



Walmart 

# Building the Next Generation Walmart... Responsibly

“You can’t just keep doing what works one time. Everything around you is changing. To succeed, stay out in front of change.”  
 – Sam Walton

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## Reporting parameters

This Global Responsibility Report is designed to demonstrate our continued progress toward key initiatives and goals, and provide a snapshot of new initiatives launched between February 1, 2010 and January 31, 2011. Foreign currency conversions have been made using the average exchange rate from February 1, 2010 – January 31, 2011. As a global company, we highlight the performance of our global markets, as well as the efforts taking place throughout our supply chain.



*Michael T. Duke, president and chief executive officer*

## Message from Mike Duke

This is now the fourth time that Walmart has reported its progress with sustainability, and regular readers of this report will see that we have renamed it the Global Responsibility Report. This change reflects the new social and environmental dimensions we have added to our efforts, as well as new data and metrics to track and measure our progress.

We believe transparency and accountability are part of being a good and responsible company, and that they also make us a *better* company. Through this report, we are strengthening our commitment to transparency and holding ourselves accountable for what we do within our company and for our communities. We also know there are still many opportunities ahead for Walmart. Our track record of success, and the strong NGO partnerships for which we are so grateful, give us confidence that we will make the most of those opportunities.

Over the past year, our company has delivered on my challenge to “broaden and accelerate” our commitment to sustainability. Today at Walmart, sustainability is more global and more inclusive of a broader range of environmental and especially social issues. For instance, regular readers will find more information on sustainable agriculture, global greenhouse gas emissions in the supply chain, a bold commitment to end hunger in America and the My Sustainability Plan toolkit we announced at the Clinton Global Initiative.



You will also see in these pages how our “Sustainability 360” model continues to tap the full potential of our company – through our operations, customers, associates, suppliers and communities. We do not view our sustainability work as a philanthropic add-on to what we do, but as a core part of who we are. We are pleased that the global conversation around sustainability is moving toward this point of view, and when we hear people talk about “responsible consumption” and about creating “shared value” for both business and society, we feel like we have been pioneers at Walmart. It is our goal to continue to lead in both the difference we make and *how* we make that difference.

We have made progress in many critical areas. With the world facing scarcer natural resources and higher energy and commodity costs, it is essential that Walmart operate as efficiently as possible, so we can

continue to deliver everyday low prices to our customers. That is why I am pleased with our progress in fleet efficiency, where we have realized a 65 percent improvement over our 2005 baseline in the U.S. and a 33.5 percent improvement over our 2006 baseline in Japan. We have also continued to make stores and distribution centers more efficient through cutting-edge technologies, such as LED lighting systems, thin-film solar and hydrogen fuel cell-powered forklifts. This is driving results all around the world. For example, Walmart China’s newest store prototype is designed to consume 40 percent less energy.

We also took a major step last year when we set a goal of eliminating 20 million metric tons of greenhouse gas (GHG) emissions from our global supply chain by the end of 2015. We are already working with suppliers in more than 20 product categories. Just by helping dye

## 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





“We have worked especially hard on the social aspects of sustainability. We know we can play such a positive role in communities around the world. And if we are going to be at our best as a business, we have to recruit, develop and retain the best people and leaders.”

– Mike Duke, president and CEO, Walmart

mills in China be more energy efficient, we believe we can eliminate between one and two tons of GHG emissions for every ton of fabric produced. This is great for the environment. It also helps these suppliers be even more efficient operators.

We have worked especially hard on the social aspects of sustainability. We know we can play such a positive role in communities around the world. And if we are going to be at our best as a business, we have to recruit, develop and retain the best people and leaders. Whether it is our Bharti Walmart training centers in India, which have already prepared nearly 5,000 students for careers in retail, or the Women’s Leadership Councils that are now active in all of our markets, it is a priority at Walmart to give associates and communities from all backgrounds the opportunity to grow and succeed. It is also a personal priority of mine.

Walmart has also taken on big issues facing society, such as increasing access to healthier foods. Earlier this year, we had the honor of standing with first lady Michelle Obama as we pledged to reduce sodium by 25 percent and added sugars by 10 percent and remove all remaining industrially produced trans fats in thousands of food products offered in our U.S. stores by 2015. We also pledged to save customers \$1 billion per year on fresh fruits and vegetables. We simply do not believe that customers should have to choose between healthier food and food they can afford.

At the same time, Walmart is committed to fighting hunger in America, and we have pledged \$2 billion in cash and in-kind donations through 2015 toward that goal. This work has built directly upon our 360 approach to sustainability. As the nation’s largest grocer, we are donating more than 1 billion pounds of food. We are also using our logistics expertise to make food banks and distribution centers more efficient. And our associates have mobilized with great passion to serve their local communities.

As we have made progress on environmental issues and social issues independent of each other, we have also found new ways to bring

them together. Our global sustainable agriculture commitment is a terrific example. By the end of 2015, we have pledged to sell \$1 billion in food sourced from 1 million small- and medium-sized farmers. We will also train 1 million farmers – half of whom will be women – in sustainable farming techniques. This will increase farmer incomes by 10 percent to 15 percent, lead to more efficient use of pesticides, fertilizer and water, and provide fresher food to our customers. That is powerfully bringing environmental and social sustainability together. As I travel around the world, I hear so many positive things from leaders about Walmart’s expanded commitment to sustainable agriculture.

It has now been more than five years since Walmart launched its sustainability efforts with three broad goals: 1) to be supplied 100 percent by renewable energy, 2) to create zero waste and 3) to sell products that sustain people and the environment. Although we are not there yet, I am proud of how far we have come. I personally want to thank all the associates, suppliers and NGOs that have helped Walmart lead in ways that few could have imagined. Sustainability has reminded our company that there is a difference that only Walmart can make, and it is our responsibility to make that difference every day.

At the end of his life, now almost two decades ago, Sam Walton looked ahead, as he so often did, and wrote: “I’d like to believe that as Walmart continues to thrive and grow, it can come to live up to what someone once called us: The Lighthouse of the Ozarks. Only I hope we can spread the concept further than our home region here in the foothills. We have to study more ways we can give back to our communities. We’re already studying ways to be more socially conscious all around.” It is my hope that this past year marked a time when we delivered more than ever on Sam Walton’s hope for Walmart.

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



# Executive summary

The scope of this report has broadened this year to become Walmart’s Global Responsibility Report, which encompasses our environmental and social responsibility efforts. The report reviews the company’s progress and performance during fiscal year 2011, and reflects areas where Walmart has achieved tremendous positive results, as well as areas where the company needs to continue to focus. The reporting timeline covers the period of February 1, 2010 – January 31, 2011.

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

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



It reviews the performance toward our three broad aspirational goals in the area of 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



## The performance against these three goals has improved, relative to the baseline years. Year-to-year improvement has been steady. Some of the accomplishments during this reporting period include:

-  Globally, the company saw an absolute 10.61 percent reduction in our greenhouse gas (GHG) emissions from its 2005 base of stores, by the end of 2009 (most recent year for which we have data).
-  In the U.S., Walmart redirected 81 percent of waste in California.
-  Plastic bag waste was reduced by 47.95 million pounds, or approximately 3.5 billion bags, globally.
-  To date, 119 factories in China have demonstrated greater than 20 percent improved in efficiency compared to 2007 baseline.
-  Walmart de México reduced water use by 17 percent compared to 2008 baseline.



It also reflects new commitments announced during this reporting year, which will further our progress toward our aspirational goals. Most noteworthy are the commitments to reduce greenhouse gas (GHG) emissions in the supply chain and the acceleration of our global sustainable agriculture platform.

Additionally, the report highlights the performance and progression of our diversity and inclusion efforts and shares our EEO-1 workforce numbers.

Walmart believes this report accurately and fairly represents our work, programs, achievements and challenges. The report was reviewed by a committee of social and environmental nongovernmental organizations (NGOs).

We recognize the enormous responsibility of being the world's largest retailer, employing more than 2 million associates in many countries and operating within unique political, cultural and social environments. We are aware of the obstacles we need to overcome, whether they are operational, technical, reputational or philosophical.

While we have made good progress, we will continue to remain open, transparent and accountable as a leading global retailer so we can become even better.

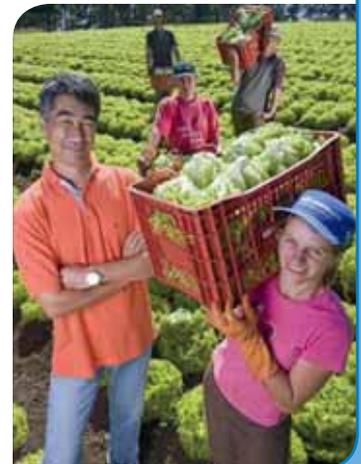


 73 percent of the total pounds of wild fish and farmed seafood sold at Walmart U.S. and Sam's Club was certified.

 We reduced our customer returns on defective merchandise to 1.76 percent globally.

 More than 94 percent of direct import factories have received one of our two highest audit ratings.

 Walmart China successfully engaged more than 470,000 farmers into our Direct Farm program in 2010, bringing the total to just over 757,000.



## Walmart U.S.

Today, there are more than 3,800 total stores in 50 states offering a convenient shopping experience across the United States. Walmart supercenters have a full offering of grocery and general merchandise under one roof for a one-stop shopping experience. We now operate more than 2,900 supercenters with an average size of approximately 185,000 square feet.

We also operate more than 700 discount stores and more than 180 Neighborhood Markets. Discount stores carry a wide variety of general merchandise, and Neighborhood Markets offer a quick and convenient shopping experience for customers who need groceries, pharmaceuticals and select general merchandise. Customers can also purchase a broad assortment of merchandise and services online at [www.walmart.com](http://www.walmart.com).

## 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 to fit in with local customer needs, desires and customs. Today, Walmart International is the fastest-growing part of our overall business, with more than 4,500 stores and more than 700,000 associates in 14 countries outside the U.S. and Puerto Rico. While more than 75 percent of our international stores operate under a different banner than Walmart, they all share a common goal: Saving people money so they can live better.

## 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 offers name-brand products with a broad selection of general merchandise and large-volume items. Clubs on average are approximately 133,000 square feet.

# Walmart today

## Who we are

Walmart has grown from a rural store in Bentonville, Ark., to an international operation, achieving far more than anyone could have imagined. It began in 1962 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 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 company's culture.

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 build the **Next Generation Walmart...responsibly.**

## Understanding our business

We serve our customers and members more than 200 million times per week at more than 8,900 retail units under 60 different banners in 15 countries. With fiscal year 2011 (FY11) sales of \$419 billion, we employ more than 2 million associates worldwide.



 <p><b>Walmart</b> Save money. Live better.</p>	 <p><b>Walmart</b> International</p>	 <p><b>Sam's</b> CLUB®</p> <p>Savings Made Simple</p>
<p><b>\$260 billion</b></p> <p>In sales</p>	<p><b>\$109 billion</b></p> <p>In sales</p>	<p><b>\$49 billion</b></p> <p>In sales</p>
<p><b>3,804</b></p> <p>Retail units</p>	<p><b>4,557</b></p> <p>Retail units</p>	<p><b>609</b></p> <p>Retail units</p>
<p><b>617 million</b></p> <p>Total square footage</p>	<p><b>287 million</b></p> <p>Total square footage</p>	<p><b>81 million</b></p> <p>Total square footage</p>

## Governance

Our governance structure helps us help people live better by integrating our commitments into our organizational framework. Our CEO is responsible for the general management, oversight, supervision and control of the business and affairs of our company, including the execution of all board directives and resolutions. Our chairman is responsible for presiding over all meetings of the board and shareholders and providing advice and counsel to the CEO and other officers regarding our business and operations. We believe our separate CEO/ chairman structure is the most effective leadership structure for our company and shareholders.

Walmart's board of directors assumes the overall responsibility for Walmart's performance and vitality as a leading global retailer. Our directors take interest in our business and 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 as to its membership and our company's associates. Board members oversee and advise our top management and guide our company's strategic planning and key business decisions. Board members exercise their business judgment in fulfilling their duties of care and loyalty to our company and shareholders.

The directors participate in and oversee functions of five committees. They are: (1) the Audit Committee, (2) the Compensation, Nominating and Governance Committee, (3) the Global Compensation Committee, (4) the Executive Committee and (5) the Strategic Planning and Finance Committee. Each committee has a commitment to helping Walmart achieve its business goals, deliver value to our shareholders, uphold the highest ethical standards and fulfill its responsibilities as a global corporate citizen. Although the board oversees this process, the day-to-day responsibility of running our business rests with our senior management around the world.



# Our sustainability commitments

“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

## We must continue to challenge ourselves

October 24, 2005 was a defining day in the history of Walmart. Our then President and CEO Lee Scott launched our sustainability program with three clear and aspirational goals:

- Be supplied 100 percent by renewable energy
- Create zero waste
- Sell products that sustain people and the environment

These three broad goals are at the heart of Walmart’s sustainability efforts. In addition, we have dozens of specific objectives with timelines and benchmarks by which we, and the world, can measure our progress. As we have progressed toward these goals, we have seen that the greatest strengths in our business are our associates, suppliers, customers and nongovernmental and governmental partners. We also recognize that our size and scale are tools for positive change.

Being an efficient and profitable business and being a good steward of the environment are goals that work together. When we talk about becoming a more sustainable company, we talk about investing our resources – people, time and money – into meeting our customers’ needs and expectations to ensure their support for years to come. We are doing this by maximizing opportunities to have a positive impact on the environment and the communities we touch.

 [Read more online  
walmartstores.com/sustainability](http://walmartstores.com/sustainability)



Be supplied  
**100%**  
by renewable energy

Some of the biggest challenges facing the world right now are poverty and hunger, global population growth, and resource management conservation. We cannot become complacent. We must continue to challenge ourselves and raise expectations. The programs and progress highlighted in this report are incremental steps toward the accomplishment of our aspirational goals. Continually finding new ways to eliminate waste, increase efficiency and support our communities and suppliers is essential to our business model and the responsibilities we fully embrace.

**Sustainability 360**

- Operations – More than 8,900 retail units
- Suppliers – More than 100,000 worldwide
- Customers – Millions shopping weekly in our stores around the world
- Associates – More than 2 million worldwide
- Communities – Thousands around the world

## Walmart sustainability timeline

### 2005

- 21st Century Leadership Speech

### 2006

- Launched packaging scorecard
- Set goal to sell 100 million compact fluorescent lightbulbs (CFLs) in the U.S.

### 2007

- Announced concentrated liquid laundry detergent goal in the U.S.
- Released first sustainability report
- Sold more than 137 million CFLs in the U.S.



Together, we are building the **Next Generation Walmart**.

### Sustainability 360

Sustainability 360 takes a comprehensive view of our business by engaging more than 100,000 suppliers, 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 – and guides our decisions based on improving the environment, supply chain and communities where we operate and source.

### Sustainable Value Networks

Our Sustainable Value Networks (SVNs) help integrate sustainable practices into all parts of our business.

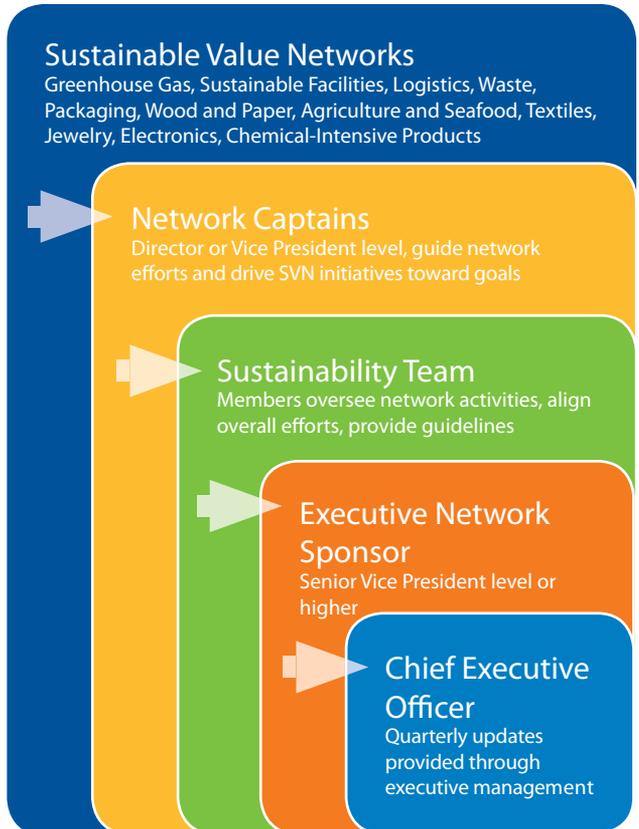
### Developing solutions – together

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.

### Positive changes

Our SVNs have unleashed 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. However, we realize we have more steps ahead.

### Our Sustainable Value Networks (SVNs)



## 2008

- Set goal for plastic bag waste reduction
- Beijing Sustainability Summit
- Met goal to purchase only concentrated detergent in the U.S.
- Achieved 38 percent fleet efficiency improvement in the U.S.

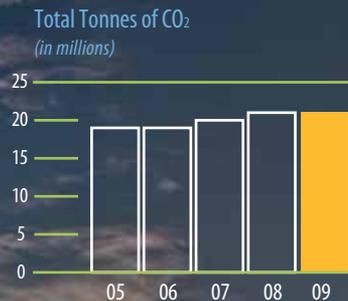
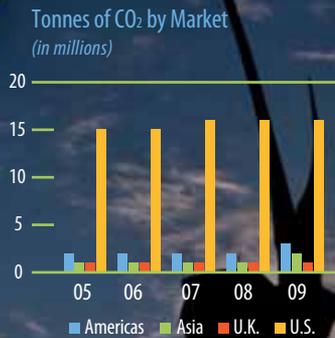
## 2009

- Announced Sustainable Product Index
- Seeded funding for the Sustainability Consortium
- Met global goal to design and open store prototypes that are more efficient and reduce greenhouse gases (GHGs)
- Achieved 60 percent fleet efficiency improvement in the U.S.

## 2010

- Set goal for global GHG emissions in the supply chain
- Global sustainable agriculture platform launched
- Achieved 65 percent fleet efficiency improvement in the U.S.

## Environment – Energy



# Building a more efficient Walmart

As we expand our reach around the world, we are working to reduce energy use and greenhouse gas emissions by continuing to transition to renewable energy. Our long-term goal is to reach a day where all of our energy is derived from renewable resources. This will not only help restore balance to climate systems, but also save money for our customers and reduce our dependence on oil and other nonrenewable fossil fuels.

### Since our last report



Walmart U.S. and Daimler Trucks North America LLC collaborated to build a hybrid-electric Freightliner Cascadia®. This marks the beginning of a long-term strategic partnership to develop sustainable technologies.



Walmart China's newest store prototype is designed to reduce total energy consumption by 40.1 percent.

*\*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 if there had been no exchange rate impact to net sales. In fiscal years 2009 and 2010, however, 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. We are proud that we have been able to continue to reduce our emissions despite these market conditions. 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.*

Graph compares calendar year GHG data to fiscal year sales data.



## Global efficiency through a local approach

**Canada:** The opening of the Balzac Fresh Food Distribution Centre on November 10, 2010, marked a major milestone. With pilots of hydrogen fuel cells used to power forklifts, as well as solar thermal and wind power, the 400,000-square-foot facility serves as a living lab for sustainability. It will boost energy efficiency by an estimated **60 percent** over the company's traditional refrigerated centers, while cutting costs by **\$4.8 million** (USD \$4.83 million) over the next five years.

**60%**  
more efficient

*Balzac Fresh Food Distribution Centre will boost energy efficiency by 60 percent over the next five years.*

**U.K.:** ASDA's updated new store prototypes have been designed to reduce CO<sub>2</sub> emissions by **42 percent**, compared to a 2005 baseline. We achieved this reduction through technological solutions, such as reducing voltages and utilizing energy-efficient appliances, as well as by educating associates on how to save energy.

**Central America:** In 2010, we installed LED lighting systems in the parking and outdoor areas of more than 350 of our stores throughout Central America. These systems are expected to reduce energy consumption by a total of **50 percent** and CO<sub>2</sub> emissions by **540 tons**, while saving the company \$5 million pesos (USD \$412,000) annually.

**Brazil:** In 2010, Walmart Brazil began testing a system to monitor more-accurately liquid levels in refrigeration tanks. We also incorporated higher-efficiency horizontal refrigerators and freezers into many of our stores, while studying the potential to replace R22 gas in the refrigeration and HVAC systems with the preferred R410a in all new stores beginning in 2011.

**540**  
tons

*LED lighting systems in more than 350 of our Central America stores are expected to reduce CO<sub>2</sub> emissions by 540 tons.*

## Aiming for 100 percent renewable energy

In an effort to reach our larger goal of being supplied by 100 percent renewable energy, we are committed to finding more ways to implement and utilize renewable energy sources in our stores, clubs and distribution centers.

During FY11, we successfully completed several renewable energy projects, including the installation of 35 solar projects in Arizona, California and Puerto Rico. Eight of the solar projects installed in FY11 utilized thin-film solar, which created manufacturing jobs and accelerated this new technology's entry to market. We installed seven fuel cell projects in California this year and completed two microturbine wind projects on the parking lot light poles at the Walmart in Worcester, Mass., and at the Sam's Club in Palmdale, Calif.

We are in the second year of a four-year agreement to purchase clean energy from a state-of-the-art Duke Energy wind farm in Notrees, Texas. The agreement supplies up to 15 percent of the energy needs in 350 of our Texas locations. It has reduced our carbon emissions by 139,000 metric tons per year, which is the equivalent of taking 25,000 cars off the road or eliminating the CO<sub>2</sub> produced by 18,000 homes annually, raising environmental quality and quality of life in the communities we serve.

Our Walmart U.S. Waste Network is collaborating with our environmental and facilities management teams to find ways to keep the organic waste we produce out of landfills. When other "higher purpose" uses for organic waste cannot be found, the utilization of waste-to-energy technologies has already resulted in two contracts by which Walmart exchanges organic materials for renewable energy credits.

We still have a considerable task ahead of us in attaining our goal of becoming 100 percent supplied by renewable energy, but we continue to show steady progress.

## Greenhouse gas

As part of our efforts to limit our carbon footprint, we are making progress on reducing greenhouse gas emissions from our 2005 base of existing stores, clubs and distribution centers around the world by 20 percent by 2012, using our 2005 emissions data as a baseline. In this fleet of buildings, we saw an absolute reduction in our greenhouse gas emissions of 10.61 percent by the end of 2009 (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. Steps like these will ensure a cleaner, healthier environment for everyone.

We also saw an approximate 1 percent reduction in the total greenhouse gas footprint in 2009, which includes new facilities and transportation emissions. Among the many contributing factors were technological advances in energy efficiency, new store prototypes that emit less greenhouse gas and reductions in refrigerants at our existing stores. There were also external factors outside our direct control that contributed to our 2009 reductions. For example, the U.S. experienced mild weather patterns during 2009. We realize the weather in 2010 could cause an opposite effect, but we continue to work on moving all factors within our control in a positive direction.



## Thin-film solar

*Next generation technology coming to life in Arizona and California*

“Developing and incorporating new renewable energy sources, like thin film, reduces energy price risk and aligns very well with our commitment to solving business challenges through technology.”

– Kim Saylor-Laster, vice president of energy, Walmart

Soon, thin-film solar technology will find itself on the rooftops of 15 to 20 of our sites in Arizona and California. Several of these have already been successfully installed.

In addition to reducing our cost and environmental footprint, this project – which teams our market influence with the Environmental Defense Fund (EDF) – could provide the scale and credibility necessary to bring next generation solar technology fully into the marketplace.

While similar to traditional crystalline panels in appearance, this new solar technology significantly reduces the use of raw materials by utilizing a combination of copper indium gallium selenide (CIGS) and cadmium telluride thin film.

In addition to the 500 green jobs the installations will create or support in Arizona and California, these projects support additional jobs at facilities in California and Ohio, where the majority of the thin-film panels are manufactured.

### Key benefits

When complete, this project is expected to:

- Supply 20 to 30 percent of the total energy needs for each location
- Produce up to 22.5 million kilowatt-hours (kWh) of clean energy per year, enough to power more than 1,750 homes annually\*
- Avoid producing more than 11,650 metric tons of carbon dioxide equivalent annually, equal to removing more than 3,000 vehicles from the road for a year\*

\*According to the EPA calculator:  
<http://www.epa.gov/cleanenergy/energy-resources/calculator.html>

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**Mexico:** Since April 1, 2010, Eléctrica del Valle de México has supplied energy to 348 of our units in Mexico City, the state of Mexico and Morelos state via a state-of-the-art wind farm. This clean energy resource provides **17 percent** of the energy needs of Walmart de México and is expected to reduce CO<sub>2</sub> emissions by **137,240 tons** per year.\*

**U.S.:** As of March 2010, the majority of our new and remodeled stores replaced the 77-watt ceramic metal halide spotlights used to highlight produce, fixtures and wall-mounted signage with 12-watt LED PAR38 spotlights, saving approximately **50 percent** in energy per installation. In addition, LED spotlights have essentially no infrared or ultraviolet light wavelengths. Recessed 12.5-watt LED fixtures also replaced the 64-watt fluorescent fixtures in many of our store restrooms, generating an anticipated **savings of 9,000 to 15,000 kilowatt hours** (kWh) per site annually, depending on prototype size. An additional 200 stores retrofitted the 58-watt traditional fluorescent lamps in low- and medium-temperature refrigerated cases with 20-watt LED fixtures, saving in excess of 67,000 kWh in case door lighting and indirect refrigeration energy annually in the average superstore.

