environmental Pioneer of the Year, Brian Churchyard
- Low Carbon Achievement of the Year, for zero tolerance of refrigerant leakage

## U.S.

- Renewable Energy Leader of the Decade – American Council on Renewable Energy
- Green Power Leadership Award – U.S. Environmental Protection Agency, for significantly advancing the development of sustainable power sources
- Washington Green 50: Retail Runner Up – Seattle magazine
- 2011 WRAP Award (Waste Reduction Awards Program) – California Department of Resources Recycling and Recovery (CalRecycle)

## Sub-Saharan Africa

- Massmart was awarded the ET Scope 3 Disclosure Leader award, according to greenhouse gas emissions and levels of transparency.
- Massmart qualified for inclusion in the Best Performer Category of the 2011/2012 Socially Responsible Investment Index (Equivalent to Dow Jones Sustainability Index). Highlights include: Overall score was in highest, "Best Performer," category; Group environmental and climate change practices were recognized at Best Practice level; we met all 32 core indicators and all 33 desirable indicators on the Governance and Related Sustainability Concerns dimension (full marks); and we met 92 out of 98 criteria on the Social dimension.

Global reporting initiative		Page/location
<b>Strategy and analysis</b>		
1.1	Statement from most senior decision-maker of the organization.	1-3
1.2	Description of key impacts, risks, and opportunities.	21, 38, 67-69, 81, 85, 100, 10-K (13-17)
<b>Organizational profile</b>		
2.1	Name of the organization.	Front cover
2.2	Primary brands, products and/or services.	101, 10-K (4)
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	101, 10-K (4, 5), <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govhome">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govhome</a>
2.4	Location of organization's headquarters.	Back cover
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	101, 10-K (4), AR (57), <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govhome">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govhome</a>
2.6	Nature of ownership and legal form.	10-K (1, 20), <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-irhome">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-irhome</a>
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	1-3, 101, AR (57), <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-irhome">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-irhome</a>
2.8	Scale of the reporting organization.	101, <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-newsArticle&amp;ID=1531082&amp;highlight=">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-newsArticle&amp;ID=1531082&amp;highlight=</a>
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	AR (51), <a href="http://www.walmartstores.com/download/5011.pdf">www.walmartstores.com/download/5011.pdf</a>
2.10	Awards received in the reporting period.	114, 115
<b>Report parameters</b>		
<b>Report profile</b>		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Inside front cover
3.2	Date of most recent previous report (if any).	Inside front cover
3.3	Reporting cycle (annual/biennial, etc.).	Inside front cover
3.4	Contact point for questions regarding the report or its contents.	105
<b>Report scope and boundary</b>		
3.5	Process for defining report content.	Inside front cover, 104, 105
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Inside front cover, 104, 105
3.7	Limitations of the scope or boundary of the report.	105
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	NA
3.9	Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	105, AR (18)
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, natures of business, measurement methods).	105, AR (18)
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	NR
<b>GRI content index</b>		
3.12	Table identifying the location of the Standard Disclosures in the report.	116
<b>Assurance</b>		
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	105

Strategy and profile disclosures	Page/location
<b>Governance, commitments, and engagements</b>	
<b>Governance</b>	
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	102, <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govhome">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govhome</a>
4.2 Indicate whether Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	102, AR (15), <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govhome">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govhome</a>
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	AR (15), <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govboard">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govboard</a>
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	<a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-contact">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-contact</a>
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	<a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments</a>
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	102, <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments</a>
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	102, <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments</a>
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	<a href="http://www.walmartstores.com/AboutUs/280.aspx">www.walmartstores.com/AboutUs/280.aspx</a> <a href="http://www.walmartstores.com/AboutUs/321.aspx">www.walmartstores.com/AboutUs/321.aspx</a>
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	102, <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments</a>
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	102, <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments</a>
<b>Commitments to external initiatives</b>	
4.11 Explanations of whether and how the precautionary approach or principle is addressed by the organization.	102, <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-govdocuments</a>
4.12 Externally developed economic, environmental, and social charts, principles, or other initiatives to which the organization subscribes or endorses.	<a href="http://walmartstores.com/download/4055.pdf">walmartstores.com/download/4055.pdf</a>
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy in relevant organizations.	102, 103
<b>Stakeholder engagement</b>	
4.14 List of stakeholder groups engaged by the organization.	104, 105
4.15 Basis for identification and selection of stakeholders with whom to engage.	104, 105
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	104, 105
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	69, 104, 105

