Goals

• To identify and incentivize suppliers who are making continuous progress on sustainability initiatives

• To develop value in the supply chain:
  – Cost reduction and profitability

• To provide better information on sustainability to consumers
Key Areas of Focus

- Energy and Climate
- Natural resources
- Material efficiency
- People and Community

Program Rationale

- Our customers desire products that are more efficient, last longer and perform better. They want to know the product’s entire lifecycle. They want to know the materials in the product are safe, that it is made well and is produced in a responsible way.

- These desires inspired us to help develop the sustainability index. With this initiative, we are helping create a more transparent supply chain, driving product innovation and ultimately providing our customers with information they need to assess products’ sustainability.
The Process

Index Step 1: Supplier Assessment
• Walmart will provide each of its 100,000 global suppliers with a survey of 15 simple, but powerful, questions to evaluate their own company’s sustainability.

The Process

Index Step 2: Lifecycle Analysis Database
• As a second step, Walmart is helping create a consortium of universities that will collaborate with suppliers, retailers, NGOs and government to develop a global database of information on the lifecycle of products – from raw materials to disposal. Walmart will provide the initial funding for the consortium, but it is not our intention to create or own this index.
The Process

Index Step 3: A Simple Tool for Consumers

• The final step of the index is to provide customers with product information in a simple, convenient, easy to understand rating, so they can make choices and consume in a more sustainable way. How that information is delivered to consumers is still undetermined, but could take the form of a numeric score, color code or some other type of label. The sustainability consortium will help determine the scoring process in the coming months and years.

The Ideal

• “The index will bring about a more transparent supply chain, drive product innovation and, ultimately, provide consumers the information they need to assess the sustainability of products. If we work together, we can create a new retail standard for the 21st century.”

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

Walmart Sustainability Milestone Meeting, July 16, 2009
Supplier Sustainability Assessment: 15 Questions for Suppliers

1. Have you measured your corporate greenhouse gas emissions?
2. Have you opted to report your greenhouse gas emissions to the Carbon Disclosure Project (CDP)?
3. What is your total annual greenhouse gas emissions reported in the most recent year measured?
4. Have you set publicly available greenhouse gas reduction targets? If yes, what are those targets?

Material Efficiency: Reducing Waste and Enhancing Quality
1. If measured, please report the total amount of solid waste generated from the facilities that produce your product(s) for Walmart for the most recent year measured.
2. Have you set publicly available solid waste reduction targets? If yes, what are those targets?
3. If measured, please report total water use from facilities that produce your product(s) for Walmart for the most recent year measured.
4. Have you set publicly available water use reduction targets? If yes, what are those targets?
## Supplier Sustainability Assessment: 15 Questions for Suppliers

### Natural Resources: Producing High Quality, Responsibly Sourced Raw Materials

1. Have you established publicly available sustainability purchasing guidelines for your direct suppliers that address issues such as environmental compliance, employment practices and product/ingredient safety?
2. Have you obtained 3rd party certifications for any of the products that you sell to Walmart?

### People and Community: Ensuring Responsible and Ethical Production

1. Do you know the location of 100 percent of the facilities that produce your product(s)?
2. Before beginning a business relationship with a manufacturing facility, do you evaluate the quality of, and capacity for, production?
3. Do you have a process for managing social compliance at the manufacturing level?
4. Do you work with your supply base to resolve issues found during social compliance evaluations and also document specific corrections and improvements?
5. Do you invest in community development activities in the markets you source from and/or operate within?
Key FAQ

Why should I do this?
We want to identify and thank our suppliers that have demonstrated leadership in sustainability. Even more importantly, in working internally and with other suppliers, we have found cost savings and innovation opportunities by investigating our energy use, our waste stream and our impacts on natural resources and the community. The measurements and behaviors we ask about in this questionnaire have significant potential to drive down costs and/or enhance quality while helping our suppliers be more sustainable. We want to strengthen our relationships with suppliers who share this approach to doing business.

Key FAQ

Is it mandatory that I answer all these questions?
It’s not mandatory. This is an opportunity for you to show how your company’s practices stand out amongst Walmart’s 60,000 suppliers. Leaders in sustainability deserve merit.
Key FAQ

When do the answers need to be completed?
Our top tier suppliers are expected to answer the questions by October 1, 2009 but all suppliers are encouraged to submit their answers as soon as they can. Additionally, as your company makes progress, any supplier can go into Retail Link and revise the answers they submitted at any point. This way, we can track your progress and you can continue to get credit for your actions in the future.

Key FAQ

How will this information be used?
Walmart wants to better understand the practices of its suppliers. This helps us keep our promise to our customers of delivering great products that will help them save money and live better. We see our suppliers as partners in this endeavor, and this is a tool to help reinforce and advance those partnerships. Any absolute numbers provided in your answers will NOT be used for comparison to other suppliers unless explicitly stated. We understand that there are many variables inherent in measuring energy use, greenhouse gas emissions, waste and water use, and in absence of common, transparent rules or protocols, one number cannot be legitimately compared with another. Despite these complications, in the future we do intend to reward those suppliers who have measured impacts and show progress toward meeting stated reduction goals.
Key FAQ

Will the merchants have access to the information I provide?
Yes. Your merchandising team will be able to use the information you provide to gain a deeper understanding of your commitment to sustainability. However, we understand that these questions do not cover all of the things that your company may be doing to become more sustainable. Accordingly, please work with them to identify and share best practices in your categories that are not covered in this questionnaire.

Key FAQ

Am I being evaluated based on these questions?
Evaluations of the responses will begin in September 2009.

How will I be evaluated?
Suppliers will be rated as Above Target, On Target, or Below Target for each individual section and as a whole.
**Key FAQ**

Is Walmart going to be validating my responses? Will it be at my cost?

Responses to this questionnaire will be accepted in good faith, relying on the integrity of the supplier. Violation of that good faith will be considered very serious by Walmart. Merchandising teams will be trained in how to identify inaccuracies.

**Key FAQ**

How do my scores from the Packaging Scorecard impact my overall score?

Scores are automatically pulled from the Packaging Scorecard and are based on the percent of your products for which you have completed the scorecard. If you have completed the Packaging Scorecard for all your products, you’re in great shape. But more importantly, the process of completing that scorecard should help you identify ways to cut costs and increase the sustainability of the packaging of your products.
Key FAQ

What if I choose not to complete the scorecard?
You will not be penalized for not participating.
However, we want to stress our commitment to delivering great products that help our customers save money so they can live better. Sustainability is an important factor we will use to determine which products fit this profile, and answering these questions will help us evaluate suppliers’ progress fairly.

Key FAQ

My company has had environmental programs in place for years. How can we get credit for the work we’ve already done?
If your company has a long history of environmental stewardship and corporate responsibility, you will be well positioned to score well on the Sustainability Assessment because you have already done much of the hard work of understanding the impacts of your business. Additionally, the Sustainability Assessment will not replace the relationship that you have with your merchandising team. This is simply a tool for Walmart to better understand and evaluate progress against our company-wide goal of selling sustainable products.
Sustainability Index