The U.S. facilities team has initiated a refrigerant leak reduction program across domestic stores and clubs that will significantly reduce greenhouse gas releases from refrigeration systems. Using

our refrigerant management process, we are able to identify sites with multiple leaks and prioritize their maintenance schedule to address significant refrigerant leak sources. As of 2010, this initiative led to a reduction of more than **107,000 pounds** of refrigerants.

**Canada:** For the sixth consecutive year, Walmart Canada reduced its sales floor lighting by one-third for the entire summer to help ease the strain on provincial power grids when usage is typically heaviest. In addition, our stores across the country recognized Earth Hour by reducing sales floor lighting for one day in March.

**Chile:** We installed centralized energy consumption control systems at 10 stores in 2010, bringing total installations to date to 25 hypermarkets. High-efficiency lighting, refrigerator doors, LED signage, and refrigeration and freezer motion sensors were implemented across our Chile operations. A training plan was also implemented for submanagers and those responsible for store maintenance to reinforce the 33 measures for energy efficiency and preferred use of supermarket equipment.

**Argentina:** In 2010, we constructed nine stores using a 2009 prototype designed to be **24 percent** more energy efficient, compared to a 2007 baseline. The improved efficiency was achieved through the utilization of new lighting, refrigeration and air conditioning technologies.

\* In Mexico, there is no market for Renewable Energy Credits (RECs) associated with our wind and solar purchases, and the electricity supplier has retained ownership of the Certified Emission Reduction credits (CERs). As the global renewable energy CER and REC markets evolve, Walmart continues to examine issues surrounding the retention, sale and purchase of non-power attributes of renewable energy across our global markets to better understand and implement best-in-class, conservative approaches that not only have environmental integrity, but also speed the scalability of emerging clean technologies globally, such as wind and solar. We are proud to partner with the World Resources Institute on this endeavor.

## Challenges

### Accounting for renewable energy

One of our greatest challenges is developing a consistent, transparent approach to procuring and accounting for renewable energy in a global marketplace where local laws and regulations vary significantly. Such regulatory differences have sometimes resulted in vastly different market incentives, not only for renewable energy, but also for the accompanying greenhouse gas credits, renewable or green energy credits and other non-power attributes. We hold ourselves to the highest standards of transparency and integrity with regard to our renewable energy goals, and we are proud to be working with the Greenhouse Gas Protocol Initiative at the World Resources Institute to untangle these complex challenges.

### Truck size and weight restrictions

In the U.S., logistics is limited by current truck size and weight restrictions, and although we continue to look for new loading patterns and methods, we are reaching our weight and/or volume capacities on almost every load. While we monitor several proposed state bills that may increase those limits, our trucks frequently cross state boundaries; therefore, a nationwide solution would be most effective.

### Greenhouse gas reductions

We have made very good progress toward our goal to reduce GHG emissions from our 2005 base of stores, clubs and distribution centers globally, although we are not as far along as we had hoped to be. A 20 percent absolute GHG reduction for this fleet of buildings is an extremely aggressive goal, and one that we knew would be a stretch to achieve in the seven-year time frame we set for ourselves.

We have learned a lot along the way, and we are proud that by the end of 2009, we achieved a 10.61 percent absolute reduction in GHG emissions from our 2005 base of stores, clubs and distribution centers, even with the challenges discussed on the next page.

## Challenges *(continued)*

Some of the barriers we have faced include:

**A challenging economic environment.** As the economy globally has continued to struggle, Walmart has seen first-hand the struggles of everyday Americans – and citizens the world over – to make ends meet. In our efforts to ensure our operations are contributing to everyday low prices for our customers, it has sometimes been difficult to find and develop low-carbon technologies that meet our ROI requirements.

**Retrofitting stores.** Walmart is committed to bringing low-cost, healthy and nutritious groceries to the communities we serve, especially those communities that might not otherwise have access to fresh groceries. We believe it is an environmental win to rebuild and retrofit old stores, rather than simply building new ones. In many instances across most of our global markets, as we add grocery and refrigeration to our 2005 fleet of stores and clubs, the energy load for that store increases rather than decreases. Finding enough GHG-reduction projects to offset this growth in energy and refrigerants is often very difficult.

**Refrigerant emissions.** After purchased electricity, refrigerants are our second-largest source of GHG emissions. We continue to seek to implement both conventional and innovative ways to lower refrigerant emissions.

**Technology and expertise.** In some of Walmart’s global markets, it has been a challenge to procure clean technologies. Likewise, in some markets, the labor force does not have the expertise in GHG reduction. We have been really proud to export technologies and know-how across and between our global markets. For example, the wind turbines used in the Oaxaca, Mexico, wind project were manufactured in the U.S. And much of the LED lighting technology we have implemented across our Central American markets and China was first developed in the U.S., and some are even assembled in the U.S.

**Weather.** Ironically, more extreme weather patterns – which some scientists link to global climate change – may in some cases hinder our ability to lower energy consumption, and therefore GHG emissions.

## Fleet improvements

### Walmart and Daimler Trucks North America develop hybrid-electric Cascadia®

In addition to the numerous fleet innovations we have described in prior reports, we collaborated with Daimler Trucks North America LLC (DTNA) to build a hybrid-electric Freightliner Cascadia®. This truck features a parallel hybrid system based on an electrically-driven second drive axle. It also marks the beginning of a long-term strategic partnership with DTNA to develop innovative, sustainable technologies.

**U.K.:** Over the past year, our ASDA operations have continued to implement initiatives to drive a significant reduction in road miles and support the development of technology to improve the fuel efficiency of its fleet. Since 2005, we have successfully reduced our transport-related carbon emissions by **42 percent** (measured by volume of cases shipped\*) in the U.K. Among our most successful initiatives has been the wide-scale roll out of our bespoke double-deck trailer fleet, utilized for both traditional trunk activity and direct delivery to more than 140 stores. These new trailers will deliver an estimated savings of **3.6 million miles** annually, while reducing fuel consumption by **1.8 million liters** per year.

\*ASDA calculates its fleet efficiency by including outbound freight on both trucks and rail.

**Japan:** Walmart Japan has already outpaced its goal of improving fleet efficiency by **25 percent** by 2012, using a 2006 baseline. We showed marked improvement in overall load efficiency through the introduction of mixed delivery across different merchandise categories and the optimization of store delivery schedule in 2010, enabling us to improve fleet efficiency by **33.5 percent** to date.

**U.S.:** Walmart U.S. continues to drive toward its goal of doubling fleet efficiency, realizing a **65 percent** improvement in 2010 over our 2005 baseline. Over the past two years, we replaced nearly two-thirds of our fleet with more efficient tractors. Our investments also included the purchase of 3,000 skirted trailers, which will drive fleet efficiency. In 2010, we delivered 57 million more cases, while driving 49 million fewer miles. This equates to avoiding almost **40,000 metric tons of CO<sub>2</sub> emissions, which is the equivalent of taking 7,600 cars off the road.**





## Major initiatives

- Hydrogen fuel cells
- LED overhead lighting
- High-efficiency smart refrigeration
- Wind power
- Customized air curtain doors
- Dock doors
- Waste reduction
- Solar thermal panels
- Drought-resistant landscaping

## Balzac Fresh Food Distribution Centre

*A living lab of sustainability*

“What today serves as a demonstration facility, we hope to see as an industry norm in the not-too-distant future.”

– Andy Ellis, senior vice president of supply chain and logistics, Walmart Canada

Next Generation Walmart took center stage on November 10, 2010, with the unveiling of the Balzac Fresh Food Distribution Centre (DC).

At 400,000 square feet, the DC represents one of Canada’s largest refrigerated buildings and is a hub for fresh and frozen food destined for 104 stores in western Canada, from Manitoba to British Columbia. But size is hardly the biggest accomplishment.

With our pilots of hydrogen fuel cells used to power forklifts, as well as solar thermal and wind power, this first-of-its-kind facility serves as a living lab for sustainability. Using hydroelectric power from Quebec, the hydrogen is produced through electrolysis, where energy is used to split the water molecule into hydrogen and oxygen.

We have designed a sustainability playbook for the Balzac DC that outlines all of these features. Also, we had all construction workers and team members complete an orientation to become more familiar with the DC and its innovative features.

It is estimated that the Balzac Fresh Food Distribution Centre will boost energy efficiency by 60 percent over the company’s traditional refrigerated centers, while cutting costs by \$4.8 million (USD \$4.83 million) over the next five years.

The Walmart-owned facility is under the operation of Supply Chain Management, a third-party logistics provider, and employs approximately 600 team members. An estimated 800 jobs were created during the construction of the \$115 million (USD \$115.7 million) facility, and the facility represents a state-of-the-art example in sustainability for the rest of North America to follow.



**Read more online**

[walmartstores.com/sustainability](http://walmartstores.com/sustainability)

The background of the page features a photograph of a Walmart store exterior. A worker wearing a blue uniform, a dark cap, and safety glasses is operating a black forklift. The forklift is carrying a large, white, crumpled plastic bag. The Walmart logo, consisting of the word "Walmart" in white, sans-serif font and a yellow sunburst icon, is mounted on the brick building above the worker. The overall scene is set during the day with natural lighting.

# Walmart

## Environment – Waste

# Building a zero-waste Walmart

Our goal of achieving zero waste continues to motivate associates and suppliers across our global operations every day. Five years into this bold commitment, we have realized significant progress. So much so, in fact, that it has evolved into an approaching reality.

By focusing on the three “Rs” – reduce, reuse and recycle – we continue to develop new initiatives that strengthen our business and ability to help our customers save money and live better. We are finding new solutions for excess food, working with suppliers to improve product packaging and developing ways to turn waste into revenue.

## Since our last report

✔ In 2010, we reduced the plastic bag waste across our global operations by 47.95 million pounds, or approximately 3.5 billion bags. This represents a 21 percent reduction from our 2007 baseline.

✔ In 2010, our ASDA operations in the U.K. recycled: 165,097 tons of cardboard, 17,463 tons of plastic and converted 1,431 tons of oil to biofuel.

✔ From January to September 2010, 53 percent of the waste generated by our Walmart Brazil operations was no longer consigned to landfills. Progress in this area continues to be driven by our Zero Impact program, introduced in 2008.



## Improving reporting Now tracking state-by-state in the U.S.

**U.S.:** We are improving the ways we track our progress. For example, to the best of our knowledge, we have reported an overall annual waste-reduction percentage for the entire U.S. But through a new tracking program piloted in California, we will soon be able to track and report waste-reduction numbers on a state-by-state basis.

According to this new tracking program piloted from January through October 2010, reports indicate we are averaging a redirection rate of 81 percent across California. We have since rolled this program out to each state and anticipate having a U.S.-wide redirection rate with similar results.

**84%**  
reduction

*Walmart China reduced plastic shopping bag waste by 84 percent in 2010, compared to a 2007 baseline.*

Our first effort to create a trash generation versus recycle rate was in February 2009. At that time, we tracked only approximately 30 waste streams for an estimated redirection rate of 64 percent. Today, we track nearly 138 waste streams.

We continue to partner with NGOs to define new opportunities and evaluate our sustainability programs. By progressing toward our goal of producing zero waste across our global operations, we are creating opportunities, promoting sustainable lifestyles and improving quality of life for everyone.

## Eliminating waste across our global operations

**U.K.:** 2010 was a banner year for ASDA, as it successfully redirected **86 percent** of its overall operational waste through store process to segregate key materials such as food, plastic and cardboard. In doing so, more than 200 of our stores in the U.K. have realized our core sustainability objective of producing zero waste. Key accomplishments in 2010 include recycling of 165,097 tons of cardboard, 17,463 tons of plastic and 1,431 tons of oil converted to biofuel.

**Argentina:** Walmart Argentina realized a **63 percent** reduction in plastic bag waste in 2010 (2007 baseline). While Argentina's progress represents three years of focus in this area, the Ecologic Checkout program it piloted at Bahia Blanca in 2009 and rolled out to all of its Changomas and Walmart stores in 2010, has proven to be a major win. This program dedicates one or more plastic bag-free checkout lanes per store.

**China:** Our Walmart China operations reduced plastic shopping bag waste in our stores by **84 percent** in 2010, compared to a 2007 baseline.

Through the implementation of waste water reclaim systems, sensor faucets, pressure-reducing valves and passive-use strategies, we have reduced water usage by **54.2 percent** since 2005. In addition, we reduced waste generated in our stores and operational facilities by **49 percent**, compared to our 2005 baseline.

**Mexico:** Walmart de México **recovers the cooking oil used in 242 of our restaurants** throughout the country. We work directly with a host of suppliers who transform the oil into biodiesel, soap and a supplement for cattle feed.

**2010 was a banner year for ASDA, as it successfully redirected 86 percent of its overall operational waste.**

**Canada:** In March 2010, the Walmart Canada home office in Mississauga, Ontario, **achieved near-zero-waste status**, followed by the Bridgewater store in July 2010. **Bridgewater was the first Walmart Canada store to achieve near zero waste**, which is an accomplishment that earned it the Mobius Award for Environmental Business of the Year from the Resource and Recovery Fund Board of Nova Scotia.

## Identifying opportunity

### *Worldwise partnership goes full circle for pets*

When we set out to achieve zero waste across our global operations, we committed to approaching business with innovative eyes. We are not only producing less waste, but also developing ways to turn trash we formerly paid someone else to haul away into legitimate revenue streams.

Full Circle™, our groundbreaking sustainable product partnership with Worldwise, Inc. – a leader in developing, manufacturing and marketing sustainable pet products – serves as one such recent success story.

Plastic bottles from Walmart stores and Sam's Club locations across the United States are directed to Worldwise, where they are transformed into a stylish and durable line of dog beds. Plastic hangers are turned into cat litter pans, plastic bags into litter liners and corrugated cardboard into cat scratchers.

The full line of products, marketed under the PoochPlanet® and SmartyKat® brands, have gained instant popularity with our customers. For the sustainable-minded consumer, the Full Circle™ program holds obvious appeal. Customers across the board have been attracted to the innovative design, high quality and value of these products.

 [Read more online  
walmartstores.com/sustainability](http://walmartstores.com/sustainability)

## First-year benefits for Worldwise products

- PoochPlanet® Pet Beds reuse the equivalent of more than 100 million plastic bottles, including 25 million from Walmart and Sam's Club locations.
- SmartyKat® Litter Accessories utilize enough plastic hangers and bags to save more than 5 billion BTUs of energy.
- SmartyKat® Cat Scratchers repurpose a stack of corrugated cardboard the equivalent of a ScratchPod® Scratcher 60 Empire State Buildings tall.



# Walmart Argentina

## Leading by example

### Ecologic Checkout program driving down plastic bag waste

From the day environmental sustainability was embraced throughout our global operations, plastic shopping bags have represented a tremendous opportunity. In 2008, we set our goal of reducing the weight of plastic bag waste by an average of **33 percent per store by 2013**.

Through the introduction of reusable bags, modifications to bag specifications and programs designed by market, we continue to make progress. Our Argentina operations are leading by example. In 2010, Walmart Argentina realized a **63 percent** reduction in plastic bag waste, compared to a 2007 baseline.

While Argentina's progress represents three years of focus in this area, the Ecologic Checkout program it piloted at Bahia Blanca in 2009 and rolled out to all of its Changomas and Walmart stores in 2010 has proven to be a major win.

Ecologic Checkouts are lanes that do not stock plastic shopping bags. Instead, they encourage customers to bring their own reusable bags or carts. To date, all of our Changomas and Walmart stores in Argentina have at least one Ecologic Checkout. In some stores, such as in Bahia Blanca or Constituyentes, the initiative has been successful enough to warrant up to four Ecologic Checkouts. Our Supercenter in Comodoro Rivadavia has successfully removed all plastic shopping bags.

Through programs like these, we are eliminating waste from our global operations, protecting our environment and promoting sustainable choices for our customers. Ideas drive innovation, and success stories such as these continue to fuel progress toward each of our aspirational goals.

## Globally

In 2010, we reduced the plastic bag waste across our global operations by 47.95 million pounds, or approximately **3.5 billion** bags. This represents a **21 percent** reduction from our 2007 baseline.

**U.S.:** In 2010, we began a test program by offering only reusable bags at three California stores. Instead of plastic bags, customers can choose to bring their own reusable bags or purchase reusable options for 25 or 50 cents. We have expanded the number of stores in California and Hawaii that feature the 25-cent bag, along with plastic bags, and we continue to monitor customer reactions.

**Brazil:** To date, Walmart Brazil has reduced its use of plastic bag waste by **40 percent**. In 2010, we expanded an incentive program to all of our supermarkets across Brazil, which offers our customers R\$ 0.03 (about USD \$0.02) for every five items purchased, in exchange for not using plastic bags. Since the expansion, this initiative has saved more than **28 million** bags.

**Mexico:** In 2010, Walmart de México offered three sustainable bags for purchase by its customers: Blue Bag (signifying water efficiency), World Cup Bag and the Mexican Bicentennial Celebration Bag (commemorating the Independence of Mexico in 1810).



**In 2008, we set our goal of reducing the weight of plastic bag waste by an average of 33 percent per store by 2013.**



## Challenges

### Scale of implementation

Proceeding toward our zero-waste goal has been both rewarding and challenging. Many of the waste-reduction programs are not new concepts or techniques, but have been challenging because they have not been implemented on the scale necessary to cover all Walmart locations. For example, in many instances in the U.S.:

- The recycling or recovery infrastructure did not exist, but we are now working with experts to establish infrastructure that includes collection systems, transportation methods, processing and end-use of materials.
- In some geographic areas, an available end-processing method was not available. If available, it may not have been the preferred method or it was not economically viable.
- There were numerous regulatory challenges, particularly on the local levels. For example, removing large quantities of former waste materials from waste streams into recycling processing was problematic for jurisdictions that relied on the revenues for materials being sent to landfills.
- In the beginning, we did not possess the robust data-tracking system that we have today to establish a baseline or measure success.

# Compliance

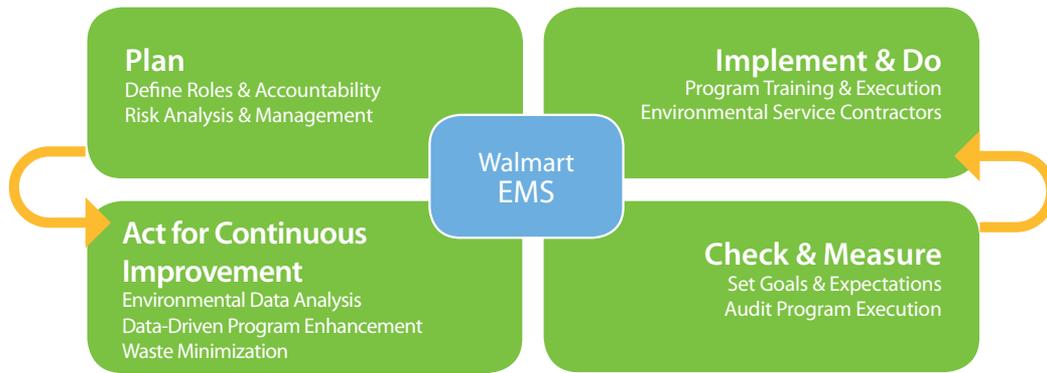
## *A foundation for environmental sustainability*

We maintain a robust Environmental Management System (EMS) grounded in our core mission to help people live better. Our Environmental Policy sets forth our commitment “to environmental protection and preservation of our natural resources and complying fully with all applicable environmental laws and regulations.”

We believe that compliance, with all applicable environmental laws and regulations, establishes a foundation for environmental sustainability. We collaborate internally and leverage our vendor relationships to meet and exceed our compliance goals.

Through a “Plan, Do, Check, Act” framework, our EMS establishes associate responsibility and accountability by developing an understanding of regulatory obligations through routine training and the creation of standardized operating procedures. We then employ auditing and data analysis to continually monitor and improve our compliance programs.





### New data management system

In 2010, our EMS took a great leap forward in the ability to capture and analyze data through the implementation of a new environmental management IT system. We now record facility-specific regulatory obligations, assign tasks and track completion, while managing voluminous waste reduction and compliance data. For example, in FY11, our new IT system helped track and ensure the timely completion of more than 2,400 hazardous waste reports in addition to 4,400 permits, licenses and other agency notifications for our facilities.

### Environmental, Health and Safety (EH&S) compliance, operations and training

Providing our associates with the training and tools necessary to execute their compliance responsibilities is a vital part of ensuring the successful implementation of our EMS. Training is provided through computer-based learning modules, video broadcasts and hands-on experience. These are enhanced by the development of Standard Operating Procedures (SOPs), visual reference guides and system-generated prompts. In 2010, our EH&S compliance, operations and training teams created more than 35 training modules and provided more than 1 million hours of environmental compliance training for our associates in the U.S. and Puerto Rico.



### Compliance monitoring

As part of the continued execution of our EMS in FY11, EH&S compliance developed internal and third-party compliance monitoring programs for our retail, logistics and specialty facilities in the U.S. and Puerto Rico. These steps ensure that our EH&S compliance programs are evaluated to identify issues and improve execution. Targeted evaluations of third-party service providers were also conducted to verify their adherence to our compliance expectations.

## Focus on California

### Settlement reached

In May of 2010, Walmart entered into a consent judgment with California to pay \$27.6 million for alleged violations of hazardous waste laws stemming from activities that occurred prior to 2006. Working with the state of California, Walmart implemented California-specific EMS training programs, policies and procedures to address the allegations.

## EH&S compliance field presence

As part of the California Environmental Management System, a team of EH&S compliance professionals have been established to meet the compliance needs presented by California's unique regulatory structure. The California EH&S Compliance Team conducts field training, targeted EH&S compliance program assessments and regulatory outreach. The California EH&S Compliance Team is also responsible for the California Hazardous Materials Business Plans program to ensure that important information for first responders, such as firefighters, is kept up to date and maintained according to California regulatory requirements.

## Rideshare program

Rideshare program regulations require employers to implement strategies to help improve air quality and reduce traffic congestion by encouraging associates to consider alternate commuting methods, such as carpooling, biking, walking or riding the bus. Our Rideshare programs have a positive impact on air quality and traffic safety in our communities. In Southern California, our Rideshare efforts contributed to exceeding the South Coast Air Quality Management District's Emission Reduction Targets for 2010.

## Waste minimization

### Pesticide waste-reduction efforts

Through extensive collaboration with the U.S. Environmental Protection Agency (EPA) and the Chemical-Intensive Products Sustainable Value Network, we implemented a bag patch

program for solid pesticide and fertilizer bags. By patching these bags, we can now sell packages of fertilizer or pesticides that were previously managed as waste. We continue to collaborate with regulators to identify additional opportunities to reduce waste.

### Oil recycling

By implementing recycling strategies, our EH&S compliance team generated \$15.8 million through the conversion of used cooking and motor oils across our operations in FY11. This represents an increase of 43 percent over last year.

## The year in review

While there is much work to do, we have made tremendous strides over the past year to improve our environmental compliance programs. Our associates understand that we can serve our customers, respect the environment and strive for excellence every day through the compliant execution of our environmental management programs.





## Environment – Products

# Building a more sustainable product offering

With customers around the world shopping at our stores and clubs each week, we are in a position to help people save money so they can live better, while simultaneously protecting our environment and precious natural resources. Assembling a more sustainable offering involves an examination of the entire life cycle of a product – from the materials used to make it, to the factories or farms where it is produced, to how the end-product is used. Our customers demand the best value for their money. Today, sustainability is an essential ingredient in bringing that value to our customers.

## Since our last report

Since 2009, when nearly 7,000 Walmart Brazil suppliers signed the Sustainability Pact (Pacto pela Sustentabilidade), we have developed a system for suppliers to monitor progress in the area of sustainability. Results from 27 of our largest suppliers show:



69 percent of the companies that use wood products in their operations are already using products certified by the Forest Stewardship Council



96 percent are using recycled materials in the packaging or formulation of their products



33 percent of food suppliers offer organic products in their assortment



## Defining sustainability through our products

**Global:** On October 14, 2010, we announced an acceleration of our global commitment to sustainable agriculture. Our strategy is built on directly connecting farmers with markets, reducing food waste in the supply chain, motivating farmers in our supply chain to produce more with fewer inputs and to responsibly source key agricultural products. Among our key commitments in this area are: Selling \$1 billion in food sourced from 1 million small- and medium-sized farmers in emerging markets, doubling the sale of locally sourced produce, increasing the purchase of select crops across Walmart U.S. operations and investing more than \$1 billion in our global fresh supply chain over the next five years.

**Central America:** Our Tierra Fértil (translation: Fertile Soil) program in Central America has assisted over **2,200 farmers** and improved the quality of life for more than **16,600 families** by purchasing over \$1.1 billion pesos (USD more than \$90 million) in fruit, vegetables and grains. In addition to the economic and social value created, the consultancy, training and processes ensure a supply of quality products for our stores.

**Canada:** In April 2010, Walmart Canada committed to bring only sustainably sourced frozen, wild and farmed fish to its customers by 2013. The initiative supports our long-term sustainability goal to sell products that sustain people and the environment, and reflects commitments being made across our global operations.



**Japan:** Building on the success of the non-tray packs of chicken introduced in 2009, one of the pioneering initiatives in the supermarket industry of Japan, non-tray pork products were rolled out to our stores in Japan by July 2010. These non-tray products are vacuum-packed in the production areas and shipped to our facilities in Japan, rather than stopping at interim

processing factories for traditional repacking. Through the elimination of this step, Walmart Japan cumulatively saved more than 22 tons of trays and wraps by the end of 2010.