Management approach and performance indicators		Page/location
<b>Economic disclosures</b>		
Disclosure of management approach.		1-3, AR (3-5, 18-31)
<b>Aspect: Economic performance</b>		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	1-3, 101, AR (32), <a href="http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-newsArticle&amp;ID=1663026&amp;highlight=">http://investors.walmartstores.com/phoenix.zhtml?c=112761&amp;p=irol-newsArticle&amp;ID=1663026&amp;highlight=</a>
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	70-81, <a href="https://www.cdpproject.net/Sites/2011/02/20402/Investor%20CDP%202011/Pages/Default.aspx?Module=Risks%26Opps&amp;Page=5.+Climate+Change+Risks">https://www.cdpproject.net/Sites/2011/02/20402/Investor%20CDP%202011/Pages/Default.aspx?Module=Risks%26Opps&amp;Page=5.+Climate+Change+Risks</a>
EC3	Coverage of the organization's defined benefit plan obligations.	52, 53, 10-K (11), AR (50, 51)
EC4	Significant financial assistance received from government.	NR
<b>Aspect: Market presence</b>		
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	NR
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operations.	32, 36-40, 91-93
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	NR
<b>Aspect: Indirect economic impacts</b>		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	10-23
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	27, 36-38, 54, 101-103
<b>Environmental disclosures</b>		
Disclosure of management approach.		28, 68-71, 82, 88
<b>Aspect: Materials</b>		
EN1	Materials used by weight or volume.	NR
EN2	Percentage of materials used that are recycled input materials.	NR
<b>Aspect: Energy</b>		
EN3	Direct energy consumption by primary energy source.	NR
EN4	Indirect energy consumption by primary source.	NR
EN5	Energy saved due to conservation and efficiency improvements.	70-81
EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.	70-81, 108
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	70-81, 108
<b>Aspect: Water</b>		
EN8	Total water withdrawal by source.	NR
EN9	Water sources significantly affected by withdrawal of water.	NR
EN10	Percentage and total volume of water recycled and reused.	NR

Performance indicators	Page/location
<b>Environmental disclosures (continued)</b>	
<b>Aspect: Biodiversity</b>	
EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	NR
EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	NR
EN13 Habitats protected or restored.	walmart stores.com/sustainability/5127.aspx
EN14 Strategies, current actions, and future plans for managing impacts on biodiversity.	NR
EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	NR
<b>Aspect: Emissions, effluents, and waste</b>	
EN16 Total direct and indirect greenhouse gas emissions by weight.	78, <a href="https://www.cdproject.net/Sites/2011/02/20402/Investor%20CDP%202011/Pages/Default.aspx?Module=Emissions&amp;Page=8.+Emissions+Data+(1+Jan+2010++31+Dec+2010)">https://www.cdproject.net/Sites/2011/02/20402/Investor%20CDP%202011/Pages/Default.aspx?Module=Emissions&amp;Page=8.+Emissions+Data+(1+Jan+2010++31+Dec+2010)</a>
EN17 Other relevant indirect greenhouse gas emissions by weight.	NR
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved.	4, 70-81, 108
EN19 Emissions of ozone-depleting substances by weight.	NR
EN20 NOx, SOx, and other significant air emissions by type and weight.	NR
EN21 Total water discharge by quality and destination.	NR
EN22 Total weight of waste by type and disposal method.	NR
EN23 Total number and volume of significant spills.	NR
EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VII, and percentage of transported waste shipped internationally.	NR
EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	NR
<b>Aspect: Products and services</b>	
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	89
EN27 Percentage of products sold and their packaging materials that are reclaimed by category.	NR
<b>Aspect: Compliance</b>	
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	NR
<b>Aspect: Transport</b>	
EN29 Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	80, 81
<b>Aspect: Overall</b>	
EN30 Total environmental protection expenditures and investments by type.	NR

Performance indicators	Page/location
<b>Social disclosures: Labor practices and decent work</b>	
Disclosure of management approach.	47
<b>Aspect: Employment</b>	
LA1 Total workforce by employment type, employment contract, and region.	48-51, 10-K (11)
LA2 Total number and rate of employee turnover by age group, gender, and region.	48-51
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	52, 10-K (11)
<b>Aspect: Labor/management relations</b>	
LA4 Percentage of employees covered.	NR
LA5 Minimum of notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	NR
<b>Aspect: Occupational health and safety</b>	
LA6 Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	NR
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.	30, 31
LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious disease.	52, 53, 65
LA9 Health and safety topics covered in formal agreements with trade unions.	NR
<b>Aspect: Training and education</b>	
LA10 Average hours of training per year per employee category.	NR
LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	56, 57
LA12 Percentage of employees receiving regular performance and career development reviews.	104
<b>Aspect: Diversity and equal opportunity</b>	
LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership , and other indicators of diversity.	48-51
LA14 Ratio of basic salary of men to women by employment category.	NR

Performance indicators	Page/location
<b>Social disclosures: Human rights</b>	
Disclosure of management approach.	32
<b>Aspect: Investment and procurement practices</b>	
HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	NR
HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	NR
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	NR
<b>Aspect: Non-discrimination</b>	
HR4 Total number of incidents of discrimination and actions taken.	NR
<b>Aspect: Freedom of association and collective bargaining</b>	
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	NR
<b>Aspect: Child labor</b>	
HR6 Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	6, 7, 40-42
<b>Aspect: Forced and compulsory labor</b>	
HR7 Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	41
<b>Aspect: Security practices</b>	
HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	NR
<b>Aspect: Indigenous rights</b>	
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken.	NR

Performance indicators	Page/location
<b>Social disclosures: Society</b>	
Disclosure of management approach.	6, 7, 10-23
<b>Aspect: Community</b>	
S01 Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	NR
<b>Aspect: Corruption</b>	
S02 Percentage and total number of business units analyzed for risks related to corruption.	NR
S03 Percentage of employees trained in organization's anti-corruption policies and procedures.	NR
S04 Actions taken in response to incidents of corruption.	NR
<b>Aspect: Public policy</b>	
S05 Public policy positions and participation in public policy development and lobbying.	102, 103
S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	NR
<b>Aspect: Anti-competitive behavior</b>	
S07 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	NR
<b>Aspect: Compliance</b>	
S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	NR
<b>Social disclosures: Product responsibility</b>	
Disclosure of management approach.	5, 89
<b>Aspect: Customer health and safety</b>	
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	81, 89, 103-104
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	24-31
<b>Aspect: Product and service labeling</b>	
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	NR
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	NR
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	104
<b>Aspect: Marketing communications</b>	
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	105
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	NR
<b>Aspect: Customer privacy</b>	
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	NR
<b>Aspect: Compliance</b>	
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	NR

To stay current with our responsibility initiatives, we encourage you to visit our website for up to the minute news, announcements and initiatives at <http://www.walmartstores.com>.

**Walmart Corporate**

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## Sustainability

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[Products](#)

[Sustainability 2.0 DVD](#)

**Sustainability**

At Walmart, we know that being an efficient and profitable business and being a good steward of the environment are goals that can work together. Our broad environmental goals at Walmart are simple and straightforward:

- To be supplied 100 percent by renewable energy;
- To create zero waste;
- To sell products that sustain people and the environment.

Our efforts have been recognized through [numerous awards](#), which would not be possible without the support of our customers, associates and communities around the world.

**Upcoming Events**

**Global Sustainability Milestone Meeting April 18, 2012**  
We have made tremendous progress since 2005 when sustainability became a focal point for our company, and during the Milestone Meeting we will spotlight some of our success stories. We will also hear from company leaders as we look toward the future and further embed sustainability into our culture.

**Walmart Green Student Challenge**  
Some of today's greatest business minds got their big ideas on campus and Walmart Canada believes the next big green leader with the next big green idea could be a student. We know that business can be stronger while also being environmentally sustainable, so we're inviting post-secondary students from across Canada to submit their best sustainable business idea to the Walmart Green Student Challenge.

**Recent Events**

**Global Sustainability Milestone Meeting March 17, 2011**  
Walmart hosted a Global Sustainability Milestone Meeting on March 17, 2011 in Bentonville, Ark.

**Global Sustainability Milestone Meeting October 14, 2010**  
Walmart hosted a Global Sustainability Milestone Meeting on Oct. 14, 2010 in Bentonville, Ark., and announced new initiatives to support sustainable agriculture around the world.

**2010 Clinton Global Initiative Annual Meeting**  
Walmart will participate in the 2010 Clinton Global Initiative Annual Meeting from September 22 to 2010.

[More Events](#)

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**Related Information**

- [The Green Run blog](#)
- [Walmart's YouTube.com Column](#)
- [Sustainability Videos](#)
- [Walmart.com/Green](#)
- [Sustainability Photo Gallery](#)

**Global Reporting Initiative™**

**Statement**  
**GRI Application Level Check**

GRI hereby states that Walmart has presented its report "Walmart 2012 Global Responsibility Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level 2.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Bethesda, April 30th 2012



Nelmore Arbes  
Deputy Chief Executive  
Global Reporting Initiative

The Global Reporting Initiative (GRI) is an international organization that promotes the development of the world's most widely used sustainability reporting framework and it coordinates its communication requirements for application worldwide. The GRI Guidelines are the primary tool for sustainability reporting that organizations can use to measure and report their economic, environmental, and social performance.

Walmart affirms the relevant sustainability reporting disclosure material held, according to audit results received, this document may contain material submitted to GRI at the time of the Check on March 23rd 2012. All rights are reserved. No changes in any such material.

**G B**  
GRI REPORT  
GRI CHECKED

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## Our sustainable, next generation report.

The minimized environmental footprint of this report is the result of an extensive, collaborative effort of Walmart and its supply chain partners. The environmental and social impact continues to be an important consideration. It is printed on paper from well-managed forests containing recycled PCW fiber that is Elementally Chlorine Free (ECF). It is printed using 100% renewable wind power (RECs), along with environmental manufacturing principles that were utilized in the printing process. These practices include environmentally responsible procurement, lean manufacturing, green chemistry principles, the recycling of residual materials and reduced volatile organic compound inks and coatings.



.14 acre  
of forestland preserved  
via managed forestry



26.31 fewer  
trees consumed  
via recycling



5,363 kWh  
less energy – the same  
used by .20 homes  
for a year



13.0 metric tons  
of greenhouse gas offset –  
the equivalent of taking  
2.61 cars off the road for a year



19,702 kWh  
converted to clean renewable  
sources (printing plant  
using RECs)



9,569.29 fewer  
gallons of water  
consumed



*Savings baselines were developed using the U.S. national averages of similar coated papers and printing practices by EarthColor Printing.*



## Powering our future: 2.2 million associates committed to our customers.



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