**Chile:** In November 2010, Walmart Chile launched MaticEco, the first phosphate-free detergent in the Chilean market. This is significant, as phosphates are a dangerous water contaminant known to have poisonous effects on aquatic life.

### Key events in 2010

#### February 10, 2010

##### *Canada – Green Business Summit*

Walmart Canada announced that by collaborating across industry sectors, it would be accelerating the implementation of profitable, environmentally sustainable business practices. Canadian companies were challenged to take part in a sustainability commitment signing, where they pledged to implement a new sustainable practice over the next year. Many companies in the audience of more than 350 Canadian business representatives, NGOs, government and environmental leaders in attendance accepted the challenge.

#### August 11, 2010

##### *Brazil – Retail Forum 2010*

This forum represented one of the most important moments in Walmart Brazil's 15-year history. Several commitments to the sustainable development of fisheries and aquaculture in the country, the supply of Amazon and artisan fish in Walmart stores and the development of a traceability program for perishable products were made. In addition, Walmart Brazil announced the results of "Sustainability: Here and Now," research developed in partnership with the Brazilian Environment Ministry to better understand the perceptions of the customers regarding sustainability.

## Key events in 2010

### September 8-19, 2010

#### U.K. – Start Garden Party

In support of Prince Charles' Start initiative – a campaign to help people across the U.K. lead more sustainable lives – ASDA sponsored a series of farmers' markets and cooking demonstrations led by celebrity chefs in the gardens of the Clarence House, Marlborough House and Lancaster House. These events were aimed at encouraging visitors to eat sustainably through a focus on seasonal and local food. Over the 12 days, more than 30,000 attended the events.

### November 3, 2010

#### China – Eco-Packing Fair

Walmart China engaged more than 500 suppliers in an event highlighting best practices and innovations in the area of sustainable packaging. Others in attendance included relevant government departments, the China Packaging Federation (CPF), university professors and more.



## Reducing greenhouse gas (GHG) emissions from our global supply chain

On February 25, 2010, we set a goal to eliminate 20 million metric tons of greenhouse gas (GHG) emissions from our global supply chain by the end of 2015. Because the GHG emissions from our supply chain are many times larger than the emissions from our direct footprint, the most economical GHG reductions are, oftentimes, not at the retail level, but rather in the value chain of consumer products. Such examples include raw material extraction, product manufacturing, transportation, customer use and product end-of-life.

Walmart merchants and energy experts are working with suppliers in more than 20 product categories to identify GHG reduction opportunities, launch new projects and implement changes. In addition to benefiting the environment, these changes will help our customers save money on energy bills, reduce supplier costs, lower costs of goods and meet our business goals.

We have seen promising early results on a number of these projects. For example:

- Energy efficiency in the apparel supply chain. Partnering with the Natural Resources Defense Council – which has developed a best practice guide for energy efficiency in apparel factories – and our apparel suppliers, we have launched energy efficiency projects in dye mills in China. To date, four mills have had on-site energy assessments. We estimate the average mill can save between one and two tons of GHGs per ton of fabric produced.
- Saving our customers money through a focus on laundry. Since heating water accounts for approximately 90 percent of the total energy consumed per load of laundry, we have increased the percentage of clothing labeled "Machine Wash Cold" from 37 percent to 74 percent.

This change was prompted through consultation with the United States Federal Trade Commission to clarify labeling laws, and then working with our suppliers to test cold water washing's efficacy. If just 5 percent of our customers switch to washing their clothes in cold water, they could reduce GHG emissions by an estimated 2 million tons per year. Each customer who switches can also save around \$124 per year on their energy bills.





## Global sustainable agriculture commitment

Food production must increase roughly 70 percent to feed the estimated 9 billion people who will inhabit the planet by 2050. In 2010, with just four of our then 39 public sustainability goals addressing our food business, we knew it was time to evaluate how our business could embrace sustainable agriculture.

On October 14, 2010, we announced an acceleration of our global commitment to sustainable agriculture. Our strategy is built on directly connecting farmers with markets, taking food waste out of the supply chain, motivating farmers in our supply chain to produce more with fewer inputs and to source key agricultural products responsibly. We will do this while strengthening local economies and providing customers around the world with long-term access to affordable, high-quality, fresh food.

This comprehensive commitment is very much in line with our Next Generation Walmart strategies of becoming a more global company, solving business challenges and leading on social issues. To help track progress and ensure these goals are met by

the end of 2015, we have outlined specific commitments and initiatives in three broad areas as follows:

### Support farmers and their communities

Our approach is designed to help small- and medium-sized farmers expand their businesses, get more income for their products and reduce the environmental impact of farming. In emerging markets, we will help many small- and medium-sized farmers gain access to markets by:

- Selling \$1 billion in food sourced from 1 million small- and medium-sized farmers
- Providing 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
- Increasing income by 10 percent to 15 percent for the small- and medium-sized farmers from whom we source

In the United States, our focus will be on increasing the amount of locally sourced produce sold in our stores. Our goal is to double the sales of locally sourced produce by the end of 2015.

“These announcements are a natural opportunity to bring the “save money” and “live better” portions of our mission together.”

– Leslie Dach, executive vice president, corporate affairs, Walmart



### Produce more food with fewer resources and less waste

We have one of the world's largest food supply chains, and we are committed to reducing and optimizing the resources required to produce it. We will bring transparency to our supply chain by:

- Accelerating the agricultural focus of the Sustainability Index, beginning this year 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 over the next five years
- Reducing food waste in our emerging market stores and clubs by 15 percent and by 10 percent in our more developed markets by the end of 2015



### Sustainably source key agriculture products

From deforestation of the world's rainforests to increasing greenhouse gas emissions, farming practices are having environmental impacts. We will focus on two of the major contributors to global deforestation, palm oil and beef production, by:

- 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

We will continue our commitment to sourcing sustainable seafood with programs now being implemented in the U.S., Mexico, Central America, Canada and Brazil.

Food production must increase roughly 70 percent to feed the estimated 9 billion people who will inhabit the planet by 2050.





## Tierra Fértil

### *Diversifying crops, addressing real market needs*

Central America enjoys an abundance of land and farmers. With a little education and investment, more than ever before, these farmers are capitalizing on opportunities to bring a wider variety of fruits, vegetables and grains to markets across the region.

Through our Tierra Fértil (translation: Fertile Soil) program, we continue to support farmers in Costa Rica, Nicaragua, Honduras, Guatemala and El Salvador in diversifying their crops to meet real market needs. A specialized group of agronomical engineers advises local farmers on seed and crop quality, soil use, yields, maturity, safety, responsible use of agrochemicals, crop rotation and more.

Tierra Fértil has assisted over 2,200 farmers and improved the quality of life for more than 16,600 Central American families by purchasing over \$1.1 billion pesos (USD more than \$90 million) in fruit, vegetables and grains. In addition to the economic and social value created, the consultancy, training and processes ensure a supply of quality products for our stores. Local production development also reduces greenhouse gas emissions because the products are traveling shorter distances to market.

### Globally

**India:** Building a successful Direct Farm program that has grown to 800 farmers in India since its initiation in December 2008, Bharti Walmart expanded its model into Delhi, Uttar Pradesh and Maharashtra in 2010. By the end of 2010, approximately **15 percent** of the vegetables sold in our Bharti Walmart stores were through the Direct Farm program.

Through this program, we work directly with local farmers to encourage the cultivation of safe, high-quality seasonal vegetables. In an effort to improve quality and reduce waste, field agronomists visit these fields at every stage of cultivation, from the leveling of land, nursery management and transplant to nutrient management, harvest and post-harvest. The Bharti Walmart program provides quality fresh produce to retail stores, while enhancing the net incomes of local farmers through better agronomic practices.

**China:** Walmart China has successfully engaged 473,999 farmers into our Direct Farm program in 2010, bringing the total to 757,149. We strive toward the goal of engaging **2 million** Chinese farm workers and reducing produce waste by **15 percent** by the end of 2015, while upgrading 15 percent of Direct Farm program products from Green to Organic certified.

**Brazil:** Through Walmart Brazil's Producers' Club (Clube dos Produtores), we are negotiating directly with more small- and medium-sized farmers across the country than ever before. By the end of 2010, the Producers' Club featured **8,400 producers** in more than **300 cities** of **11 Brazilian states**. These producers have been screened to ensure compliance with labor laws and environmental standards. In addition to the new business opportunities direct contact has opened for these farmers, our customers are now receiving fresher, locally grown fruits and vegetables at affordable prices.



## Walmart Canada

### *Sustainable seafood goal*

During the past 50 years, demand for seafood has increased five-fold, with an estimated three quarters of the world's fisheries being fished at or beyond sustainable limits. At the same time, an estimated 1 billion people rely on fish as their primary source of protein, while another 200 million rely on the industry as their main source of income.

In April 2010, Walmart Canada committed to bring only sustainably sourced frozen, wild and farmed fish to its customers by 2013. The initiative supports our long-term sustainability goal to sell products that sustain people and the environment. This Sustainable Seafood Policy aims to:

- Source wild-caught fresh and frozen fish certified to the Marine Stewardship Council (MSC) standard
- Ensure farm-raised fish suppliers adhere to Best Aquaculture Practices (BAP)
- Source canned tuna from an International Seafood Sustainability Foundation member

Across our global operations, we are encouraging seafood suppliers to strengthen fishery management practices, rebuild stocks, reduce environmental impacts and support broader marine ecosystem management and protection efforts.

 **Read more online**  
[walmartstores.com/sustainability](http://walmartstores.com/sustainability)

## U.S.

### *Expanding our sustainable seafood commitment*

As of January 28, 2011, in aggregate, 73 percent of the total pounds of wild fish and farmed seafood sold at Walmart U.S. and Sam's Club was certified. This is measured by the percentage of total volume of wild-caught fish that is MSC-certified and of farm-raised fish that is Aquaculture Certification Council (ACC)-certified. While this represents substantial progress toward our original goal of purchasing all wild-caught fish from certified fisheries by 2011, we expanded our commitment in 2010.

- We broadened our commitment from fish to all seafood, which brings in shrimp, crab, lobster and other varieties. This also covers both wild-caught and farm-raised seafood.
- We now require one of the following: MSC certification, BAP certification or equivalent standards.

A significant proportion of the world's fisheries/facilities do not currently meet internationally accepted standards of sustainability. For those operations, rather than simply discontinue sourcing, we would rather use our buying power to provide both an incentive and a path to achieve sustainability.

As our overall goal is to increase the availability of sustainable seafood globally, we now require currently uncertified fisheries and aquaculture suppliers to develop work plans to achieve certification and report progress biannually. Plans must be in development by May 2011 and finalized and under way no later than June 2012.

## Environmentally improved products

In 2010, more of the products we sold on our shelves were environmentally improved. From wood and paper products sourced from responsibly managed forests to collaborations to increase recycled content in many of the products we sell, we are delivering the goods and transparency our customers expect. A sampling of key accomplishments include:

- More than 80 percent of the paper notebooks and 100 percent of copy paper items sold in Walmart U.S. stores during the 2010 back-to-school season were derived from certified, responsibly managed forests.
- As of January 2010, all private branded Garanimal wooden preschool toys sold in our U.S. stores were certified by the Forest Stewardship Council (FSC).
- In fall 2010, Walmart U.S. introduced our Mission Wood Arm Futon, the first FSC-certified wood item in Home Furnishings. Our Better Homes and Gardens® Oakmore computer desk and TV stand are now also manufactured from FSC-certified wood.
- To improve the transparency of our wood supply chain, we worked with Walmart U.S. and Sam's Club suppliers of wood and paper products – including furniture, décor, stationery, paper, tissue and baby products – to enhance visibility of these products. For select suppliers, we collected and verified documentation to ensure legality for the source.
- In partnership with the Global Forest and Trade Network, we held training for our China-based suppliers of wood products to communicate our timber-sourcing expectations and share best practices in responsible supply chain management for forestry products. This commenced at our Walmart office in Shenzhen in 2010.



- Through 2010, we recycled 14 million pounds of tire rubber into our outdoor mats. The backings of these mats are made with rubber from waste car and truck tires, including tires from our own logistics fleet.
- We redesigned our Mainstays and Canopy™ contour bath mats, which has eliminated approximately 42,900 pounds of waste fiber and latex backing from production since fall 2010.
- To date, we have recycled 325,000 pounds of polystyrene for use in our poster and picture frames. These frames are made from recycled Walmart packaging waste.
- For fall 2010, we redesigned Mainstays bath essentials packaging to eliminate break packs, reducing corrugate use by 73,000 pounds and plastic by 72,000 pounds.

**U.S.:** In 2006, we set a goal of reducing energy consumption in the United States by selling **100 million compact fluorescent lightbulbs (CFLs)** at Walmart and Sam's Club locations by the end of 2007. We exceeded that expectation by selling 137 million. By the end of 2010, we had sold more than **460 million CFLs**.

Sam's Club created a symbol based on how a product is created, processed and distributed by the manufacturer to ensure that it is environmentally preferred. You can find the logo on products ranging from pet beds to LCD TVs, and you will also find it next to tips and services that promote more sustainable living. The purpose is to drive sustainable innovation and awareness, provide direction on the products and practices we want, and create member loyalty by enhancing perception of quality and sustainability. Currently there are 175 approved items.

**Brazil:** During its Mês da Terra (Earth Month) celebration in July 2010, Walmart Brazil utilized Twitter® to encourage customers to incorporate more environmentally preferred products into their daily lives. About 4,500 tweets were received from Internet users about what they were doing to preserve life and the environment, while **85,000 people** were informed through the social media campaign. Over the course of the month, some sustainable products on our shelves registered up to a 70 percent increase in sales.

**China:** In March 2010, we kicked off a series of activities in recognition of Earth Month, including energy-saving tips, green product campaigns and tree plantings. During this month, we reduced our own store lighting by one-third, saving **1 million kWh** of electricity. More than 180 stores in 94 cities across China held related events.

## Focus on packaging

### Measuring our progress

Our sustainable packaging scorecard continues to drive our suppliers' efforts to reduce, reuse and recycle the packaging of the products sold in our stores and clubs. As a result, we have seen significant improvement in the way that packaging is developed and deployed by our suppliers. Their constant focus on the seven "R"s of packaging (remove, reduce, reuse, recycle, renew, revenue, read) has helped our merchants offer our customers better choices in products as diverse as soft drinks and yogurt, toilet tissue and dish soap, flat-screen televisions and apparel.

We have made a commitment to reduce our packaging 5 percent by 2013, using a 2008 baseline. Part of the challenge in achieving this goal is determining the most meaningful way to measure our progress. Using a conventional metric, such as total weight or volume of packaging, fails to account for changes in the total number of our stores, and neglects the impact of our growth in sales. In addition, different jurisdictions require different levels of data reporting, resulting in distinct record-keeping requirements for many of our international markets.

By focusing on our customers, we have determined that the most meaningful way to measure the sustainability impact of our packaging is to consider the greenhouse gas emissions required for each unit of packaging material that is required for each usage of the products we sell. This measurement, otherwise known as GHG/CMUM (consumers' meaningful unit of measure), is already widely used in the packaging industry, and many of our suppliers are familiar with this method. This transition will allow us to clearly identify emissions that result from our packaging and help merchants drive improvement.

We have placed particular emphasis on rolling out our sustainable packaging scorecard and methodology to our international markets. More than 627,000 items for sale in our stores and clubs have been entered in the scorecard, which is an increase of 90 percent over 2009. Our ongoing packaging reduction efforts will be rooted in driving customer value and greenhouse gas reductions across our product categories.

**U.S.:** In 2010, our eight major sheet programs and all of our fabric tablecloths transitioned away from PVC packaging. In addition, our Member's Mark® protective underwear is now packaged in flexible bundles rather than corrugated boxes. This new format resulted in a **73 percent** reduction in total packaging weight, more than **1.3 million pounds** of corrugated paper. This greatly simplified our logistics and reduced the total number of incoming pallets of packaging by more than 90 percent.

**U.K.:** Since 2005, ASDA has reduced the weight of its product packaging by **27 percent**. One of several packaging wins introduced in 2010 was our cartonless ASDA brand toothpaste. By removing a traditional carton, we have realized a 50 percent reduction in packaging. This innovation earned "Highly Commended" Sustainable Pack of the Year recognition at the U.K. Packaging Awards in 2010. ASDA also became the first U.K. retailer to test a refillable container for fabric conditioner. This product can be reused up to 10 times, uses 96 percent less packaging and saves customers £3.70 (USD \$5.80) over the life of the product. The initiative was awarded the "Innovation of the Year" Award at the U.K. Packaging Awards in 2010.

**Brazil:** In May 2010, we launched Good Price (Bom Preço), our line of about 230 food items and cleaning supplies available in our supermarket and hypermarket formats. For example, the packaging of a Bom Preço lightbulb has been reduced by **20 percent**.



# Sustainable product index

“If we work together, we can create a new retail standard for the 21st century.”

– Mike Duke, president and CEO, Walmart

One of the biggest challenges consumers, retailers and suppliers face is measuring the sustainability of a product. Since 2009, we have been working relentlessly to develop the solution: a worldwide sustainable product index.

Walmart continues to work with more than 70 organizations, including NGOs, government agencies, academic institutions, suppliers, retailers and food service companies to conduct research and develop data, tools and protocols for a product sustainability measurement and reporting system (SMRS). Our objective is to create a more transparent supply chain, accelerate the adoption of best practices and drive product innovation. We are working hard to understand and improve the sustainability of our broad assortment of products so we can help our customers save money and live better.

Introduction of the sustainability index is taking place through three key phases:

- **Supplier sustainability assessment** – We provided our more than 100,000 global suppliers with a brief survey to evaluate their own sustainability. The survey, taken by our top-tier suppliers by October 1, 2009, represents a key step toward enhancing transparency in our supply chain. We are continuing to roll out this assessment in our international markets.
  - **Life cycle analysis database** – We are working with The Sustainability Consortium in collaboration with suppliers, retailers, NGOs and government officials to conduct research and develop data and tools that will enable research-driven product sustainability measurement and reporting. This Consortium has active projects for eight product categories across three sector working groups, including Food, Beverage and Agriculture; Home and Personal Care; and Consumer Electronics. Additional sectors, including Toys, Paper and Apparel are being launched and will expand SMRS activity to 25 categories in 2011. In addition, the Retail Working Group of the Consortium is understanding how to most effectively use the Consortium’s work to communicate consistently with our supply chains and customers to spread best practices and drive innovation. This working group currently includes seven major retailers and is expanding to cover additional global retailers.
- We will be piloting use of this and other product and category sustainability information within our merchandising organization in the coming year. For example, we will pilot the sustainability index, made up of the output of The Sustainability Consortium’s Home and Personal Care Working Group and the GreenWERCSTM tool developed as part of our Chemical Intensive Products Sustainable Value Network. This will be done with the merchants in our consumables business to determine how sustainability information can be integrated into our core business.
- **A simple tool for customers** – Our goal is to improve the sustainability performance of the products our customers prefer. This is a long-term objective with an interim step, including development of merchant tools that will help our merchants understand and improve the sustainability of our products. Ultimately, we will provide our customers 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.

 Find more online at [walmartstores.com/sustainability](http://walmartstores.com/sustainability)

## Why an index?

- World population estimated to increase to 9 billion by 2050
- Consumption of natural resources outpacing Earth’s capacity to sustain
- Customer demand for safe, quality products that are produced responsibly

## Challenges

### ENERGY STAR® air conditioners

In 2008, we set a goal of ensuring every window air conditioning unit sold at our stores would be ENERGY STAR®-compliant by 2010. We were, however, unable to realize our goal with the manual or remote-control models of two of our air conditioners. The retail investment associated with bringing this particular unit into compliance would have greatly exceeded the energy savings a customer could realistically expect over the life of the product. We continue to work with our suppliers to develop a solution to this and other challenges to bring our customers everyday low prices on energy-efficient products.

### Traceability of silver and diamonds

Originally, we set a goal of achieving 10 percent traceability of all diamonds, gold and silver in jewelry sold by Walmart U.S. by 2010. To date, we have been successful in tracing 15.2 percent of our gold, but tracking has proven to be much more of a challenge in the areas of diamonds and silver. Mining sources alone are too limiting. Walmart continues to look for stronger tracking methods of metals and minerals and is closely monitoring developing regulations in this area.



Social – Associates, communities and customers

## Building an inclusive Walmart

Our founder, Sam Walton, said: “Treating our associates as important assets is...something that’s ingrained.” It is the wealth of our associates’ talent and leadership that enriches us. Treating people with respect is the conduit that brings us together to achieve common goals. Inclusion is about engaging and leveraging the unique strengths of every associate.

Walmart’s culture is to engage our associates in our business decisions. That sense of belonging sparks new ideas, guides us through challenges and allows us to deliver on our brand purpose.

We create opportunities for our associates to learn, grow and advance in their careers through various programs and initiatives, as well as through direct interaction with senior management and formal and informal peer networks. Each year our associates have the opportunity to provide feedback on what is working and where the company has opportunities for improvement through our Associate Opinion Survey.

Like many other organizations, we have progressed on our diversity and inclusion journey and accomplished many milestones over the years. And, we aspire for more.

### Our core goals include

- ✔ Building a truly global company, maximizing the diverse ideas, perspectives and talents of our associate base
- ✔ Serving our customers through innovation and leading on social issues that matter to our customers
- ✔ Connecting and developing our associates in order to nurture an increasingly open, engaging and respectful environment when solving business challenges



## Our culture. Our associates.

“The culture of our company can work among the cultures of every country.” – Mike Duke, president and CEO, Walmart

Our Walmart culture is driven by our common purpose – saving people money so they can live better. It is how we run our business and treat our customers, communities and each other. It helps us establish priorities and guides the decisions we make in our daily work life. Woven into every facet of our business, our culture ensures that we get the right results the right way. It makes us special and sets us apart from the competition. It appeals to people everywhere, in cultures around the world.

### Integrity

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 is 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.

### Three basic beliefs

Our three basic beliefs build on our foundation of integrity:

- Respect for the individual
- Service to our customers
- Striving for excellence

You see and feel our culture when these three basic beliefs come to life.

### Respect for the individual

While our backgrounds and personal beliefs may be very different, we are united in our belief that every associate matters. We embrace and respect 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.



Lynn Halterman and Wyatt Jepsen  
Grantsville, Utah

## Striving for excellence

### Drivers impact the numbers

Lynn Halterman and Wyatt Jepsen, from the regional distribution center in Grantsville, Utah, took on the challenge to improve fuel mileage. They reviewed the driving skills and fuel mileage of their drivers and searched for best practices. After compiling a list of five best practices – Auxiliary Power Unit (APU) usage, cruise time, idle time, gear-down time and top gear time – they confirmed that the drivers who were achieving poor results needed to develop these driving skills. With this knowledge, Lynn and Wyatt created a training plan that would produce outstanding results. Thousands of dollars in fuel have been saved and thousands of tons of CO<sub>2</sub> eliminated.

## Many countries. Many relations.

Each country's leadership is responsible for its own labor law compliance, associate relations strategy and maintaining respectful relations with unions. Walmart operates successfully with unions in many countries, including Argentina, Brazil, Chile, China, Japan, Mexico and the U.K.

## Honoring rights

We are leading global human rights improvement initiatives through our supplier standards and audits, packaging and sustainability initiatives, and support for small- and medium-sized local suppliers. On a country-by-country basis, Walmart as a company is a leader in charitable efforts.

## Good jobs

We offer good jobs, competitive wages and comprehensive benefits that compare very well with jobs in retail and grocery industries. Because of our corporate core beliefs, we treat our associates with respect and provide opportunities to grow and honor their rights through various company policies.

## Our associates

Our company had approximately 350,000 associates when Sam Walton passed away. One of our strengths has been our ability to teach and instill our culture – the three basic beliefs and a foundation of integrity – into millions of associates. It is our hope that these cultural teachings continue to positively impact the lives of our associates past and present.

### Associate Opinion Survey

At the heart of our success is an emphasis on people. Sam Walton believed that growing a successful business required actively involving associates. Engagement is the sense of belonging and ownership that drives an associate's enthusiastic contribution of talents, efforts and ideas for the betterment and success of the company and our customers. The Walmart Associate Opinion Survey is our key engagement measure for all of our associates across the globe.

In addition to year-round engagement efforts, post-survey "grassroots" sessions are also a critical part of the Walmart culture, involving manager-led feedback sessions and formalized action planning. All levels of leadership are held accountable for submitting detailed action plans to address opportunities and ways to raise and maintain associate engagement levels.

### Serving globally

Our combined Central America and Mexico operations represent one of the top private-sector employers in that region, with more than 219,600 associates across Costa Rica, Guatemala, El Salvador, Honduras, Mexico and Nicaragua. In addition to being a major source of employment, Walmart offers excellent job growth opportunities and talent development.

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*Our company's Discrimination and Harassment Prevention Policy makes clear that Walmart will not tolerate discrimination or harassment in any aspect of our business on the basis of race, color, ancestry, ethnicity, religion, sex, pregnancy, national origin, age, disability, marital status, veteran status, sexual orientation, genetic information or any other legally protected status.*

## Global People Division

Our Global People Division is committed to delivering on our Next Generation Walmart mission of becoming a truly global company. This includes understanding business challenges, playing a key leadership role on social issues that matter to our customers and keeping our culture strong.

### Division goals

Walmart's success depends on the ability to build a global workforce where everyone has the opportunity to go as far as their hard work and talent will take them. Throughout the year, our teams collaborated to deliver in numerous key areas, including the launch of programs and tools to support our next generation strategies.

We have announced that we will create 500,000 jobs around the world during the next five years. Our Global People Division continues to play a key role in recruiting, developing and retaining the diverse talent necessary to build our leaders of tomorrow. The following pages outline our commitment to improving the lives of our associates who we serve through continuing education, workforce training, access to well-rounded health care and benefits, and opportunities for global advancement.

Sam Walton had the foresight to combine a culture of values that remains constant with a business model that is able to respond quickly to a changing world. Leading change while upholding our culture remains central to our work within the Global People Division. Each of us is a reflection of the culture that has been established by constantly driving change, while striving for excellence, serving our customers and treating everyone with respect.

“Moving is stressful enough, especially for Army families. Knowing you’ll still have a job is such a relief. I’ve been welcomed at each new store as a Walmart family member.”



LaShonda Griffith  
Tallahassee, Fla.

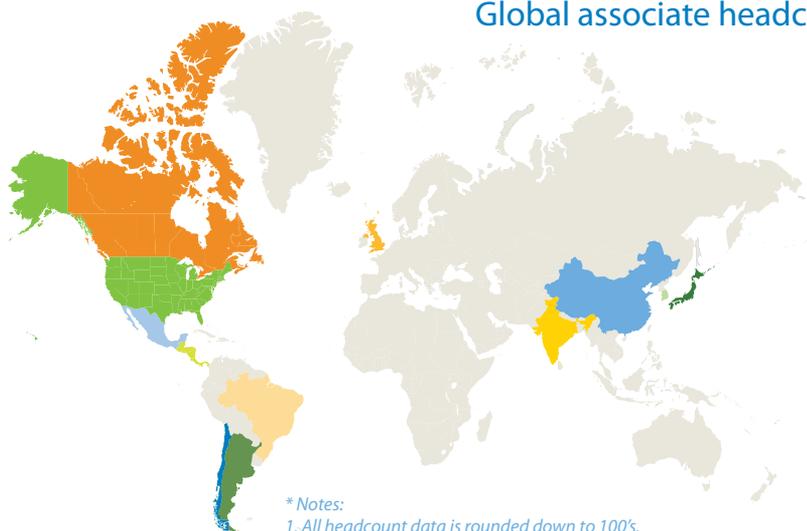
## On the move with Walmart

The U.S. Army has taken associate LaShonda Griffith's husband, Todd, many places. For the past 16 years, Walmart has been with the Griffiths every step of the journey.

LaShonda began her Walmart career in Watertown, N.Y., and thanks to Walmart's Army Spouse Employment Partnership, she has been able to easily move to a different Walmart each time Todd, a master sergeant, has been transferred. She moved from New York to Killeen, Texas; to Hinesville, Ga.; to Mount Olive, N.J.; to Saddlebrook, N.J.; to Secaucus, N.J.; to Honolulu, Hawaii; to her current job as personnel manager at Walmart in Tallahassee, Fla.

Her hard work and talent have ensured that she is a top selection when transferring to new stores and LaShonda's new goal is to get into the management program. She believes being able to serve Walmart in a number of U.S. markets has her well on her way to achieving that goal.

## Global associate headcount



Country	Total Headcount <sup>1</sup>
Argentina	9,300
Brazil	86,900
Canada	84,000
Centroamérica (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua)	29,000
Chile	38,800
China	96,800
India	1,600
Japan	37,200
Mexico	190,600
U.K.	174,400
U.S. <sup>2</sup>	1,411,200
Global Sourcing <sup>3</sup>	1,000

\* Notes:  
 1. All headcount data is rounded down to 100's.  
 2. U.S. data reported as of August 13, 2010, based on EEO-1 submission.  
 3. Global Sourcing (outside U.S.) is reported as of January 31, 2011.  
 International countries are reported as of December 31, 2010.



*Chris Smith  
Lafayette, La.*

## Hourly associate to store manager

When Chris Smith landed a job at Walmart as a closing grocery sales associate the week after his high school graduation, he never imagined he would be managing his own store one day. But that is exactly what his eagerness to learn and lead has earned him.

Chris took advantage of opportunities to learn store operations inside and out from his mentors. He managed a store in Broussard, La., and he now manages the Walmart in Lafayette, La.

In addition to mentoring other Walmart associates, as several have followed in his footsteps to manage their own stores, Chris has become involved in his community. He coaches a local T-ball team, is an active member of the Lafayette Chamber of Commerce and participates in the local American Cancer Society's Relay for Life.

"Our future lies in our associates."

– Sam Walton

## Challenges

At the rate that we create new jobs, our biggest challenge lies in finding global leaders with global mobility and global perspectives. Today's work environment demands people with cross-cultural expertise and collaborative leadership. To build the next generation leaders, we are in a constant search for talent who can expertly manage diversity of thoughts, work styles and customs, while navigating constant change, influencing people and providing guidance to cross-functional, multi-national teams.



## Building a diverse workforce

One of our greatest strengths, as we have grown from a single store to a successful global operation, has been our associate diversity. For us, diversity is about celebrating and valuing all backgrounds, perspectives and ideas.

As a global employer, we understand that future growth will continue to be fueled by our greatest asset: our associates. Inclusion is about engaging our associates, empowering them with career opportunities and professional growth through mentoring circles, sponsorships, key strategic assignments, education and various talent development programs to help them achieve their full potential.

Our Open Door Communications Policy and Statement of Ethics equip our associates to lead with integrity and bring suggestions, observations or concerns to the attention of any supervisor or member of management. We have a process in place that allows associates to communicate concerns outside of their direct lines of supervision at their discretion.

An open and inclusive work environment encourages our associates to share their unique perspectives and to voice opinions through many avenues, including our Associate Resource Groups and monthly town hall meetings at the Home Office, company-wide associate opinion surveys and our associate website, mywalmart.com. Leadership forums, such as the Women Officers Caucus and the African American Officers Caucus, focus on mentoring the next generation of leaders and retaining top talent.

Our Supplier Diversity program was launched in 1994 to help bring minority- and women-owned businesses into our vast network of suppliers with an initial spend of \$2 million. Today, our procurement from diverse suppliers accounts for more than \$10.5 billion in direct and second-tier spend.

We have reached beyond the walls of our stores and clubs to positively impact the communities we serve through philanthropy, workforce development, education, sustainability and economic empowerment.

 Find more online at [walmartstores.com/diversity](http://walmartstores.com/diversity)



*Stephanie Wong*  
Global People Division

## Developing global talent

Since 1995, Stephanie has honed her organizational and people skills to lead Walmart China in a number of capacities, including human resources manager, human resources director, vice president of human resources, senior vice president of human resources, integration, asset protection and administration, and senior vice president and chief administrative officer to cover business development, mergers and acquisitions, asset protection and shared services. In her current expatriate leadership role with Walmart's Global Talent Management team, she is responsible for shaping key talent development initiatives.

We understand that building our next generation of leaders requires intentional efforts to attract, retain and develop a diverse workforce. Through our Diversity Goals Program, more than 55,000 managers in our U.S. operations are working to elevate our diversity and inclusion standards. In fact, 10 percent of the performance evaluation scores for managers who have Diversity Goals requirements and up to 15 percent of bonuses for key senior managers are tied to these goals.

### Advisory Board on Gender Equality and Diversity

In Mexico and Central America, our commitment to gender equity is positively reflected in our numbers, as 52 percent of our associates in Mexico and 41 percent in Central America, are women. In 2009, we took our commitment one step further with the incorporation of our Advisory Board on Gender Equality and Diversity, aimed at providing equal and enhanced opportunities for all in top leadership roles. Also, through training and dissemination of information on gender and equal opportunity, the board is achieving its purpose.

### Celebrating diversity around the world

ASDA launched a diversity calendar in 2010 to highlight the year's diverse cultural events that our associates celebrate. The calendar has successfully brought awareness to our associates about the richness of differences in ideas, culture and people that a diverse workforce brings.

## Opportunity

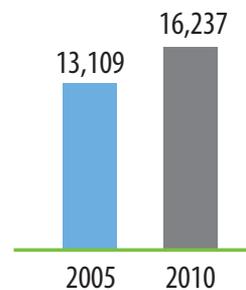
While advancing diversity and inclusion at Walmart, we have been inspired by insight shared by our associates, customers, business partners and members of the communities we serve. As we continue to build on our progress, we are moving the company forward by cultivating diversity of thought, fostering a strong culture of inclusion and unleashing our associates' full potential.

### Did you know?

- 35.33 percent of our total U.S. workforce is minority<sup>‡</sup>
- 57.76 percent of our total U.S. workforce is female<sup>‡</sup>

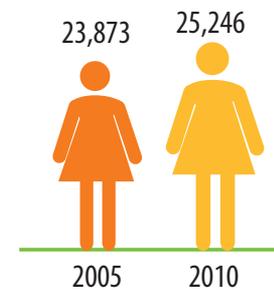
<sup>‡</sup>As of 8/13/10

#### Increase of minority officials and managers\*



Since filing our EEO-1 data in 2005, the number of our minority officials and managers has increased from 13,109 to 16,237.

#### Increase of female officials and managers\*\*



Since filing our EEO-1 data in 2005, the number of female officials and managers has increased from 23,873 to 25,246.

\*The percentage for the minority officials and managers increased from 21.3% to 26.4%  
 \*\*The percentage for female officials and managers increased from 38.8% to 41.1%.

### 2010 EEO-1 U.S. workforce representation<sup>‡</sup>

Category	Total Company	White	African American	Hispanic	Native American	Asian	Pacific Islander	Two or more races
Female	815,127	528,853	144,022	94,382	8,875	25,134	3,460	10,401
Male	596,137	383,783	104,198	72,727	5,878	17,684	2,505	9,362
<b>Total</b>	<b>1,411,264</b>	<b>912,636</b>	<b>248,220</b>	<b>167,109</b>	<b>14,753</b>	<b>42,818</b>	<b>5,965</b>	<b>19,763</b>

<sup>‡</sup> As of 8/13/10

Read more or download Walmart's EEO-1 complete workforce data at [walmartstores.com/diversity](http://walmartstores.com/diversity).

# Empowering women at Walmart



## Walmart President's Global Council of Women Leaders

In 2009, the President's Global Council of Women Leaders was formed by Walmart President and Chief Executive Officer Mike Duke to expand inclusion initiatives across all of the countries where we operate. This group includes senior women leaders within our U.S. and international business units. They are tasked with identifying ways to strengthen and expand the pipeline of female talent.

### Image above:

Members of the President's Global Council of Women Leaders, shown back row from left, are Sharon Orlopp, global chief diversity officer and senior vice president, Corporate People; Cindy Davis, executive vice president, Global Customer Insights; Gisel Ruiz, executive vice president, Walmart People; Debra Layton, senior vice president, Walmart U.S.; Karen Roberts, senior vice president and chief compliance officer; Rosalind Brewer, executive vice president and president, Walmart U.S.; Front row from left are Ivonne Monteaquedo, senior vice president, Sam's Club, Walmart de México; Ann Bordelon, chief financial officer, Sam's Club; Stephanie Wong, vice president, Global Talent Management; Emma Fox, ASDA commercial director private label and store proposition; Maki Nakamura, senior vice president and chief merchandising officer, Walmart Japan; Daniela De Fiori, vice president, Walmart Brazil. Not pictured: Wan Ling Martello, executive vice president and chief operating officer, Global eCommerce; DeDe Priest, senior vice president, general merchandising manager, Fresh Food Division; Gail Galea, vice president, merchandising, Walmart Canada.

## The importance of women to Walmart

Walmart has more than 1.2 million women associates globally. In most of our countries more than 80 percent of our customers are women. And there are thousands of suppliers and community leaders with whom we are proud to partner. All of these women make us a better company, which in turn, makes us a better citizen of the world.

We have come far and learned a lot. Our journey continues, led by women who set the example for doing the right things for our customers and communities.

Rosalind Brewer  
Walmart East



## Leading our business

Seasoned in strategic business redevelopment, Rosalind made her mark driving revenue growth and customer satisfaction as president of Walmart U.S., Southeast Division. That success earned her the opportunity to oversee the operations of more than 1,500 stores in 20 states, as executive vice president and president – Walmart East. Her strategic direction in store innovation, people development, acquisitions and real estate continues to deliver great value to the company.

At Walmart, we are working to build a company where every woman is empowered to realize her full potential. And that belief extends to our associates, our customers and our supplier partners.

Throughout the organization, leaders are actively partnering with groups to serve as mentors both within the organization and in the community.

One Walmart partnership provided Grace Nanyonga, of Uganda, with an opportunity to be mentored by Susan Chambers, executive vice president, Global People Division. Vital Voices Global Partnership partners annually with *FORTUNE's* Most Powerful Women's Summit and the U.S. State Department to implement the *FORTUNE/U.S. State Department* Global Women's Mentoring Partnership.

Last year, Grace, an entrepreneur and owner of a fish processing facility, was selected to participate in the program and was paired with Susan Chambers. During the nearly five-week program, Grace had exposure to a number of key leaders with a week in Washington, D.C.; three weeks in Bentonville, Ark.; and a final week in New York City. This was Grace's first trip to the U.S. and provided her with an opportunity to learn from key Walmart leaders.

This unique public-private partnership has provided more than 100 businesswomen from more than 39 countries with leadership and skills training, as well as a working mentorship with one of *FORTUNE's* Most Powerful Women. The program serves to empower international businesswomen and to inspire rising leaders to recognize their growing influence as a tool to facilitate positive change.

## Mexico and Central America

### Developing female leaders of the future

In Mexico and Central America, we have intensified mentorship opportunities for associates with top company leaders, in an effort to develop our female managers and executives of the future.

Image:  
(L-R). Grace Nanyonga and Susan Chambers.



## Focus on women

- **Women's Officer Caucus** focuses on mentoring the next generation of women leaders and retaining officers.
- **Women's Resource Council** is dedicated to the engagement and development of our associate base.
- **Women's Leadership Councils** are developed in 15 countries to advise senior company leadership and to act as a catalyst in the acceleration of the identification, development, movement and retention of women in each international market.



## Garnering value from our differences

Our associates are the catalysts for innovation and change – bringing solutions through their diverse backgrounds, experiences and perspectives. Career opportunities and global assignments represent our commitment to promoting our associates through new roles to expand their knowledge and contribute to the development of the Next Generation Walmart.

### Strategic choice

#### Hiring top talent to serve our global customer base

Today, our customer base is diverse. As a global retailer, our associates need to reflect the diverse communities and customers we serve. Our strategic choice in recruiting is to attract, develop and retain a diverse workforce that not only contributes fresh perspectives to our business, but also understands and meets the unique needs of our global customers.

We build strong relationships with a wide range of organizations, universities and professional groups to tap into a broad and diverse talent pool. Our executives and senior leaders are also engaged in identifying and hiring top talent.

In 2010, our recruiting efforts included attending diversity-focused professional events, national conferences, regional summits and local chapter activities. We awarded scholarships to students at the graduate, undergraduate and high school levels, while sponsoring business-centered competitions, career education programs, graduate apprenticeships and professional development opportunities.

We also use technology to improve our recruiting efforts. In fact, Walmart was the first company to introduce branded virtual interviewing booths at career fairs and student events.

#### Recruiting around the world

The ASDA Resourcing team has introduced a new online recruitment website and applicant tracking system. The website allowed ASDA to process over 185,000 applications since September 1, 2010, and added a total of 7,078 new associates to our business. ASDA was recognized for having the Best Employer Website 2010 by the Recruitment Advertising Awards.



Find more online at [walmartstores.com/diversity](http://walmartstores.com/diversity)



*Brandon Boswell  
Jacksonville, N.C.*

## An inspiration to all

Legally blind, Sam's Club associate Brandon Boswell helps others understand how he refuses to let any challenges stand in the way.

Brandon joined our Jacksonville, N.C. club in 2008, originally as a demo associate. While at Sam's Club, he has been actively involved with leadership to help inform and educate fellow associates about the importance of diversity and inclusion. He helps associates by his willingness to share a candid look about his life and efforts to overcome his disability.

"I'm proud to work for a company which chooses not to focus on what I can't offer because of my disability, but instead focuses on all the things I can offer despite my disability," Brandon explained.

Brandon, who earned his MBA, has self-published three books and continues to serve as an inspiration to all.

*Chris Jones  
Pompton Lakes, N.J.*



## A rising star

Chris Jones started working at Walmart when he was 17 years old. In his 11 years with the company, Chris has earned nine promotions – a remarkable track record. After a series of management roles at stores in Saddle Brook, Riverdale and North Bergen, Chris was recently appointed the North Jersey Region market manager. He now oversees seven stores with the same energy and ambition he first brought to Walmart more than a decade ago.

As the liaison between local store managers and executives at Walmart's home office in Bentonville, Ark., Chris personifies leadership. He is more than an example for others to follow. He is a true inspiration. Chris and his wife reside in Pompton Lakes, N.J., with their three-year-old daughter.



*Karina Tenório  
Barueri, São Paulo-SP*

## Trail of success

With the precision of a civil engineer, versatility and a mother's dedication, Karina Tenório, private label director, has blazed a successful career with Walmart Brazil. She joined the company in 1997 as a trainee in operations and has since held 10 different positions. She decided early in her career to focus on grocery and made the move from Recife to São Paulo in 2006.



*Cristina Correa Puente  
Guadalajara*

## Finding success in unexpected ways

A single mother of three, Cristina Correa Puente turned to Walmart de México in need of an opportunity. Within three months of being hired as an associate in the Fish and Seafood department of a Superama Manuel Acuña, Cristina was named Employee of the Month. Two months later, her work ethic and leadership earned her the title of assistant department manager.

The opportunity has not only helped Cristina provide for her family, but also purchase a home. Through her everyday dealings with customers and fellow associates, she has grown in unexpected ways.

"I am introverted by nature," Cristina said. "Now, I'm no longer afraid to approach and serve the customers or be part of a team. Superama has allowed me to develop personally and professionally."

## Creating success

Our commitment to diversity revolves around the core values of respect, service and excellence. Success in these areas is measured by more than stand-alone programs and initiatives. The true value exists in how we utilize these opportunities to create an environment where all ideas are welcomed and where diversity becomes a foundational part of our business growth. We all have something valuable to contribute to the company and to the communities we serve. In fact, our future depends on our ability to tap into the rich diversity of thought that lives within our associates today.

### Associate Resource Groups

As the population at our Home Office in Bentonville, Ark., has diversified, so have associate opportunities. Since 2005, associates from all walks of life have engaged in a number of Associate Resource Groups (ARG), aimed at making a difference in the way we develop associates, promote inclusion and conduct business.

ARGs include:

- Advocates for Disability Awareness and Education Associate Resource Group (ADAE)
- African American Associate Resource Group (U.N.I.T.Y.)
- Asian Pacific Islander Associate Resource Group (API)
- American Indian and Alaska Native Associate Resource Group (Tribal Voices)
- Gay, Lesbian, Bisexual & Transgender Associate Resource Group (Pride)
- Hispanic Latino Associate Resource Group (HLARG)
- Women's Resource Council (WRC)

### Giving back

Our associates take pride in giving back to the communities where they live and work. Supporting worthwhile causes has become a part of our corporate culture.

## Workforce Investment Demonstration Project

The Walmart Foundation awarded a five-year grant to the National Urban League (NUL) to administer a Workforce Investment Demonstration Project. The grant provided support to 10 NUL affiliates to create or enhance workforce development activities, including delivering employment and job readiness training services for residents of communities that the NUL affiliates serve.

July 2009–June 2010 accomplishments:

- **1,892** job placements
- **789** specialized training workshops
- **3,662** job readiness workshops
- **887** employer participants
- **19,583** community residents who attended **38** job fairs





*Ryan Sullivan  
Overland Park, Kan.*

## Growing with Walmart

Following four years of service in the U.S. Navy, Ryan Sullivan returned to continue his higher education and, soon after, married. Knowing our company has been noted throughout its history for recruiting and hiring retired military, Ryan turned to Walmart. He quickly landed a job at the Overland Park, Kan., store, which also offered the opportunities for advancement he desired.

When Ryan's wife recently was accepted into graduate school in California, Ryan again turned to Walmart for help. The company responded by securing a new job for him, which allowed the family to maintain its income and remain together.

### A Celebration of Community

In November 2010, we held the first Celebration of Community, a program designed to recognize individuals, businesses and organizations across northwest Arkansas who embrace the inclusion of diverse people and activities for the betterment of the region. At this event, the company honored community champions and partners, student organizations, faculty leaders and outstanding schools, and individual accomplishment in the area of diversity and inclusion.



### Disability Mentoring Day at Sam's Club

Walmart and Sam's Club have been the lead national sponsors for Disability Mentoring Day (DMD), observed each year on the third Wednesday of October to coincide with National Disability Employment Awareness Month. The goal is to increase internship and employment opportunities for people with disabilities. This is fostered through on-site job shadowing, which increases motivation and confidence of job seekers with disabilities, dispels fears about hiring people with disabilities and promotes diversity in the workforce.



By increasing the visibility of persons with disabilities in the workforce, DMD helps participants explore their field of interest and establishes mentoring relationships.



**Images:**

*Top left:*

*Members of U.N.I.T.Y. (African American associate resource group) and HLAG (Hispanic Latino associate resource group) were honored for their vision and collaborative leadership in creating the Celebration of Community.*

*Bottom left:*

*Sam's Club 8280 in El Paso, Texas, welcomed students from Socorro Independent School District to participate in our Disability Mentoring Day. The students job shadowed in various departments, including café, bakery, optical and photo lab. At the end of the day, the students received certificates of participation.*

# Fostering our culture of integrity

“Personal and moral integrity is one of our basic fundamentals and it has to start with each of us.”

– Sam Walton

We have always been a values-based, ethically led company. Acting with integrity is the essence of our corporate culture. We have the same high standards of integrity for every associate – regardless of his or her position – and everyone is held accountable for those standards.

As we continue to grow our operations and add new associates to the Walmart family, it is critical that we foster and sustain our ethical culture every day. We reinforce our culture of integrity with values, guidelines and policies that encourage, enable and reward ethical behavior. In 2004, we established our Global Ethics Office to promote our ethical culture to all stakeholders wherever we do business.

Our Global Ethics Office is responsible for our company’s Statement of Ethics ([www.walmartstores.com/ethics](http://www.walmartstores.com/ethics)) – a reference guide to assist associates in ethical decision making – which is available in 14 languages. Our Statement of Ethics defines our standards of integrity related to how we conduct business with fairness, honesty, objectivity and transparency. It also provides a framework for how we should interact with other associates, customers and suppliers. For example, one of the principles in our Statement of Ethics is that we decline gifts from suppliers, potential suppliers or anyone who is attempting to influence our business decisions. This helps us create a level playing field for our suppliers.

Additionally, our Global Ethics Office provides a confidential reporting system (available in more than 150 languages) for potential violations of our Statement of Ethics, oversees all resulting ethics investigations and offers ethics education for associates and suppliers.

**We established the Global Ethics Office in 2004 to promote our ethical culture to all stakeholders wherever we do business.**



## Walmartethics.com

In June 2010, our Global Ethics Office launched the newest version of [walmartethics.com](http://walmartethics.com), our interactive and mobile-friendly ethics website. The site was first created in 2006 as an online alternative for anonymous reporting of ethics issues and has grown into a key resource for all of our stakeholders. The site’s unique features make it relevant, simple to use and easily accessible. If an associate, customer or supplier needs ethics guidance or has an ethics concern, they can pick up their smartphone, go to [walmartethics.com](http://walmartethics.com) and let us know.

The latest update to [walmartethics.com](http://walmartethics.com) is aligned with our company’s vision for building the Next Generation Walmart, leveraging technology to meet business challenges. The site offers a seamless process for requesting ethics advice, submitting ethics concerns or following up on a previously submitted report. It is simple for the user, simple for Walmart and it creates cost-saving efficiencies in the process.

Open, honest communication has always been a part of the Walmart culture. The website is also a way to keep our culture strong by maintaining an environment where our associates, customers and suppliers can directly communicate with our Global Ethics Office. Since the updated site’s launch, website traffic is up 197 percent year-over-year, while traffic to our ethics helpline is down 20 percent for the same time period.



Todd Long  
Walmart China

## Serving with integrity every day

Imagine a supplier repeatedly inviting you to dinner and offering special gifts in return for the promise of preferential treatment. That happened to Todd Long, a department supervisor with Walmart China. Though the supplier kept calling him and trying to persuade him, Todd chose to stick to the values that have driven Walmart's success since the beginning. He continually declined the invitations and the gifts.

Because of his daily commitment to doing what is right, Todd was chosen by our associates as the global award recipient of the Integrity in Action Award. Todd's integrity earned him recognition by other associates and suppliers and has helped maintain a good reputation for Walmart China. Todd is a great example of our associates who act with integrity every day and exemplify Walmart's culture.

## Ethics Awareness Month

To promote integrity at Walmart, we dedicate an entire month to raising awareness of ethical decision making. Over the past six years, this program has evolved to include two key components: The Integrity in Action Award program and Leadership Speaks Series.

### Integrity in Action Award

The main event during Ethics Awareness Month is the presentation of our Integrity in Action Award, given 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 is able to participate and select an award recipient for their market. Associates then select the overall global award recipient by voting for the market award recipient whose story is the most inspiring.

In 2010, we received more than 7,600 nominations and 63,000 votes from our associates around the world. After reviewing the nominations, a total of nine award recipients were chosen representing Argentina, Brazil, Central America, Chile, China, India, Japan, Mexico and the U.S.

The 2010 award recipients included:

- Angélica Becerril Bernal, loss prevention manager, Mexico
- Bob Davis, market manager, U.S.
- Analía Exeni, human resources coordinator, Argentina
- Todd Long, department supervisor, China
- Mukesh Madhukar, Direct Farm program manager, India
- Leonardo Nunes Sampaio, administrative officer, Brazil
- Aquileo Sanchez, corporate affairs community director, Central America
- Ushio Tsuji, pharmacist, Japan
- Ana María Zapata, hostess, Chile

### Leadership Speaks Series

Our Leadership Speaks Series provides a platform for our executives and key external speakers to engage our associates in conversations about integrity. Throughout Ethics Awareness Month, we feature different speakers who talk about ethics and integrity through the lens of his or her experience and expertise. These conversations help create an environment that values diverse thoughts and perspectives, and helps foster individual courage and responsibility.

### Ethics education

A key component of sustaining Walmart's ethical culture is ensuring that all associates receive training on our company's values, guidelines and policies. We have taken a blended approach to our ethics education program. Our training portfolio includes instructor-led training, e-Learning modules and partnerships with internal training teams to integrate ethics content into existing corporate programs. Our program focuses on educating our associates at all levels within the company, from hourly associates to company officers. We have standardized our ethics education content and conducted train-the-trainer sessions to help equip additional facilitators to provide ethics training in their respective markets.

## Challenges

As we face the challenges of global expansion, we must find ways to translate our company's shared cultural values into specific, expected actions and behaviors for our associates.

Also, we recognize that each of our individual markets is at a different stage of development. To enhance our company's ethics program within each market, we see the need to provide a clear global framework of principles and required elements while empowering each market with the freedom to develop specific strategies for implementation.



## Developing leaders

We need to learn to recruit the best talent and identify the best talent in our ranks. Then we need to develop leaders and help them become global citizens. That includes a special effort to help develop women everywhere in our company and at all levels of our company.”

– Mike Duke, president and CEO, Walmart

At the core of our culture is the development of leaders across the organization. We invest in associate development at all levels to ensure that we are building the next generation of talent at Walmart. In fact, we invest \$44 million to \$55 million annually in the development of our associates.



We begin investing in our associates as soon as they join the company with orientation programs which immerse them in the company’s history, policies and culture.

Annually, a robust talent review process identifies our top associates. A few of these top talent programs are:

- The Business Leadership Series
- Finance Leadership Institute
- Merchant Leadership Development Program

These programs provide participants the opportunity to develop cross-functional business knowledge, learn from the senior leadership on current business topics and build strong networks with peers and leaders across the organization.



*Nuria Herrera Agüero  
Desamparados, Costa Rica*

## Thirst for learning rewarded

Nuria Herrera Agüero has always possessed a thirst for more, and 23 years into her Walmart career, she and the company are reaping the benefits.

When Nuria was hired as a cashier by the Corporation of United Supermarkets – now Walmart Centroamérica – in 1987, she immediately proved herself to be a lifelong learner. Walmart took notice, rewarding her with a scholarship to study accounting and earn a degree as a public accountant.

Just over two decades later, Nuria has climbed the corporate ladder to become manager of the Walmart Centroamérica Distribution Center in Desamparados, Costa Rica, where she oversees 110 associates.

Along the way, Nuria served the company in a variety of accounting, administrative coordination and supervisory roles. Her determination and interest in logistics eventually prompted her to step into an administrative managerial position at the Santa Ana Distribution Center, which proved to be the perfect setup to her current role.

And the journey continues: “I see myself as a logistics manager, in a regional position or in the commercial area,” Nuria said. “In this company, each person sets his or her own limits.”

## Growing talent globally

In Mexico and Central America, we invested 83.5 million pesos (approximately USD \$6.9 million) and 11 million hours into training in 2010. During that time, we promoted 20,000 associates.

### Developing global leaders

Over the past two years, Walmart has focused on moving leaders globally, with clearly defined assignments that help achieve business and development objectives. Assignments are typically for two to three years. These are a few stories of our associates who have participated in our global development assignments:



**Francisca Valenzuela Maillard,**  
communications and events manager,  
Walmart Chile

Francisca spent a month with the Global Associate Communications team in the U.S. in order to advance her understanding of the entire Walmart organization. As part of the Walmart Chile team, she was able to establish relationships and key connections in the U.S., which are critical to the ongoing integration of our operations in Chile. Additionally, she

was able to share her perspective with other communications teams across the company. Today, Francisca is a valuable resource for future integration efforts.



**Charles Redfield, chief**  
merchandising officer (CMO), ASDA

Charles Redfield has been a Walmart associate for over 20 years. He has worked in a variety of roles with increasing responsibility in our Sam's Club division. In an effort to continue to develop Charles as a future leader in the company, he was offered a position as the CMO of ASDA located in the U.K. This assignment was designed to grow both our business and talent. Today, Charles is receiving development

planning and sponsor support from other areas of the business, while delivering critical results for our company.

### Next generation leaders

Walmart understands the importance of developing the next generation of leaders.

The Develop 2 Lead program assists Walmart leaders in identifying, developing and preparing future leaders through sponsorship and commitment to associates' career aspirations. Typically, sponsors will develop two associates who are not direct reports.

The Mentor Me program is designed to assist in creating and sharing diverse knowledge, experiences and perspectives among our associates. Mentoring empowers associates to take an active role in their development by providing resources, tools and suggestions to drive effective mentoring relationships. The traditional mentoring process involves a more experienced associate helping a less experienced associate through guidance and advice for professional and personal development. In addition to the traditional mentoring process, Walmart supports other forms such as mentoring circles, peer, long-distance and cross-divisional.

### Challenges

As Walmart continues to grow and enter new markets, the company has opportunities for further development in the following areas:

- Global experience, local relevance – We must leverage our global reach and impact, while improving the speed, value and experience for our local customers at stores and clubs.
- Continued growth – As Walmart plans to create 500,000 new jobs, the need for talented associates to serve our customers and build the company of the future remains a top priority.
- Next generation workforce – We are implementing innovative ways to attract, develop and retain the next generation workforce.

Walmart was rated No. 9 in 2010 as a best global company for leadership in an independent survey by the Hay Group (*Forbes*, January 2011).



*Tracey Lloyd  
Bentonville, Ark.*

## Why she has an edge

Complementary to her military experience, Leadership Academy provided intense personalized leadership development with hands-on retail knowledge, covering everything from business acumen, high-performance team dynamics, diversity and communication. Leadership Academy will expand this year to include most parts of the business, creating more opportunities for associates to learn together as one team.

Tracey Lloyd graduated from West Point in 2003 and served in Iraq as an Army Captain managing communication systems until 2009. She then joined Walmart through our junior military officer program, and after attending the 2009 Leadership Academy, she became a supercenter store manager in Palm Coast, Fla. She is currently a director of innovations at Walmart's Home Office in Bentonville, Ark. [Read more at \*http://money.cnn.com/galleries/2010/fortune/1003/gallery.military\\_business\\_leaders.fortune/\*](http://money.cnn.com/galleries/2010/fortune/1003/gallery.military_business_leaders.fortune/)

### At a glance: Leadership Academy performance

#### Number of classes completed

Market manager track – 3 total sessions (graduations: January '09; November '09; January '11)

Store manager track – 3 total sessions (graduations: June '09; October '09; and September '10)

#### Number of graduates

Market manager track – 42 total operations graduates

Store manager track – 146 total graduates

#### Number of promotions

Market manager track – 34 total promotions to market manager

Store manager track – 97 total promotions to store manager

#### Percentage of promotions to number of participants\*

Market manager track – 81 percent placement from store manager to market manager

Store manager track – 66 percent placement from shift manager to store manager

*\*Note that we strive for a 100 percent placement rate within 90 days of graduation.*

“Our associates have always been important to us. We’re focused on accelerating their futures and providing opportunities for advancement to all.”

– Gisel Ruiz, executive vice president, Walmart People

## Preparing tomorrow's leaders in the U.S.

We are in the business of people performance. Our initiatives and programs build a pipeline of diverse talent that mirrors our customer base. Walmart offers many opportunities for our associates to grow and advance, through key strategic assignments, access to top leaders, mentoring, networking opportunities, formal training and career planning tools.

Our accelerated training includes: Walmart Leadership Academy and Sam's Club Manager in Training (MIT) programs that prepare high-potential candidates to make an immediate impact in key leadership roles.

Our mentoring programs connect our current leaders with future leaders and encourage relationships across boundaries of ethnicity, gender and different points of view.

### Leadership Academy

Our approach to accelerated development is helping change the lives of our leaders and filling the leadership pipeline to fuel our growth.

Leadership Academy (LA) is an immersion program, providing high exposure and advanced experience opportunities to participants to help broaden their global business perspective. The program prepares high-potential candidates for immediate impact in field-based leadership roles for accelerated progression. LA offers a unique blend of leadership development and real-world functional knowledge.

A significant portion of LA is allocated to achieving a broadened viewpoint by exploring contemporary issues and events. Participants are given the opportunity to engage in debates and presentations with industry experts on a broad range of business topics, including inclusion, sustainability, human rights, ethical business growth and personal development. The learning environment encourages participants to provide context, formulate executive points of view and sharpen their leadership traits. The learning environment is filled with feedback on performance and supported by sponsors who shape and mold our leaders of tomorrow.

# Lifelong Learning Program

## Shaping dreams and accelerating futures

"I see...educating, training and involving our associates as being the major advantage for Walmart."

– Sam Walton



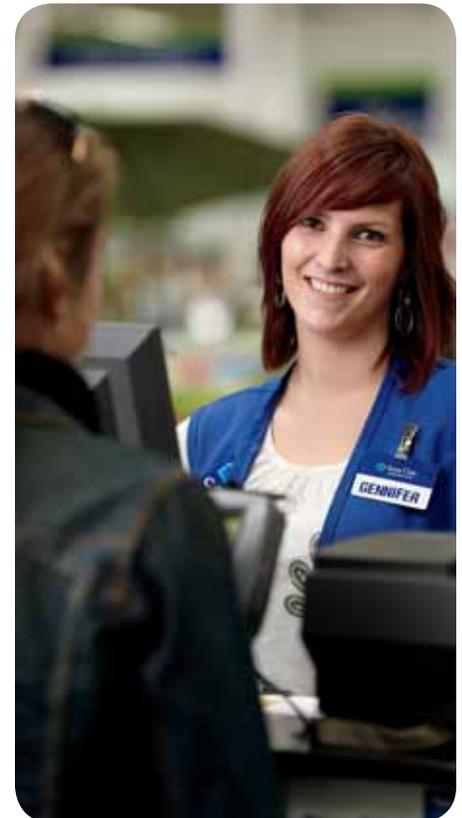
Providing our associates with the training and skills to remain competitive in any economy has always been one of our core strengths. Today, as we build the Next Generation Walmart, we want to provide associates even more and faster ways to grow and succeed. That is why in June 2010, we launched the Walmart Lifelong Learning Program. This program makes it more affordable and convenient for our U.S. associates to go to college and earn a degree or certificate. Through this program, we believe Walmart can play a leadership role in addressing the important social issue of post-secondary education attainment in America.

Walmart's Lifelong Learning Program is a partnership between Walmart and American Public University (APU) – part of the regionally accredited American Public University System. APU has a strong history of service to America's military personnel and extensive experience teaching working adults.

### Program highlights:

- All Walmart and Sam's Club associates with a high school diploma or GED are eligible for a 15 percent grant off APU's already low tuition.
- Similar to the way it reviews military training for college credit eligibility, APU works closely with Walmart to review the training and on-the-job learning our associates obtain. Where that job learning is college-level equivalent, associates can earn college credits at no cost. More than 450,000 associates are in a position today that has been identified as college credit-eligible.
- Walmart has committed to investing up to \$50 million over the next three years to further reduce the cost of college for our associates.
- All APU classes are delivered online, so associates can study in the privacy of their own homes and on a schedule that makes sense for them.
- Associates can choose to pursue a business-related credential or explore over 70 degree programs APU offers, which opens doors for them within and beyond Walmart.

Feedback from enrolled associates has been very positive. Participants particularly appreciate the program's affordability and the convenience of the online learning environment. Colleagues supporting our operations in India and Puerto Rico have also inquired about the program, and we have shared our design model with them. We will continue to seek opportunities to exchange education best practices with our global colleagues.





*Joel Dixon  
Bentonville, Ark.*

## My Walmart benefits

“Emmanuel, my son, was born with life-threatening respiratory, digestive and neurological birth defects. During his first eight months of life, Walmart Benefits was billed more than \$1.2 million for his care. This included more than \$856,000 for hospitalization and \$40,000 for life-flight services. Walmart Benefits paid approximately \$718,000 and encouraged health providers to write off approximately \$482,000. My responsibility was my \$2,000 maximum out-of-pocket, roughly one-quarter of one percent of the total cost. And this benefit cost me just \$17 per pay period.

This is a snapshot of the benefits I have received from Walmart. The intangibles I received from my management team are immeasurable. I consider myself blessed to work for a company that provides for all of Emmanuel’s health care.”



## Ideas spark innovation

*Serving our associates, customers and communities*

### Focus on associates

#### Global compensation

“Walmart is a global company, but our business is local. We compete for talent on a local basis. As part of our global compensation philosophy, in addition to remaining internally equitable, we strive to win locally by designing pay programs that are relevant and competitive in the local market. One constant is our belief in pay for performance. Our incentive programs are tailored to the needs of each market, but they share a common purpose – to drive business and personal performance and to reward associates when we achieve our performance goals.”

– Kathi Child, senior vice president, Global Compensation and Organizational Effectiveness, Walmart



### Financial benefits for U.S. associates

Financial benefits for our associates include retirement, bonus incentive and Associate Stock Purchase Plans. Walmart appreciates our most valuable asset – our people – by matching contributions made to associates’ 401(k) Plan 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. In addition, our Walmart associates, their spouses and dependents can take advantage of discounts on purchases at Walmart, as well as discounts on travel, entertainment and more.

## Canada

### Supporting our associates

Walmart Canada maintains competitive positioning with hourly wages. While most Canadian retailers start hourly employees at the minimum wage, Walmart Canada maintains its practice of offering new associates compensation above the minimum wage.

Walmart Canada's proactive competitive compensation reviews ensure that the standard of living for our store associates and their families are maintained during tough economic times. In 2010, Walmart Canada was able to quickly and effectively implement special market adjustments, as needed, for particular regions. More than 40,000 Walmart Canada associates are covered under our market competitive benefits program, while our associates across Canada saved a combined \$30 million (approximately USD \$30.2 million) in 2010 alone through our associate discount program.

In addition, Walmart remains one of the only retailers in Canada to offer profit-sharing for hourly store associates. In 2010, we paid \$50 million (more than USD \$50.3 million) to store associates through our MyProfitShare program, while contributing another \$50 million (more than USD \$50.3 million) toward associate retirement programs. Continuing education also remains a priority, as we provided \$75,000 (USD \$75,460) in tuition reimbursement to our associates in 2010.

These and other contributions continue to help our associates achieve their personal development goals, provide for their families and share in the success of our organization.

*Shrenik Patel  
Addison, Ill.*



## Immeasurable support

"I just wanted to thank Walmart and the absolutely wonderful associates who helped my family and me through a most troublesome time. I've been with Walmart 10 years, and at age 36, I had to go through a heart transplant. The transplant team at Walmart basically took over all the financials and bills. All I had to do was recover from the transplant.

I am seven months out now and Walmart is still helping me. I can't thank all the folks enough, especially Mary Jane and Elsie, with the transplant team, and my manager, Jenney, for all their support. I'd also like to thank the entire team at my Store #1898 in St. Charles, Ill., for all of the wonderful cards and support. My family and I are truly blessed to have such wonderful people working for Walmart."

## Did you know?

- Nearly 75 percent of our Walmart U.S. store management associates started as hourly associates.
- Nearly 61 percent of our Sam's Club management in the U.S. started as hourly associates.
- In FY11, more than 146,000 hourly associates in Walmart U.S. stores received promotions.





# Associate health and wellness

“Walmart offers benefits worldwide that strive to support the diverse needs of our associates in each country.”

– Sally Welborn, senior vice president, Benefits, Walmart

## Associate health

Our associates shape our health care offerings. We listen to their feedback. In fact, we continue to build and improve our health plans around the specific needs we hear from our associates.

## At a glance

### Our U.S. health plans

- The lowest-cost, full-coverage plan is \$11 per pay period for associate and \$33 for family.
- 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 \$500 for associate only and \$1,000 for family.
- All of our plans exceed the affordability and coverage requirements in the Patient Protection and Affordable Care Act (PPACA).
- Associates in our health plan who need organ transplants are provided access to the Mayo Clinic for assessment and the transplant. This benefit includes paying for the transportation and housing of family members during the surgery.

*\*180-day waiting period for full-time and 365-day waiting period for part-time associates. Part-time associates hired after January 15, 2011 must work 24 hours per week on average to maintain eligibility.*

## Going proactive

- Recognizing the importance of prevention and wellness, we continually improve the plans and programs necessary for our associates to take a more proactive role in maintaining their own health and the health of their families. By enrolling in certain plans, our associates have access to additional preventive care coverage before meeting the annual deductible. In addition, associates can take advantage of a free, confidential 24-hour registered nurse line through the Mayo Clinic to get information about illness, injuries and wellness coaching.

*We are reporting for the U.S. this year and some of our other markets. However, at this time we are unable to provide information for every market we operate in around the world.*

We offer a wide range of comprehensive benefit programs in line with local market law practices, as well as supplemental medical plans in each of our nine Latin American countries.

### Central America

In Central America, associations provide associates with supplemental services that cater to specific needs, such as discounts to local gymnasiums and wellness programs.

### ASDA House fitness classes

Associates in Leeds, England, developed their own fitness program, and associates have the option of participating in a variety of discounted morning and evening exercise.

### Mexico: Medi-Mart generic drug program

In 2010, our Medi-Mart line of 334 generic medications saved our customers in Mexico more than 1.7 billion pesos (more than USD \$140.3 million), bringing total savings to 6.2 billion pesos (more than USD \$517 million) since the program’s inception in 2007.

- Associates can conveniently gather, store and manage their personal health information safely and securely online through their own lifelong Personal Health Record (PHR). To date, more than 50,000 eligible U.S. associates have signed up for PHRs.
- “Life with Baby” is a unique program that gives mothers and their babies a healthy start by providing personalized coaching by a professional nurse through preconception, pregnancy, postpartum and child development.

### Affordable. High quality. Comprehensive.

Our goals are simple:

- Provide our associates a comprehensive, affordable benefits package with choices that help them live better.
- Leverage the strengths of our business to lower the cost of health care and bring our associates the lowest prices on the products and services they need to stay healthy, especially medicines and healthy foods.
- Find ways to manage and finance a new American health care system by working together with individuals, businesses and governments.

## Challenges

Continued priority must be placed on associates taking an active role in their own health, as well as the health of their families, so that they can enjoy the best quality of life. Our focus in the future will be on educating and empowering our associates with tools, resources and information needed to help them make wise choices about their health and health care.



## Maintaining a safe working environment

Looking out for the well-being of those around us is essential to our corporate culture. And in doing so, we create and maintain a safe shopping and working environment for our customers, members and associates.

### Transportation safety Taking our responsibility seriously

From the early days of our company, our ability to move product from around the world quickly and efficiently has been a key ingredient to our success. With one of the largest trucking fleets in the world and approximately 700 million miles logged annually – equivalent to 28,000 trips around the world – it is our responsibility to ensure that we are not only one of the largest, but also one of the safest fleets on the roads.

Since first entering the American Trucking Association's (ATA) annual Fleet Safety Contest 14 years ago, our fleet has finished in first place 11 times and in second place three times. In 2009, Walmart Transportation won the President's Trophy, the highest award presented by the ATA and presented to the carrier with the most exemplary safety program.

How our trucks perform on the roadways directly impacts the safety of residents around the world. We continue to invest in the area of transportation and logistics to ensure that the products our customers demand are available on time, and so that our fleet continues to set the standard for safety across the industry.



Chart #1 below shows how Walmart fleet compares to the industry average in DOT recordable crash frequency (in crashes per million miles).

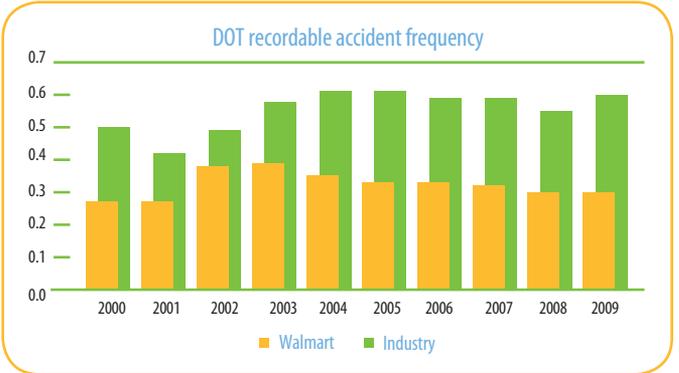
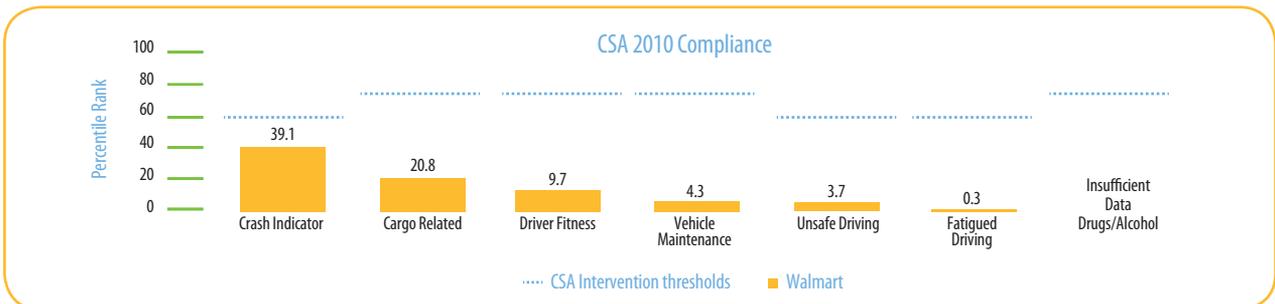


Chart #2 below shows how Walmart fleet compares to OSHA recordable accident rate (injuries per 200,000 hours worked).



CSA 2010 Compliance is a new compliance protocol used by the Federal Motor Carrier Safety Administration to determine safety fitness for motor carriers. In 2010, we scored favorably and below the alert threshold in all seven of its basic categories, including Crash Indicator, Cargo Related, Driver Fitness, Vehicle Maintenance, Unsafe Driving, Fatigued Driving and Drugs/Alcohol.



## Sam's Club

### Record-setting safety

As a company, we always put safety first – safety of our associates and our customers. Sam's Club is no exception when it comes to providing a safe working and shopping environment, across every aspect of our operations.

As of January 27, 2011, our Sam's Club in Chesapeake, Va., had gone 1,228 days – more than three years – without a single associate or member accident. The previous Sam's Club accident-free record was 1,117 consecutive days.

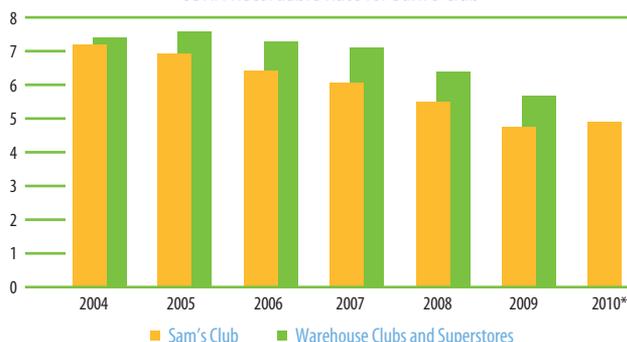
As Chesapeake continues to build on its record, our other clubs continue to set their own safety marks. Sam's Club Occupational Safety and Health Administration (OSHA) incident rates have been below the industry average for the past seven years, according to the Bureau of Labor Statistics (BLS).

Sam's Club accident-free days – FY11 averages

Quarter	# Clubs > 100 days accident-free	# Clubs > 1 year accident-free
1st	160	17
2nd	127	19
3rd	126	17
4th	149	13
<b>FY11 avg.</b>	<b>141</b>	<b>17</b>

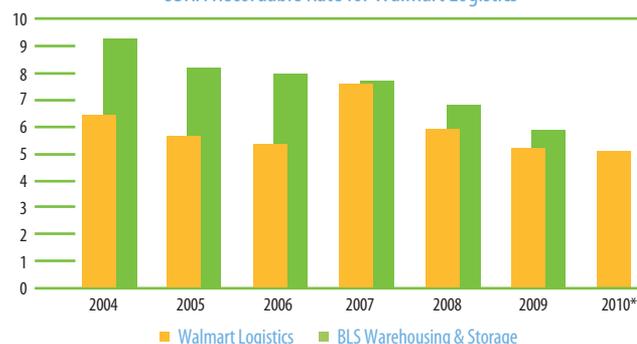
- 23% of all Sam's Clubs averaged over 100 days accident-free in FY11.
- Accident-free is defined as a Sam's Club having zero associate and member injury accidents during the measured time frame.

OSHA Recordable Rate for Sam's Club



\* 2010 industry data not available

OSHA Recordable Rate for Walmart Logistics



\* 2010 industry data not available

## Walmart U.S. Logistics

### Raising the standard for safety

When it comes to safety, the track record of Walmart U.S. Logistics is one of proven success.

For the past seven years, Walmart U.S. Logistics' recordable incident injury rates have been below industry average, according to OSHA. And our distribution center in Searcy, Ark., continues to raise the bar.

In 2008, our Searcy, Ark., distribution center was accepted into OSHA's Voluntary Protection Program (VPP). This prestigious program recognizes employers and workers in private industry and federal agencies that have implemented effective safety and health management systems, while maintaining injury and illness rates below national Bureau of Labor Statistics' (BLS) averages for their respective industries.

To participate, employers must submit an application to OSHA and undergo a rigorous onsite evaluation by a team of safety and health professionals. To date, our Searcy distribution center remains one of just eight retail direct support facilities accepted into the program.

## Walmart U.S.

### Safety is more than a message – it is part of our culture

Each of our stores works diligently to maintain a safe working and shopping environment. While we have celebrated many key accomplishments and milestones in this important area, Walmart Store #1078 in Ballinger, Texas, continues to raise the bar with every passing day.

In May, Ballinger was honored for going three years without a single associate-related accident. The longest accident-free streak in the company not only remains current, but the Ballinger store now has its sights set on four years.

Safety continues to be discussed daily at our stores, distribution centers and other facilities. At Walmart, safety is more than a message – it is part of our culture.

### Incorporating safety into every associate's "Routine"

Safety has and always will remain top of mind at Walmart, but we continue to strive for improvement. We recently completed a company-wide move away from our longtime paper-based system in favor of an automated program designed to help us drive a more sustainable goal. These system enhancements, known as Routines, allow preventive-focused safety initiatives to be communicated across our operations and incorporated into every associate's routine.

### National Safety Month

In addition to communicating and investing in safety across our everyday operations, we continue to find opportunities to promote this important message to our customers. For the past five years, we have encouraged our stores to take an active role in National Safety Month. Each June, our managers and associates provide tools and resources associated with weekly themes set by the National Safety Council to our customers and our communities.

### Asset Protection

#### Finding new ways to do old things

Our Asset Protection captains recently collaborated on a project with our Facilities Maintenance and Energy teams to reduce the use of exterior lighting in areas such as our parking lots and garden centers without diminishing customer and associate safety. During the first year, energy reduction from these changes saved the company \$12.7 million. The energy reduction was enough to power 8.6 million average homes annually.

Asset Protection also partnered with our Tire and Lube Express business to implement a new spraying system to clean oil build-up from our bay floors. The move has resulted in approximately 230,000 fewer individual bottles of cleaner being used, is more sustainable and has resulted in nearly \$755,000 in savings to the company.



## Responding to a challenge

### Event management plan

Following the tragic death of an associate at our Valley Stream, N.Y., store during the 2008 day-after-Thanksgiving sale, Walmart signed a voluntary settlement agreement. A first-of-its-kind event management plan was subsequently introduced by Walmart to improve safety measures for both customers and associates during the annual holiday shopping event after Thanksgiving Day in the U.S. Industry experts in the field of crowd management helped us create this nationwide plan to provide an enjoyable and safe shopping experience for all.

Our event management plan, developed in 2009 and further enhanced in 2010, utilizes proven crowd-management techniques in the context of this unique annual retail shopping event. Each of our U.S. stores implements a detailed store operations plan containing customized crowd-management strategies for their particular environment.

All plans address three primary areas, including:

- Customer approach and entry into the store
- Customer flow throughout the store and around promotional merchandise
- Flow through the checkout aisle and away from the store

# My Sustainability Plan

*It is a personal thing*

As sustainability has become a standard part of our Next Generation Walmart business model, many of our associates around the world have taken sustainability beyond the workplace. They are living it in their daily lives and championing it in their communities.

To engage associates and support this positive momentum, we introduced My Sustainability Plan (MSP). The framework for this new global program was built for and by associates.

## How MSP works

Associates can choose as many goals as they like and track progress online, allowing them to connect with colleagues, provide encouragement and gain inspiration. In addition, this format allows everyone to understand how their individual actions – when combined with those of their 2 million colleagues – add up to make a world of difference.

This voluntary program is already gaining momentum in various markets around the world. Thousands of associates have chosen goals, and we are already seeing trends. The top goals in America are adding 30 minutes of daily physical activity, quitting tobacco, eating a healthy breakfast and cooking meals at home. Associates in Canada and Brazil are more focused on green initiatives, including saving energy and water.

What makes MSP so great is that anyone can get involved. It is not just about working at Walmart or using an online tool to track progress. It is about making a personal commitment to be healthier, greener or more active in your own community. We are living better and making the world a better place – one associate at a time.



## 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



*Casey Baker  
Bentonville, Ark.*

## A better lifestyle

*“Above all, don’t give up. By making a decision and sticking with it, it becomes a routine.”*

In 2008, Sam’s Club associate Casey Baker decided to forever change his life. The auditorium coordinator and club support associate weighed 350 pounds and wanted to shed 100 pounds and drop four pant sizes.

Casey began walking with a friend who was a personal trainer. Walking eventually turned into running and, before long, he added weightlifting to his routine. He tracked what he ate in a journal each day and adhered to a rigorous plan.

More than two years later, Casey has not only surpassed his goal, but also continues to serve as an inspiration to us all. He has lost 140 pounds and dropped his pant size from 44 to 34.

## Opportunity

In the next year we look forward to launching a new online MSP tool for associates in the U.S. and other countries where we operate. This multi-functional tool will provide opportunities for associates to interact and help to foster a friendly, competitive spirit around MSP. It also will allow us to more accurately measure the participation of our associates in the MSP initiative – and therefore better understand the impact of their collective efforts to live better.

## MSP together

*Walmart Japan associates are all for one and one for all*

My Sustainability Plan serves as a framework to engage our associates in incorporating healthy, sustainable choices into their everyday lives. Ultimately, it is the ideas and actions of our associates that make the difference – and our Walmart Japan associates are a shining example.

As part of MSP activities, Walmart Japan created MSP Together, a unique initiative where associates act together as one team to accomplish the same sustainability goal.

In October 2010, Walmart Japan organized a week-long MSP Together event known as Walking Together, which called for everyone to count their footsteps over the same seven-day period. Participating associates used pedometers or a simple footstep equation prepared by the MSP Promoting Team to measure their footsteps, and they recorded the results through the company's questionnaire survey system.

The MSP captain and leaders took important roles by reaching out to and recruiting associates. When all was said and done, more than 11,000 associates – about 30 percent of all Walmart Japan associates – logged more than 637 million footsteps. This is the equivalent of about 10 trips around the Earth.

Together, we are making a difference around the world – one step at a time, one country at a time.

**Canada:** Since its launch, more than 50 percent of Walmart Canada associates have adopted MSP. In an effort to expand the personal financial sustainability portion of the program, Walmart Canada also offers a module focused on basic budgeting and financial skills for associates.

**Brazil:** Walmart Brazil has offered training courses on sustainability and conscious consumption since 2007. That proactive approach has prompted approximately 56,000 associates to adopt MSP. At 67 percent of the workforce, that marks the highest current participation rate of any Walmart entity.

**Chile:** In 2010, approximately 500 associates across the three business areas of our Walmart Chile operations participated in MSP.





## Building a better future

“At Walmart, we believe in always doing the right thing. Through our efforts to improve social and environmental sustainability, we’re learning that inclusive growth is good business. When we develop programs that are good for our customers, our communities and our business, giving back becomes a sustainable part of our growth model.”

– Doug McMillon, president and CEO, Walmart International

The African proverb, “If you want to go fast, go alone. If you want to go far, go together,” resonates with our corporate culture. Our success is dependent on the success and prosperity of the communities we serve. So naturally, it is one of our strategic choices to operate globally and give back locally.

We know we can make the greatest impact on our communities by supporting the causes that are most important to our customers’ right in their own neighborhoods. For a community to truly thrive, businesses like ours must not only create jobs, but also provide the necessary training to succeed. We have created training centers to address this issue, and while those who benefit from them may or may not work for us, the skills they build are opening new opportunities. Together, we are building a better future.

### Instilling confidence in young minds

How better to invest in the next generation of business leaders than by providing opportunities for students to apply their ideas to existing challenges?

By creating platforms for students to develop practical solutions and receive constructive, real-world criticism, they develop the confidence to shape their ideas into reality. The following represents a sampling of the student-based programs and competitions we continue to support 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 products and business solutions, students present their original ideas to a panel of Walmart executives, suppliers and leading environmental organizations.
- 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 and Sam’s Club associates work together to effectively empower Sam’s business members to raise their standard of living through environmentally sustainable practices in their facilities, operations and communities. Focus areas have ranged from retrofitting facilities with compact fluorescent bulbs to conducting energy audits. More than 100 colleges and universities and 200 small businesses have participated.
- The Walmart Brazil Sustainable Retail Award Program fosters discussion on retail sector sustainability at the academic level. Researchers and students at vocational schools and colleges across Brazil are encouraged to develop cases that utilize sustainable innovation to positively impact quality of life and the environment. In an effort to encourage continued development and implementation of their ideas, winners are presented with scholarships and other prizes.



*Adriana Rezende  
Carapicuíba, São Paulo-SP*

## Shaping a brighter future

Adriana Rezende, a graduate from the Social Retailing School in São Paulo, Brazil, feels strongly about the training she received. “Without it [the course], it would be very difficult to get a formal job,” she said. “The work exists, but without qualification it is very difficult.”

Right after her graduation, Adriana was hired by TodoDia (Walmart Brazil). Now she looks forward to earning a degree in business management to secure an even brighter future.

## Brazil Social Retailing School

Walmart Brazil has operated Escola Social de Varejo (Social Retailing School) since 2010. The program offers a balance of practical and theoretical classes focused on IT and professional, social and personal development, along with guest speaking sessions from Walmart Brazil leadership. Several partners around the country, including government entities, NGOs and more, support the initiative. In 2010, the Social Retailing School trained 30 educators and approximately 1,000 young people in six Brazilian states. The goal is to have 20,000 people trained and incorporated into the labor market by 2014.

### Community centers

For the past two years, Walmart Brazil has dedicated resources and space at three of our stores (TodoDia and Maxxi) in the northeastern region of the country to cater to underprivileged communities. Focused on providing the skills and services necessary to improve the everyday lives of residents, the “community center” offers the following:

- Basic financial services
- Issuing of documents
- Job placement services
- Skills training courses
- Basic medical care
- Internet café

With more than 500,000 people served by our community centers in 2010, this model has been very successful in promoting social, economic, medical and digital inclusion. For many residents, these courses and services represent their first real opportunity to enter the workforce and generate income for their families.





## Fair trade

### Supporting communities and opportunities

Sam's Club's decision in October 2007 to become the first mass-market retailer in the U.S. to offer Fair Trade Certified™ bananas continues to pay dividends for farmers and communities across Colombia and Ecuador.

To date, we have sold 1.2 million boxes of Fair Trade Certified™ bananas, which generated an estimated \$1.2 million to fund life-changing community development projects. For example, FINCAMAR – a cooperative in Colombia – has used the funds to provide 172 children in primary and middle school with uniforms, teaching materials and tuition assistance.

In addition, our private label coffee program has enabled Sam's Club to embrace all three pillars of sustainability – economic viability, social responsibility and environmental impact. Through the support of both the Fair Trade and Rainforest Alliance Programs, we gave more than \$600,000 directly back to farmers in 2010. The money is being used to educate their children and to improve upon their own practices and yields.

## India

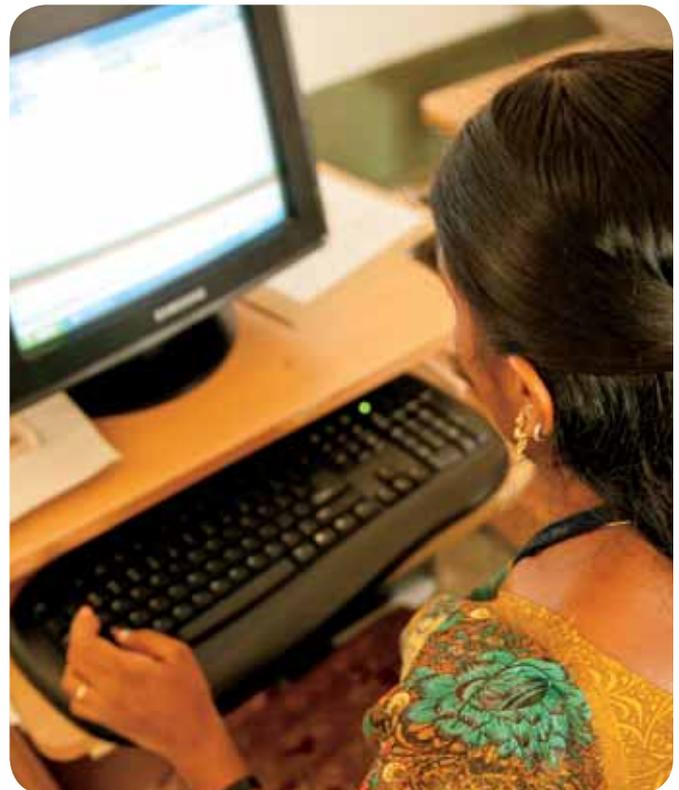
### Bharti Walmart Training Centers

Beyond our business goal of introducing India and its people to our everyday low prices, Bharti Walmart Private Limited has formed public-private partnerships with state governments with the aim of bridging the shortage of skilled workers for retail in the country.

We launched our first skills training center in Amritsar in December 2008, followed by a second in New Delhi. The training centers offer short-term vocational certification courses that equip candidates to

become floor and sales assistants or supervisors through a special curriculum developed by Walmart and Centum Learning Systems.

Each of these centers has the capacity to train more than 125 candidates per month, free of charge. To date, nearly 5,000 students have been certified, and nearly 1,500 have been placed in various jobs, of which more than 200 are placed in our own stores.





## Building a better future *(continued)*

### Argentina

#### Driving to Transform (Impulsar para Transformar)

This program provides and leverages leadership opportunities to young women between the ages of 18 and 24. The program involves them in their communities, and working together, they find solutions to social issues and help improve lives. This is a three-year program starting out in the City of Buenos Aires, province of Buenos Aires and in the province of Córdoba.

### Brazil

#### E-solidário stimulating local craftsmen

In 2010, Walmart Brazil introduced a new online shopping category known as E-solidário, which offers more than 285 locally produced products. This category has opened business opportunities for more than 960 people from 18 projects in five states across the country to sell directly to Walmart Brazil. In addition to stimulating and supporting local craftsmen, we are now able to offer our customers more quality, locally produced products at affordable prices than ever before.



#### Fighting hunger

Walmart Brazil works with food banks throughout the country to distribute surplus food for the hungry. The company's main partner is the Mesa Brasil program. In 2010, the company donated more than 2,300 tons of product to Banco de Alimentos (Food Bank) in Rio Grande do Sul state, Prato Amigo in Bahia state and Mesa Brasil, which is run by Social Service of Commerce (SESC) in 14 states and the Federal District.

### Canada

Children's Miracle Network raises funds for children's hospitals across Canada. The funds are used for equipment, research and programs. In 2010, more than \$8 million (USD \$8.05 million) was raised and donated by Walmart Canada.

Among many of its efforts in giving back to the community, Walmart Canada raised and donated over \$3.1 million (more than USD \$3.1 million) in 2010 for Breakfast Clubs of Canada. The organization helped provide over 206,000 school children with the proper fuel to start their days in class.



### Chile

One of Walmart Chile's major social responsibility programs, Por un Chile Líder Educamos, aims to promote a healthy living culture among children through promotion and education of the benefits of fruits, vegetables, fish and sports activity. During 2010, approximately 53,000 school-age children across Chile participated. In collaboration with the Department of Public Health and the Catholic University of Chile, we are developing a process to evaluate the impact of this program, which began in 2007.

During 2010, Walmart Chile donated M\$1.355 (more than USD \$2,700) to Hogar de Cristo, a charity dedicated to overcoming poverty. A significant percentage of that total was generated through customer donations to the Donate Your Change fundraising program.



## China

### China's first sustainable school

On June 10, 2010, Walmart China laid the cornerstone for the country's first sustainable school in Liangping County, Chongqing. Construction of the new Jindai Primary School is funded through an RMB 6.5 million (more than USD \$984,000) donation from Walmart China.

### Walmart China Women's Development Fund

On October 21, 2010, Walmart China provided an RMB 1 million (more than USD \$151,000) grant to the China Women's Development Foundation to launch the Walmart Women's Development Fund.

The purpose of the fund is to empower women in impoverished areas of the country with financial and technical support in agricultural production and related industries.

## Japan

Walmart Japan provides support for a variety of programs, including Ohisama Energy Fund, which promotes the use of natural energy to the greater public through the placement of donation boxes in our stores. In 2010, customers donated 3,025,365 yen (approximately USD \$36,000). In the past, the money raised has been used for such projects as the installation of solar panels on the rooftops of two nurseries and one kindergarten in Nagano Prefecture in central Japan.

Walmart Japan customers have put 123,769,762 yen (approximately USD \$1.5 million) in the store donation boxes to support the National Federation of All Japan Guide Dog Training Institutions over the last 20 years. In 2010 alone, 14,756,253 yen (USD approximately \$178,598) was raised. More than 7,800 people with visual disabilities require assistance from guide dogs in Japan, while only 1,070 guide dogs are currently registered.

## U.K.

In 2010, the ASDA Foundation donated £1.9 million (more than USD \$2.9 million) to support 64 sustainable projects across the country, in addition to numerous local charities and community-based initiatives. Through various fundraising campaigns, our ASDA customers and colleagues contributed more than £7,292,181 (more than USD \$11.2 million) to causes such as the Tickled Pink Campaign, Children in Need, Tommy's Christmas Appeal, Sporting Chance and Kwik Cricket.

### ASDA exposing students to retail world

In March 2010, our ASDA stores committed to providing a combined 30,000 work experience and apprenticeship opportunities to 14- to 16-year-old students at local schools over the next three years. Each of our U.K. stores is adopting two local schools to offer this unique opportunity to understand the world of retail and what it is like to work in an ASDA store. So far, 3,000 work experience placements and 500 apprenticeships have been completed, with some going on to part-time or full-time jobs at the store level.



## Product compliance

### *Maintaining your trust*

Our reputation has been built on providing everyday low prices to help people save money and live better. Our continued efforts to drive down cost will never compromise the safety of the products we sell.

We value the trust our customers place in us to provide them with safe and sustainable choices, and we strive to remain a leader in the area of product compliance. Our expectation is that all suppliers, regardless of where our products are sourced, will comply with applicable state and federal laws, industry standards, regulations and requirements. In the absence of applicable government standards, we adopt industry standards or additional guidelines to ensure safety.

In 2008, we expanded our U.S. product safety and regulatory program to include a team dedicated to following and enforcing regulatory, testing and reporting compliance.

### Recalls and safety reporting

We actively investigate regulatory and safety-related issues and, when necessary, promptly remove products from our sales floor, stock rooms and websites. A systemic register block is promptly issued on recalled items, ensuring that the product cannot be sold at the register.

We ensure that our customers have up-to-date information on product safety recalls by displaying recall posters in our stores, posting information on our corporate website, and by notifying our Sam's Club members by phone or direct mail.

In addition to our effective product removal process, Walmart remains a retail industry leader in self-reporting weekly to the Consumer Product Safety Commission (CPSC) on safety-related issues.

### Outreach initiatives

We work closely with industry, government, and safety and standards organizations to advance initiatives. As we identify emerging issues, we work diligently to increase our supplier awareness and understanding to accelerate and promote proactive compliance. For example, we recently worked with the Department of Ecology in the state of Washington to find ways to collect information on the use of emerging chemicals of concern in children's products.



## Contact us

We value any information customers have to share with us about our products. As always, we encourage customers to contact us at 1-800-Walmart or 1-888-746-7726 (Sam's Club), or to visit our customer service website.

# Food safety

## Controlling risk early in the system

At Walmart, we take a farm-to-fork approach to food safety, realizing that some risk is best controlled early in the food system. As the world's largest buyer and seller of food with literally thousands and thousands of suppliers, we realize we have an important obligation to require our suppliers to adhere to stringent food safety standards.

The following is a sampling of some of the successful programs and initiatives we have taken and the results they continue to yield:

- Global Food Safety Initiative** – In December 2007, we became the first U.S. retailer to require all private brand suppliers and select national brand suppliers to achieve certification against one of the internationally recognized Global Food Safety Initiative (GFSI) benchmarked food safety standards. More than 1,000 food manufacturing facilities providing Walmart U.S. and Sam's Club U.S. private brand products have since achieved certification. We have already been able to see the impact of this initiative through supplier performance metrics, as well as feedback we have received directly from the supplier community. The Walmart Food Safety team will now be working with national brand suppliers within select categories to have their facilities GFSI certified and further raise the bar on the level of food safety standards required for the industry.

- Go Green Pest Management Program** – Since our adoption of the Go Green Pest Management Program in June 2008, our contracted pest control vendors have reduced pesticide use by over 60 tons between July and December 2007 and July and December 2010. One specific focus of the program – the elimination of the routine use of rodenticide – has also proven successful, with a reduction of 16 tons between July and December 2007 and July and December 2010.



**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 ill
  - 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
  - Rapidly cool food to 41°F or below

Neighborhood Market by Walmart | Walmart Save money. Live better. | Sam's

© 2009 Wal-Mart Stores, Inc.

- Food Safety High Five** – In 2010, we incorporated the International Association of Food Protection's food safety symbols into a homegrown program to positively impact associate and customer behavior in an effort to prevent foodborne illnesses. The visual concepts are easily understood, regardless of an individual's native language. 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 food safety. This increased understanding has translated into improved compliance as measured by both regulatory and third-party audit performance. Building on the internal success of the Food Safety High Five, the company launched these as a standard in each of the markets in which we operate worldwide.

- Bisphenol A (BPA)** – Walmart was one of the first retailers to phase out infant feeding products containing BPA. We took this action prior to state governments' recommendation to do so. Epoxy resins made with BPA have been approved by the U.S. Food and Drug Administration (FDA) and regulatory agencies across the world to line food and beverage cans in order to prevent bacterial contamination, extend shelf-life without impacting taste and prevent corrosion. The FDA has not recommended that consumers stop using food contact materials that contain BPA. We continue to monitor developments in this area and remain supportive of work by government and industry on packaging alternatives that are safe for our customers.

## Making food healthier... and healthier food more affordable

No family should have to choose between food that is healthy and food they can afford. But for more American families than ever before, this has become a very real issue.

With first lady Michelle Obama by our side at a January 20, 2011, event in Washington, D.C., we unveiled a plan to provide our customers with healthier and more affordable food choices. Building on the success of the first lady's "Let's Move" campaign, our program is guided by five key elements:

- **Reformulate thousands of everyday packaged food items by the end of 2015** – Work with suppliers to improve the nutritional quality of national food brands and our Great Value private brand. Reduce sodium by 25 percent and added sugars by 10 percent, as well as remove all industrially produced trans fats (partially hydrogenated fats and oils), based on a January 1, 2008 baseline.
- **Make healthier choices more affordable** – Save customers approximately \$1 billion per year on fresh fruits and vegetables through a variety of sourcing, pricing, and transportation and logistics initiatives to drive unnecessary costs out of the supply chain.

- **Develop stronger criteria for a simple front-of-package seal** – Create a label to help consumers instantly identify truly healthier food options, such as whole grain cereal, whole wheat pasta and unsweetened canned fruit.
- **Provide solutions to address food deserts** – Build stores in underserved communities that are in need of fresh and affordable groceries.
- **Increase charitable support for nutrition programs** – Invest to help educate consumers about healthier food solutions and choices.

With more than 140 million customer visits in the U.S. each week, we are uniquely positioned to make a difference by offering healthier food at more affordable prices to everyone. This program focuses on a variety of categories including, but not limited to snacks condiments, soups, etc. It has the potential to change the retail industry in much the same way the launch of our \$4 prescription drug program did in September 2006. In the meantime, we are committed to working with our suppliers, government and NGOs to provide solutions that help Americans eat healthier and live better lives.



## Finding health care solutions

We recognize our responsibility in finding solutions for affordable health care. Our customers shop with us because of our price and great selection. When it comes to products and services that can improve the health and wellness of their families, they expect the same.

We offer these innovative solutions for our customers – across the country and around the world.

### Building on a revolutionary plan

When we launched our \$4 prescription program in 2006, it forever changed the pharmaceutical landscape, as well as the national perception of generic prescription drugs. In four years, our U.S. customers – insured and uninsured – have saved more than \$3 billion on their prescriptions.

Based on the success and impact of the program, we have identified additional health and wellness opportunities to bring greater value and convenience to our customers, including:

- 90-day supply of prescriptions for \$10\* available at our pharmacies or via free mail delivery within the U.S.

- ReliOn® Ventolin HFA asthma inhaler for \$9\*
- ReliOn® blood glucose meter, blood testing strips and A1C test for diabetes for \$9\*
- Alendronate (generic osteoporosis drug) for \$9\* for 30-day supply or \$24\* for 90-day supply
- Birth control prescription options for \$9\*

*\*Pricing listed is cash price for these products as of the date of publication. Prices may change over time and will not be applicable in all states. Please visit [walmart.com](http://walmart.com) for additional information.*

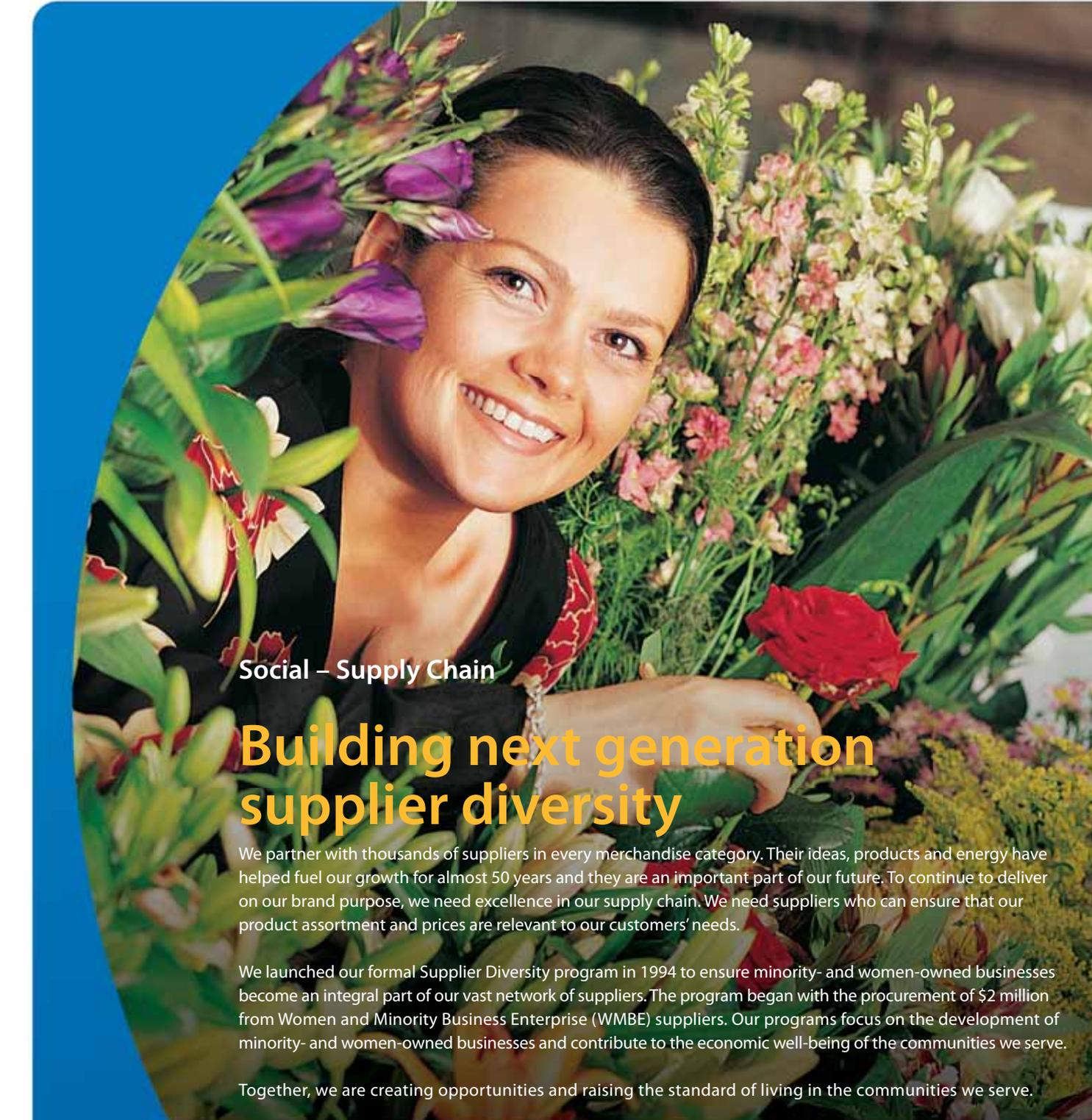
### The Clinic at Walmart

“The Clinic at Walmart” makes it possible for local and regional health care providers to lease space in our stores to deliver the quality care that our customers deserve. These clinics diagnose and treat common health ailments, which may include ear, throat and sinus infections, and may conduct diabetes and cholesterol screenings, administer vaccinations and more. Many of these clinics offer convenient hours, up-front price transparency and walk-in service, which may affordably extend the care and service of local health care providers.



When we launched our \$4 prescription program in 2006, it forever changed the pharmaceutical landscape.





## Social – Supply Chain

# Building next generation supplier diversity

We partner with thousands of suppliers in every merchandise category. Their ideas, products and energy have helped fuel our growth for almost 50 years and they are an important part of our future. To continue to deliver on our brand purpose, we need excellence in our supply chain. We need suppliers who can ensure that our product assortment and prices are relevant to our customers' needs.

We launched our formal Supplier Diversity program in 1994 to ensure minority- and women-owned businesses become an integral part of our vast network of suppliers. The program began with the procurement of \$2 million from Women and Minority Business Enterprise (WMBE) suppliers. Our programs focus on the development of minority- and women-owned businesses and contribute to the economic well-being of the communities we serve.

Together, we are creating opportunities and raising the standard of living in the communities we serve.

### Since our last report



Our spend with diverse suppliers in 2010

- \$10.5 billion, including:
  - \$8.0 billion in direct spend
  - \$2.5 billion in our second-tier spend



Became more relevant to the diverse customers and members we serve



Provided tools and resources to help minority- and women-owned businesses grow



# Creating prosperity through empowerment

## Leading in multicultural business opportunities

We are number one, topping DiversityBusiness.com's list of the Top 50 Organizations for Multicultural Business Opportunities. We were selected by the more than 750,000 diverse businesses that participated in an online survey. They responded to 10 questions related to volume, consistency and quality business opportunities granted to women- and minority-owned businesses. The recognition, known as the Div50, is the most respected compilation of its kind. It ranks companies that distinguish themselves in developing and growing diverse businesses through inclusion.

## Advancing supplier diversity through education and advocacy

The Supplier Diversity program aims to expand and advance our current pool of more than 3,000 diverse suppliers through education and mentoring. Our goal is to support capacity building for minority- and women-owned businesses. We aspire to create prosperity through empowerment.

As part of our efforts to stay connected to the best and brightest of diverse suppliers, we partner with the National Minority Supplier Development Council (NMSDC), Women's Business Enterprise National Council (WBENC), the U.S. Hispanic Chamber of Commerce and several other organizations across the country to identify potential suppliers.

Our programs and initiatives include hosting supplier fairs, sponsoring multiple national trade fairs/matchmaking opportunities and educating our merchants/buyers internally. We also leverage our size and scale to increase spend, and to develop and grow the next generation suppliers.



*Más Club opened on August 6, 2009, with an expanded assortment of products to better serve the needs of the Hispanic community and small businesses in the Houston area.*

## Creating a first

*"Walmart has been an important element in my success."*

– Arcilia Acosta, president and CEO, CARCON Industries, Dallas, Texas

When CARCON Industries' President and CEO Arcilia Acosta decided to bid for a construction job with Walmart, she committed to the challenge of growing and developing her business.

After our Supplier Diversity team guided Arcilia through the vendor application process, CARCON was matched with White-Spinner Construction, a seasoned firm that helped mentor her company through its first Walmart project. This match was facilitated by the Walmart Realty Construction team, championed by Patrick Hamilton, vice president, construction. Less than two years later, Arcilia and CARCON put the finishing touches on Más Club #4807, the first Sam's Club designed and merchandised specifically for the Hispanic market, in Houston, Texas.



*Arcilia Acosta  
president and CEO  
CARCON Industries*

## Driving new possibilities

Imagine a blue bus rolling through your neighborhood, wrapped in Walmart branding, transporting you and your neighbors to and from your local Walmart store. Now imagine this service being absolutely free.

Since August 2010, residents who shop the Walmart store at 4650 W. North Ave. in Chicago, Ill., have had access to this free, convenient service. The company behind this pilot shuttle program is Chicago Mini Bus Travel, Inc., led by President and Chief Executive Officer Leticia Velez-Hudson.

Adding Leticia to our network of suppliers has created a significant opportunity for both companies to benefit the customers and communities they serve. In addition to coordinating this service, Leticia shares Walmart’s commitment of giving back to local communities. Chicago Mini Bus Travel, Inc. is a regular supporter of such organizations as Mujeres Latina en Acción, A Safe Haven, Instituto del Progreso Latino and Children’s Miracle Network.

*(R-L) Leticia Velez-Hudson, president and CEO, Chicago Mini Bus Travel and Bill Simon, president and CEO, Walmart U.S.*



## Challenges

We recognize the challenges that many minority- and women-owned businesses still face in acquiring capital and accessing credit. According to a November 2009 state of small business survey conducted by Sam’s Club, nearly 15 percent of its business members reported being denied a loan to run their operation. Our opportunities are in facilitating specially designed financial assistance programs for our minority- and women-owned suppliers, and introducing initiatives that help them grow with our business.

Since 2008, we have provided more than 20 scholarships to minority- and women-owned businesses for the Tuck Executive Program at the Tuck School of Business at Dartmouth College. The program is a highly regarded, intensive one-week entrepreneurial business course designed for high-performing minority and women business owners. The program prepares minority- and women-owned businesses for success.

### About Tuck School of Business at Dartmouth College

In 2004, the Tuck School of Business reached its 25th year of supplying minority business executive programs. The Tuck School has two minority business programs: “Building a High-Performing Minority Business” and “Growing the Minority Business to Scale,” which provide valuable education, skills and tangible business benefits to minority- and women-owned businesses.

## Supporting our suppliers

Walmart de México and Central America works with more than **26,200 suppliers**, the majority of them locally based. In 2010, **95 percent** of all the products we sold in Mexico were purchased from local suppliers, while **81 percent** in Central America were purchased from local suppliers. Through regional fairs and our Supplier Development Program, we continue to support the growth of small- and medium-sized companies and growers of perishable goods.

### Mexico and Central America

#### Supplier Advisory Council

Our Supplier Advisory Council allows us to become more competitive through the exchange of ideas and best practices with suppliers across Mexico and Central America. We provide detailed information to help our suppliers measure the performance of their products and make informed, strategic decisions.

### Argentina

#### Developing Small and Medium Enterprises

Walmart Argentina’s PyME program has created an enabling environment for Small and Medium Enterprises (SME) to grow in the communities where we operate and where a new store opens. The purpose of the program is to identify local suppliers and provide them new development opportunities. Typically, an invitation is extended to local suppliers to attend our business roundtables and learn how to do business with Walmart. Once a local business meets the requirements and an agreement is reached, we provide a premium spot and special signage for the business to display its merchandise in the store. The performance of the merchandise determines its future. In 2010, 141 suppliers were engaged in the SME program.

### Supplier diversity timeline

#### 1994

- Program started with \$2 million spend for minority- and women-owned businesses

#### 2001

- Became charter member of the Billion Dollar Roundtable

#### 2004

- Restructured Supplier Diversity

#### 2005

- Focused on second-tier reporting
- Invested \$25 million in Pinnacle Minority Supplier Development Fund

#### 2007

- Established a Supplier Diversity Internal Steering Committee

#### 2010

- Reached \$10.5 billion in total diverse spend



## Update

### Beijing Sustainability Summit

In 2008, we took a landmark step in our sustainability journey by hosting an unprecedented gathering of more than 1,000 leading suppliers, Chinese officials and NGOs in Beijing, China. There, we set aggressive goals aimed at building a more environmentally and socially responsible supply chain.

We have made great strides in improving the transparency of our supply chain and have been able to achieve and even surpass many of our goals since the summit. We continue to better understand our supply chain and the challenges that face our suppliers and their factories related to social and environmental practices.

By the end of 2011, production facilities disclosed by suppliers for all retail markets will be required to demonstrate compliance with local social and environmental regulations through participation in the Ethical Sourcing audit process. Suppliers and their factories can then take the necessary steps toward achieving one of our two highest audit ratings.

Implementation of our Supplier Development and Orange School Programs have enabled us to build stronger relationships with suppliers and encourage the employment of management systems to bring meaningful and continuous improvements at the factory level.

Goals	Progress Update
We will require that all direct import, nonbranded and private label suppliers declare that their factories are compliant with local social and environmental regulations by the end of 2011.	The Supplier Agreement for all retail markets is being strengthened to require confirmation from suppliers that their factories are compliant with our social and environmental standards.
By the end of 2012, we will require that 95 percent of direct import factories receive one of our two highest ratings in audits for environmental and social practices.	<b>94% achieved</b> More than 94 percent of direct import factories have received one of our two highest audit ratings.
By the end of 2009, Walmart U.S. will require all direct import suppliers, along with all suppliers of private label and non-branded products, to provide the name and location of every factory they use to make the products Walmart sells.	<b>100% complete</b> We facilitated the disclosure of 100 percent of our direct supplier factories and 100 percent of all factories used to produce private label and nonbranded merchandise.
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.	<b>1.76% returned</b> Throughout 2010, we reduced our customer returns on defective merchandise to 1.76 percent. This effort included Factory Capacity and Capability Audits (FCCA) for expanded groups of supplier factories. We increased our focus on categories and suppliers that have been identified as having high return rates, and took an earlier involvement in technical development, ensuring the right production methods for the right 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).	<b>20% improvement</b> To date, 119 factories have demonstrated greater than 20 percent improvement in energy efficiency.



## Focus on ethical sourcing

### Extending our culture

Respect for the individual is one of our three basic beliefs at Walmart. And as we work toward fulfilling the vision of the Next Generation Walmart, extending our culture beyond our associates and customers to our factory workers will keep our culture strong.

By taking the lead on social issues through initiatives that promote respect for the individual, we will continue to find innovative and sustainable ways to promote improved working conditions in our suppliers' factories. We ranked second among corporations examined in "Toward a Safe, Just Workplace: Apparel Supply Chain Compliance Programs," a report published by As You Sow in November 2010. We still see tremendous opportunity.

Building a more socially and environmentally responsible supply chain remains the purpose behind our efforts to create opportunities to improve the lives of factory workers and those living in our sourcing communities.

### Ethical Sourcing Webinar Series

In an effort to improve transparency in our supply chain, we continue to work toward the goal of ensuring that 95 percent of our direct import factories receive one of our two highest audit ratings for environmental and social practices.

Because of the scale of our supply chain, the number of factories in our system is dynamic with new factories being added and others removed. Each factory is at a slightly different stage of development. Some possess strong management systems and understanding of the interrelationship between productivity, working hours and wages, while others fall behind.

The Walmart Ethical Sourcing Webinar Series, currently available in China, is the latest addition to our efforts to improve the social performance of factories. An effective way of sharing information with a broad base of factories, this series was developed in collaboration with INFACT Global Partners to promote our Ethical Sourcing requirements related to productivity, safety and quality of workplace requirements in ethical sourcing.

# Regional challenges in ethical sourcing

In 2010, 8,322 audits were conducted on 6,722 of our factories. More than 1,100 of these were conducted through the ILO/IFC Better Work Program or the International Council of Toy Industries CARE Process. The following information describes the findings and challenges observed, by region.

**Region A**  
Indonesia, Cambodia, Malaysia and 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.

**Region B**  
India and Sri Lanka



Some of the more prevalent concerns associated with this region include varying interpretations of the local law regarding outsourcing and the lack of systems to verify compliance of wage and hiring procedures. We are taking steps to train factories on the importance of ensuring that the same standards are followed for contract workers as they are for direct hires. Through our Supplier Development Program, we are addressing similar issues with many supplier factories and are encouraging the implementation of effective management systems to ensure long-term solutions.

**Region C**  
Europe and Turkey



In Eastern Europe and Turkey, challenges include egregious working hours, incomplete and inconsistent time systems, unclear wage systems, nonpayment of overtime premium and insufficient provision of worker leave. The increasing number of migrant workers in the supply chain raises concerns of undisclosed deductions and nonpayment of wages.

**Region D**  
Far East



Manufacturers in China are moving production inland due to lower labor costs. This is a benefit to some workers who can now reside closer to their home towns, but the retreat is leaving a wake of worker shortage in the south, where the bulk of China's export production has historically occurred. 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**  
The Americas



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, have 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**  
Bangladesh, Middle East, Pakistan and Africa



Frequent worker unrest, due to the declaration of the increased minimum wage, is currently affecting the garment sector in Bangladesh. Additionally, there is increasing concern around the lack of fire safety awareness and training on fire prevention measures in these factories. Egregious working hours, manipulation of records and undisclosed subcontracting affect countries in this region as well.

## Walmart Energy Efficiency Program

### *Working directly with factories*



“Being a truly global company will also mean learning how to share best practices around the world and learning how to leverage our global supply chain. We have a tremendous opportunity in sourcing to save our customers billions.”

– Mike Duke, president and CEO, Walmart

In October 2008, we partnered with our suppliers to establish the goal of becoming 20 percent more energy efficient, per unit of production, in our top 200 factories in China by the end of 2012.

The Energy Efficiency Program team has incorporated more than 300 factories into the program. Within these factories we have worked to identify opportunities for energy savings, and the action plans put into practice have resulted in measurable progress. By January 2011, 140 participating factories had improved energy efficiency by more than 10 percent, 119 of which have recorded greater than 20 percent improvement (2007, 2008 or 2009 Baseline).



To supplement the efforts of the Energy Efficiency Team, participating factories are provided with technical training in cooperation with Business Social Responsibility (BSR). In addition, a project implementation platform is created through collaboration with the Environmental Defense Fund (EDF), allowing energy experts to assist factories with technological retrofits.

In September 2010, an awards ceremony was held at the Shanghai Expo to recognize 12 supplier factories for their leadership in energy efficiency improvement. These are the success stories of two of those factories:

- **Loftex China Ltd.**, founded in 1980, has more than 3,000 employees and is one of our strategic suppliers in producing towel and textile products. Loftex formed its Energy Cost Control Management Team, and with support from EDF and the Cleaner Production Department of Chinese Government, implemented 177 energy-saving projects. Some examples of the implemented projects are: installation of motor frequency converters on fans and pumps; heat-retaining coating sprayed on dye machines to preserve the temperature, which helped to reduce steam consumption; and waste water heat recovery.
- **Intex Industries (Xiamen) Co. Ltd.**, established in 1995, is one of our strategic suppliers of sporting goods, leisure and entertainment inflatable products. Since joining our Energy Efficiency Program in 2009, Intex has established a task force for monitoring energy-saving measures, created an incentive program to recognize employee engagement and installed meters to measure and analyze energy data. The company has replaced T8 fluorescent lighting with higher-efficiency T5, or compact fluorescent lamps (CFLs); installed an automated frequency switching converter system; and replaced diesel with natural gas.

In 2009, the factory reduced coal consumption by 11,854 tons, equivalent to the elimination of 29,553 metric tons of CO<sub>2</sub> emissions. In 2010, the company invested another RMB 7.75 million (USD \$1.2 million) into 16 energy-saving projects.





## Sustainable Apparel Coalition

### *Improving sustainability and driving innovation throughout the apparel industry*

Individually, we can establish goals and implement change. But together, we can improve sustainability performance and drive innovation globally. This was the motivating factor behind creation of the Sustainable Apparel Coalition in 2010 by a group of sustainability leaders in the apparel and footwear industry.

As a founding member of the Sustainable Apparel Coalition, we came together with the common goal of developing a universal tool to measure environmental and social performance of apparel and footwear products.

By engaging key stakeholders, the coalition seeks to lead the industry toward a shared vision to spotlight priorities for action and opportunities for technological innovation. Through collaboration, we aim to accelerate improvement within the industry as a whole.

The coalition is developing an industry-wide measurement tool for sustainability performance that will be ready for pilot testing in April 2011. Recognizing that environmental practices must be addressed in tandem with social practices to accomplish meaningful change, the group is developing a draft of social and labor indicators for the manufacturing stage of the product life cycle. Like the environmental indicators, this set of social indicators will undergo robust stakeholder review and testing in 2011.

Along with the work on the index, the coalition hopes to collaborate on innovation projects in areas where there are shared needs and shared supply chains to achieve practical results without duplicating other ongoing initiatives.

## Brand collaboration

### *Resolving broad-based challenges*

Collaboration with other retailers and brands is a strategic priority for Ethical Sourcing to ensure that improvements in the supply chain become industry best practice. Our goals in promoting brand collaboration are to move retailers and brands toward audit convergence, improving efficiency in the supply chain and developing broad-based resolution to challenges.

We are a founding member of the Global Social Compliance Program (GSCP) and an active participant in the International Labour Organization (ILO)/International Finance Corporation (IFC) Better Work Program in Cambodia, Jordan, Lesotho, Vietnam and Indonesia. We participated in the Multi-Fiber Agreement (MFA) Forum, a multi-stakeholder initiative aimed at strengthening the responsible competitiveness of apparel-producing countries around the world. In 2010, the MFA Forum provided direction and funding to projects on the ground in Bangladesh, Lesotho, Mexico and Central America that focused on promoting fire safety, skills training and environmental stewardship, as well as worker rights and responsibilities. In addition, we are a member of the Sustainable Apparel Coalition, along with other apparel retailers, such as Gap, Levi Strauss and Co., J.C. Penney Co. and Nike, to develop common approaches on sustainability efforts.

An active member of brand forums in India, Bangladesh, Indonesia and China, we have participated in and spearheaded several initiatives that help develop local and regional responses to supply chain challenges. For example, in India we initiated engagement with the Tirupur Exporters' Association (TEA) along with Gap, H&M and other brands, which resulted in the formation of the Tirupur Stakeholders Forum. This multi-stakeholder group, comprised of brands, industry associations, NGOs and trade unions, is focused on improving working conditions in the apparel industry there.



In 2010, we participated in Environment Health and Safety (EHS) summits in China and India, organized in collaboration with Levi Strauss & Co., Nike, Columbia Sportswear and other brands. In Bangladesh, a supply chain seminar on promoting fire safety was held jointly with 13 other brands, including Target, J.C. Penney Co., Phillips-Van Heusen and Tesco. In China, we collaborated with the EHS Academy at Sun Yat-sen University to provide suppliers access to relevant, cost-effective training on health and safety.

### Positively impacting working conditions

We are working to become a more responsible company in the way we purchase products from our suppliers. One of the ways we are doing this is through our purchasing practices. The term “purchasing practices” is used to describe a retailer or brand owner’s sourcing and merchandising practices and the effect they can have on factory working conditions.

Our Home Merchandising and Sourcing teams are addressing purchasing practices by increasing internal discipline to meet critical path dates. Suppliers depend on us to provide information necessary to plan production and manufacture products. When the information is changed or provided to the supplier late, pressure is created within the supply chain. The Home team is piloting a product life cycle management (PLM) system that enables measurement of associate performance in meeting internal critical path dates.

### Global Social Compliance Programme

We joined leading global buying companies in the creation of the Global Social Compliance Programme (GSCP) in an effort to place social values at the heart of commercial decisions. The program provides a platform for building consensus on best practices for labor standards in supply chains and focuses on the resolution of the root causes of noncompliance.

Participating companies can openly discuss issues or challenges and work toward a uniform global approach. The GSCP fosters collaboration, works to reduce duplication of audit efforts and increases capacity building at factories. Members have the opportunity to leverage their collective scale and expertise in responsible sourcing to enhance the industry as a whole, boosting supplier and factory development to a new level.

In 2010, the Expert Working Groups of the GSCP made considerable progress toward completing work on the creation of operational reference tools that will enable brands and retailers to benchmark against commonly defined social and environmental requirements and practices. These tools will help increase the quality of audits, sending a clearer message to suppliers. Since 2009, the Environmental Module Expert Working Group has been analyzing existing environmental compliance systems and regulations to build a common understanding of good environmental practice. This module defines a best practice approach to auditing production sites’ environmental performance.

The Training Syllabus for auditors and the reference tool for Companies’ Management Systems are currently under development. All the GSCP reference tools will be integrated in the GSCP Equivalence Process. This is a benchmarking mechanism allowing users to assess their internal tools, systems and methodologies against the GSCP reference tools, and understand how they compare to industry-defined best practices, as well as their peers. Walmart completed a pilot benchmarking process in January 2011, which led to subsequent refinement and alignment of our own supplier standards. Pilot reference audits are conducted in India and Bangladesh to evaluate the potential for audit data sharing using GSCP reference tools. These are conducted to assist in the GSCP’s work on the development of protocols for data sharing for improved transfer of information between systems and optimized data mining.

The GSCP remains focused on finalizing the complete toolkit and shifting efforts to remediation and capacity building. This will allow member companies to place increased focus on promoting real change in attitudes for the shared benefit of companies and workers in the supply chain.

### ICTI – International Council of Toy Industries

The ICTI CARE Process was developed and implemented by the international toy industry to promote a safe and humane work environment for toy factory workers worldwide.

We require our suppliers who produce toys in China to sign up with the ICTI CARE Process.

The ICTI CARE Process allows buyers and suppliers to reduce their own auditing of labor standards and redirect their resources toward factory development and capacity building. The audits that are conducted by the ICTI CARE Process are replacing Walmart’s Ethical Sourcing audits for toy manufacturers in China. While we accept the audits conducted by the ICTI CARE process, the Walmart Ethical Sourcing team conducts validation audits. These validation audits ensure that the ICTI CARE process follows its own process and also meets Walmart’s Standards for Suppliers.

### ILO – International Labor Organization

Walmart is partnering with the International Labor Organization (ILO) and the International Finance Corporation (IFC) in support of the Better Work programs currently implemented in Cambodia, Vietnam and Jordan. ILO’s objective is to improve working conditions through monitoring of garment factories, conducting training modules and engaging with stakeholders (workers, factories, communities, government, etc.).

We are asking our suppliers who produce merchandise for Walmart in these countries to fully embrace and support the Better Work programs by asking their factories to sign up for participation in this program.

The Better Work programs allow buyers and suppliers to reduce their own auditing of labor standards and redirect their resources toward factory development and capacity building. The audits that are conducted by the Better Work programs are replacing Walmart’s Ethical Sourcing audits in these countries.

Walmart supports the program’s expansion to Lesotho, Haiti, Indonesia and Nicaragua.





### Focus on fire safety

Our commitment to providing a better life for our customers and communities around the world extends well beyond our store walls. For this reason, the frequent occurrence of fire safety incidents in factories in Bangladesh has become a top concern of ours.

We are moving more aggressively toward long-term measures to improve fire safety preparedness. We conducted an evaluation focused on fire safety at each factory in Bangladesh that produces our merchandise. In addition, we have required our suppliers to phase out factories operating in buildings that are structurally unsafe or at high risk for fire-related incidents. The highest-risk factories fall into the following categories:

- Residential buildings converted to factories
- Multi-story buildings located in market areas
- Factories in multi-story industrial buildings shared with other factories

Factory management has been advised to take comprehensive preventive measures to alleviate the risks associated with factories located in multi-story buildings. For example, we require these factories to conduct regular and combined fire drills with all the factories/enterprises in the building. Continued engagement is critical to ensure that reliable and proactive measures are in place to reduce the chance of fire.

In response to a letter voicing our concerns, the Social Compliance Forum (SCF) for the RMG (Ready-Made Garment) sector in Bangladesh developed specific recommendations, including mandatory factory inspections by the Fire Service and Civil Defense Directorate. Currently, we meet with a host of companies that source in Bangladesh to conduct a collaborative dialogue on fire safety in the local garment and textile industry with an emphasis on root cause analysis and proactive preventive action.

The overall health and safety of factory workers is of paramount importance to us, and our focus on improving working conditions in factories in Bangladesh is just one way we can make it possible for workers to live a better life.

## Piloting a web-based product information system

We have placed increasing value on transparency and are working with our suppliers to gain an understanding of our supply chain that will enable us to verify responsible production.

Today, companies are being encouraged by consumers and stakeholders alike to gain even greater visibility into the manufacture of their products – not only in production practices at the factory level, but also at the stage of raw material procurement. Verification of food quality and safety remains a primary objective of product traceability in general, but complete supply chain transparency is becoming an area of increasing focus.

ASDA recently piloted the use of a web-based product information platform. Two of the main objectives of the pilot were traceability back to the forest and certification status of organizations within its wood products supply chain. This project provided the team valuable insight into how the technology works and what steps would be required to roll out across key timber categories. The learnings gained will be valuable in gauging the viability of implementing a supply chain data management system, not only for ASDA, but also across our various markets.

Just like other companies, we experience challenges related to achieving supply chain transparency. For instance, lack of data verification is one of the major barriers we face collectively in achieving a clear picture into the supply chain of cotton, especially regarding country of origin. Harvesting practices in Uzbekistan have led to many companies taking measures to ensure that none of the cotton in their products originates from this country. However, the blending of cotton at the merchant/trader level makes this a nearly impossible task and, to date, no stakeholder group has been able to impact the sourcing decisions of these merchant/traders. Additionally, at least two major apparel export countries have included the direct sourcing of cotton from Uzbekistan into their defined strategy, impeding efforts even further. It is, therefore, imperative that we continue to work to identify areas where collaboration can assist in overcoming common obstacles.

In the coming year, we will continue to explore various stages of merchandise production and define ways in which we can work to build an even more socially and environmentally responsible supply chain.

## Supplier Development and Orange School Programs

2010 marked the second year of our Supplier Development Program (SDP) with participation from 105 suppliers with the ability to influence 657 factories on social and environmental practices. The program continues to be increasingly successful, and suppliers are eager to share how implementing the recommendations they receive have enhanced the effectiveness of their management systems, increased their productivity and also benefited them financially.

One factory in northern India shared how implementing the recommendations around environmental practices provided to them through the SDP enabled them to keep the cost of goods neutral when other factories were being forced to increase prices. By reducing energy, water and chemical inputs, the factory reported that they were able to reduce their cost of operations as well as increase productivity, in addition to various other social and environmental management systems.

The objective of our Orange School Program (OSP) is to assist our suppliers' strategic factories in improving their audit assessment rating from Orange to one of our higher (Yellow or Green) ratings. This is accomplished by instructing factories in how to implement effective management systems that address the root cause of the specific issues they have in maintaining acceptable social and environmental practices. Last year, 520 factories participated in OSP with over 86 percent of factories that completed the program achieving one of our two highest audit ratings.



# Building our communities

Our company was built on a commitment to empowering people and improving lives. Today, more than ever before, we make it our responsibility to invest in the future of the communities where our customers and associates live and work. One of our most effective vehicles to fulfill this responsibility is the Walmart Foundation. The Foundation believes in a philosophy of operating globally and giving back locally.

We strive to provide opportunities that improve the quality of life in our communities through financial contributions, in-kind donations and volunteerism within our core focus areas: Education, Workforce Development, Health and Wellness, and Environmental Sustainability.

In May 2010, we announced a \$2 billion commitment through 2015 to fight hunger in America. We aim to serve Americans, from schoolchildren to seniors, who are suffering from food insecurity.

In FY11 alone, Walmart and the Walmart Foundation provided more than \$799 million in cash and in-kind gifts, \$732 million of which was in the U.S.

### At a Glance: A sampling of the impact we made in FY11

Through financial contributions, in-kind donations and volunteering, we provided:

- 
 \$4 million to help nearly 1 million low-income taxpayers receive \$1.6 billion in refunds and save \$190 million in preparer fees through MyFreeTaxes.com, a collaboration between United Way Worldwide, One Economy and the National Disability Institute
- 
 \$6 million to help nearly 8,000 women gain access to meaningful employment and financial security in the U.S. through grants to the National Crittenton Foundation, Goodwill Industries International and Dress For Success
- 
 \$3 million to bring breakfast into classrooms in five school districts
- 
 90,000 bottles of water, 24,000 blankets, 27,000 tents and more than 20,000 units of medical supplies in response to the Haiti earthquake



## Focusing on education



We believe education is critical to the lives and well-being of all Americans. By supporting education, we ensure that the leaders of tomorrow have access to the quality educational opportunities they need to be successful today.

Breakfast is proven to increase learning and decrease obesity, which is why Walmart funded a \$3 million initiative to bring breakfast into classrooms in five school districts: Dallas, Texas; Memphis, Tenn.; Little Rock, Ark.; Prince George County, Md.; and Orlando, Fla.



These high-need school districts were chosen by the Food Research Action Center, National Association of Elementary School Principals Foundation, National Education Association Health Information Network and School Nutrition Foundation – collectively known as Partners in School Breakfast – to substantially improve participation in federal School Breakfast Programs.

In FY11, we gave more than \$50 million to fund education programs in communities across the country.



**Read more online**

[walmartstores.com/CommunityGiving](http://walmartstores.com/CommunityGiving)

 More than 1.3 million volunteer hours reported by Walmart associates through our Volunteerism Always Pays program, which translated to more than \$10.8 million in grant contributions

 \$9.3 million in scholarships to college students

 4 million meals and snacks to children last summer through the National Recreation and Park Association and the Boys & Girls Clubs of America

 34,500 teachers received a \$100 gift card to purchase classroom supplies and healthy snacks through our Teacher Rewards program

 Purchased 90 vehicles for hunger relief organizations across America to help increase capacity to provide food to those in need

## Helping people obtain meaningful employment and financial security



Our grants help people access jobs that offer pathways to long-term, family-sustaining employment. We complement these activities with grants that increase workers' access to the Earned Income Tax Credit (EITC), Supplemental Nutrition Assistance Program (SNAP) and Women, Infants and Children Program (WIC) benefits, which help families overcome immediate financial needs.

Our commitment of \$6 million to the National Crittenton Foundation, Goodwill Industries International and Dress For Success is helping nearly 8,000 women gain access to meaningful employment and financial security in the U.S. For example, a \$2 million grant to expand Dress For Success' Going Places Network was given by the Walmart Foundation to 60 sites nationwide and helps low-income, low-skilled women increase their employment opportunities.

Our grants help people access jobs that offer pathways to long-term, family-sustaining employment.



## Building a healthier America

Expanding access to health care, reducing health care disparities and promoting proper nutrition are some of our key funding interests within our health and wellness focus. Our grants include working with partners who provide healthy snacks for kids in summer programs, as well as support for doctors planning community health programs.

Knowing that summer poses a challenge for kids who eat free and reduced-price lunches during the school year, Walmart partnered with the National Recreation and Park Association and Boys & Girls Clubs of America. Through these partnerships, we supported summer feeding programs at nearly 450 locations across the U.S., to serve an estimated 4 million meals and snacks to children, as part of a \$5.5 million summer feeding initiative.

## Protecting the environment for future generations

Through our sustainability grants, we seek to reduce waste, promote energy efficiency and support production systems that protect people and the environment. Our retrofitting of social service infrastructure is making a significant impact in our communities.

As part of our commitment to sustainability and hunger relief, we awarded \$2 million to help 16 food banks in communities across the U.S. become more sustainable. Through this grant, these food banks are reducing their energy costs and allocating more resources to help families. Simple and relatively low-cost upgrades in lighting, refrigeration, and heating and air equipment will result in better performance, increased energy efficiency and lower operating costs. The increased energy efficiency will result in annual savings of \$625,000, which is enough to buy 390,000 pounds of food (according to Feeding America). It will also reduce energy use by 5.2 million kWh annually. This is enough to power 400 homes for a full year (according to the EPA).



We awarded \$2 million to help 16 food banks in communities across the U.S. become more sustainable.

## Fighting Hunger Together

“We pick up every Monday, Wednesday and Friday, averaging about 3,000 pounds a week. Without Walmart’s food donations through this program, we could not give the amount of food assistance needed to our clients, especially the meat donations. We have never been able to give meat before. Most weeks we have two or three meat items to give out. Our clients are very happy about this. We also get lots and lots of fresh produce and eggs. Our clients come once a month and get three choices of produce and two or three dozen eggs. The average income of our clients is \$700 per month to cover rent, utilities and all the essentials. Without this, they wouldn’t be able to manage.”

– Mary C., Seventh Day Adventist Food Pantry, Greeneville, Tenn. (Feeding America Affiliate)



One in every six Americans doesn’t know where their next meal is coming from, which is why Walmart is committed to using its scale and influence to help solve this challenge in America.

On May 12, 2010, we made a \$2 billion commitment to help fight hunger through 2015, and we are calling on our U.S. associates, customers and other corporations to join the fight.

Our Fighting Hunger Together initiatives focus on four key components that we will be working on over the next five years:

- Donating more than 1.1 billion pounds of food from Walmart stores, distribution centers and Sam’s Club locations, valued at \$1.75 billion.
- Awarding grants totaling \$250 million to support hunger relief organizations at the national, state and local levels.
- Mobilizing associates and customers to lend their expertise. For example, Walmart’s logistics team is helping food banks become more efficient in their operations.
- Collaborating with government, food manufacturers and other corporations that are fighting hunger to increase impact and reach a greater number of families in need.

In FY11:

- We donated more than 256 million pounds of food, which translates to more than 197 million meals.
- We awarded more than \$62 million to support hunger relief in communities across the country and purchased 77 vehicles for Feeding America food banks, which will deliver more than 21.5 million additional meals per year.
- More than 800 Walmart facilities have adopted a hunger relief organization in their communities to support through volunteer service.

We have made tremendous progress toward our goals, but we aren’t finished yet. We are working every day to find new ways to fight hunger in America.

### Did you know?

- Hunger rates in the U.S. are the highest since 1995, with nearly 15 percent of households lacking access to an adequate supply of nutritious food.
- More than 17 million children live in food insecure households.
- Ten states (and Washington, D.C.) have more than 20 percent of children living in food insecure households.
- More than 5 million seniors – 11.4 percent of all seniors – experience some form of food insecurity.
- More than half of food banks reported they are seeing more children as clients.

SOURCES: Feeding America, Meals on Wheels and the U.S. Department of Agriculture



“I never ate whole grains before. I had never cooked eggplant before. Now I’ve cooked it in three different recipes!”

– graduate of Share Our Strength’s Cooking Matters for Kids program

## \$1.5 million grant to Share Our Strength

Aside from helping its graduates develop an appetite for nutritious foods, Share Our Strength, a national nonprofit, is dedicated to ending childhood hunger in America. They connect children with the nutritious food they need to lead healthy, active lives. Walmart awarded a \$1.5 million grant to help increase the number of families served by Share Our Strength’s nutrition-based cooking classes. These classes teach families how to make healthy and affordable meals.

Our investment is helping Share Our Strength reach 11,000 more families annually and expand the program in three to five additional markets.

We also helped Share Our Strength launch Shopping Matters, the first nationwide program that will teach families budget-wise ways to select and purchase healthy foods.

Walmart is proud to partner with Share Our Strength to provide more families access to healthy, affordable food and to help them make smarter, healthier decisions.



“[Cooking Matters] has made me more conscious of what I am feeding my family. I want to teach my children healthy eating habits.”

– Share Our Strength program graduate

## Empowering women around the globe

Women have the power to help their families and communities escape poverty if equipped with the proper resources. As a global company, it is our responsibility to address needs around the world and improve lives by empowering women. Our charitable giving that supports education and skill development for sustainable livelihoods can have far-reaching and significant impact, not only in the communities in which we operate, but also in the communities and countries in which we have an interest.

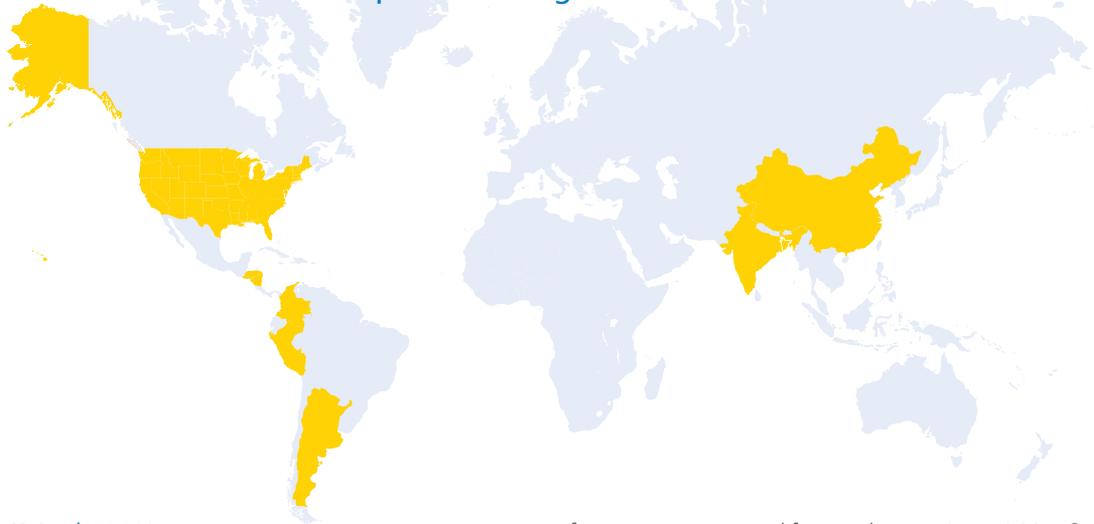
We are supporting women's initiatives not only in the U.S., but also around the world, including Brazil, Guatemala, El Salvador, Mexico, Bangladesh, India, Peru and China. The purpose of our support is to empower women with education, job training and entrepreneurial support programs, so they can escape from the cycle of poverty.

Last year, Walmart awarded \$66 million in cash and in-kind internationally. A portion of our global funding was directed to advancing women and creating opportunities for financial wealth. As a result, women can build a brighter future for themselves and their families. On the next page is a sample of some of the projects we've funded over the last year to support the advancement of women, but this is not a comprehensive list of all projects funded by Walmart.

**Last year, Walmart awarded \$66 million in cash and in-kind internationally. A portion of our global funding was directed to advancing women and creating opportunities for financial wealth.**



## A sample of women's empowerment grants awarded in FY11



### Argentina – Pro Mujer: \$300,000

Helping Pro Mujer, the largest microloan provider in Argentina, to increase the number of women it currently serves by 35 percent, primarily in the northern part of the country, which is one of the most economically depressed areas. By expanding access to financial services, and providing relevant training and health care services, Pro Mujer is improving the livelihoods of more than 15,000 low-income women.

### China – Business for Social Responsibility: \$350,000

Working with Business for Social Responsibility (BSR) to provide effective, relevant training on sustainable agriculture practices to underprivileged farmers and farm workers in China, particularly women. BSR is conducting an assessment of successes, challenges and opportunities present in existing training programs, which will be used to design a locally appropriate methodology for training, to then implement a train-the-trainer program to reach 180,000 people in four provinces of China.

### Colombia – Aid to Artisans: \$487,405

Helping 825 women artisans in 16 Wayuu communities to increase their annual incomes by \$500 in two years through business development training, product development, design innovation and market linkages to improve the sales of their handicrafts.

### El Salvador – Save the Children: \$407,845

Strengthening the efforts of Save the Children in increasing incomes of 3,000 women in the municipality of San Pedro Masahuat by improving poultry and local sweets value chains. These goals are being achieved by increasing business skills to generate commercialization plans and support registration of women's cooperatives, improving value chains by removing constraints in market access and increasing the negotiation capacity of women.

### Honduras – Cooperative Housing Foundation (CHF): \$499,979

Supporting CHF's efforts to increase the incomes of 200 women in four municipalities in the Valle Department, Honduras. This is being achieved by working with women entrepreneurs in rural areas to improve their business and legal skills by properly registering and developing their business and marketing plans, and by increasing their engagement in sustainable value chains by training women producers in food processing and improving the quality of their products, as well as providing regional market linkages for women microenterprises.

### India – Agribusiness Systems International (ASI): \$350,000

Improving women's overall social and economic status by partnering with the Sunhara program and building capacity and competitiveness of women's groups in local markets. This increases the household incomes that come

from women-managed farm and enterprise activities. Our funding goes toward the expansion of the Women of Substance component of the Sunhara project in Agra and Ghaziabad. Lead funding for the program comes from the Bill and Melinda Gates Foundation.

### India, Peru and Bangladesh – CARE International: \$2,000,000

Empowering impoverished women laboring in agricultural supply chains in India and Peru and in the apparel industry in Bangladesh through education, job training and entrepreneurial support programs. This is the second year of a \$3 million commitment to support CARE's efforts to maximize women's economic potential as producers, workers and consumers in higher-value local, regional and global markets.

### Latin America and the Caribbean – Vital Voices: \$350,000

Promoting mentoring, gender equity and best practice sharing to build the capacity of women entrepreneurs in the region with our support for the Latin America Business Women's Network.

### Nicaragua – TechnoServe: \$488,000

Supporting TechnoServe's work with 750 women in women's business groups (WBGs) who are currently working in value addition or commercialization of key products, and providing them with the skills, support and networks they need to reach their full potential as economic actors and leaders. The project is providing one-on-one consulting to women, which is supported by access to finance, markets and technical expertise that women can immediately use in the WBGs and which empowers them to launch future ventures.

### Peru – Heifer International: \$341,039

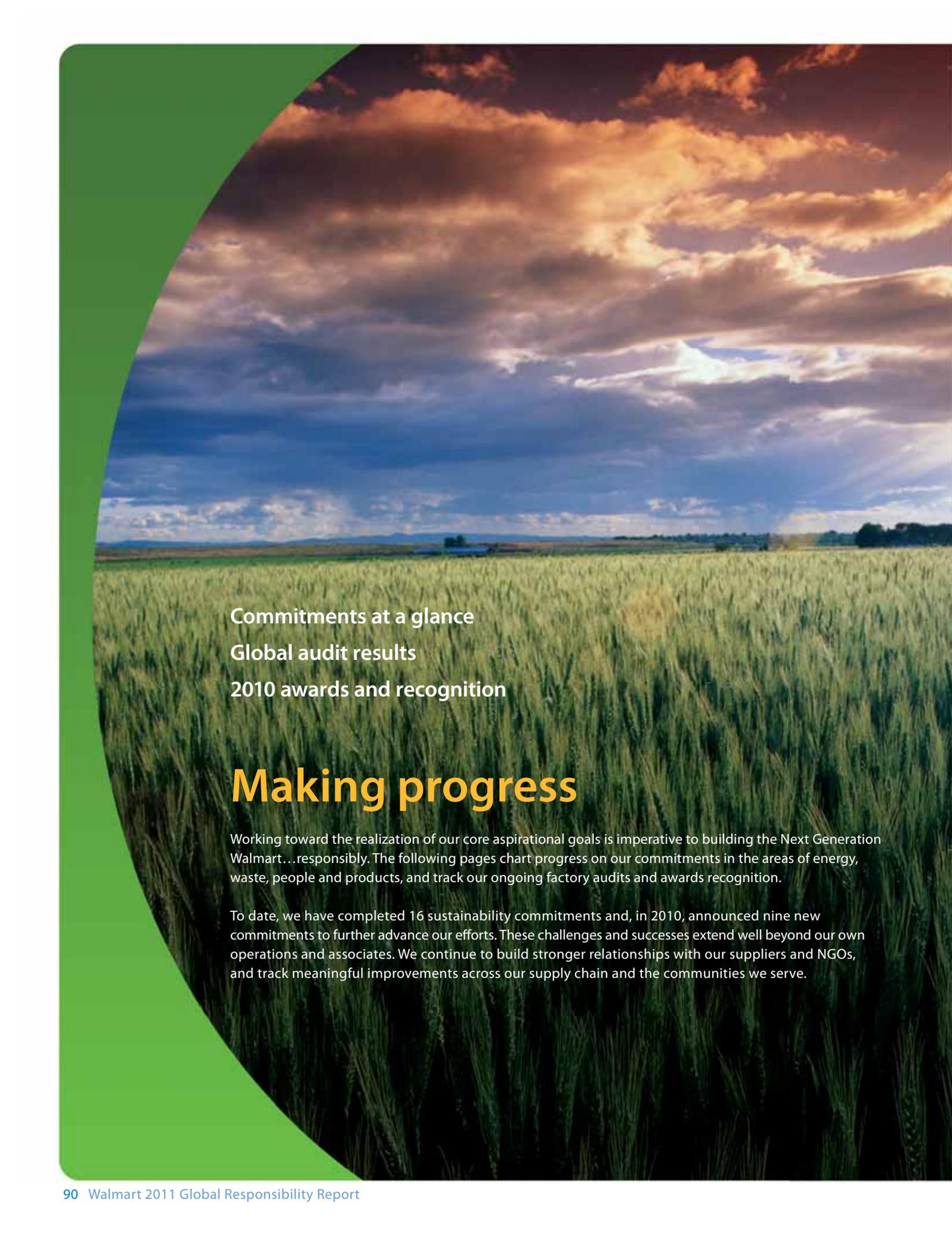
Increasing the income of food security of 700 Peruvian women and their families by providing training assistance in agricultural production, animal health management, soil management techniques and market access analysis, so that women involved in handicraft production will be better positioned to sell their final products.

### U.S. – Goodwill Industries International: \$2,500,000

Helping 1,250 low-income unemployed and underemployed single mothers in five cities (Atlanta, Ga.; Boston, Mass.; Detroit, Mich.; Long Beach, Calif.; and New York, N.Y.) learn soft skills and receive training needed to obtain meaningful employment and jumpstart their careers.

### U.S. – The National Crittenton Foundation: \$2,000,000

Empowering girls, young women and their families living at the margins of the American dream to break the intergenerational cycles of poverty through our support for the National Crittenton Foundation's Assets for Life program.



Commitments at a glance  
Global audit results  
2010 awards and recognition

## Making progress

Working toward the realization of our core aspirational goals is imperative to building the Next Generation Walmart...responsibly. The following pages chart progress on our commitments in the areas of energy, waste, people and products, and track our ongoing factory audits and awards recognition.

To date, we have completed 16 sustainability commitments and, in 2010, announced nine new commitments to further advance our efforts. These challenges and successes extend well beyond our own operations and associates. We continue to build stronger relationships with our suppliers and NGOs, and track meaningful improvements across our supply chain and the communities we serve.



## Since our last report

### Goals not met

#### U.S.

Achieve 10 percent traceability of all diamonds, gold and silver in jewelry sold in Walmart U.S. from mines, refineries and manufacturers meeting ethical sourcing standards and responsible mining criteria by 2010.

#### Not met

To date, we have been successful in tracing 15.2 percent of our gold, but tracking has proven to be much more of a challenge in the areas of diamonds and silver. Mining sources alone are too limiting. Walmart continues to look for stronger tracking methods of metals and minerals and is closely monitoring developing regulations in this area.

#### U.S.

Eliminate PVC from private brand packaging in the U.S. by 2007.

#### Not met

While we continue to look for alternatives to PVC, we have been unable to find suitable replacements for PVC in packaging such as tamper-evident bands for over-the-counter medications, metal can sealants and meat wrapping, among others. While we work to identify and implement other materials with equal performance characteristics, we will continue to use PVC in certain items to ensure safety and package performance for our customers.

#### U.S.

Every air conditioner sold in the U.S. will be ENERGY STAR®-rated by 2010 (2008 Baseline).

#### Not met

As of January 31, 2011, six of the eight models, or 75 percent, of window air conditioners offered in our assortment are ENERGY STAR®-rated. In 2008, we set a goal of ensuring every window air conditioning unit sold at our stores would be ENERGY STAR®-compliant by 2010. We were, however, unable to realize our goal with the manual or remote-control models of our 5,000 BTU air conditioner. The retail investment associated with bringing this particular unit into compliance would have greatly exceeded the energy savings a customer could realistically expect over the life of the product. We continue to work with our suppliers to develop a solution to this and other challenges to bring our customers everyday low prices on energy-efficient products.

# Goals



# completed

Progress update

## Energy Goals Progress Update

<p><b>China:</b> Walmart China will reduce energy use by up to 30 percent in existing stores and design and open a new store prototype that uses up to 40 percent less energy by 2010 (2005 Baseline).</p>	<p>Walmart China's newest store prototype has reduced energy consumption by 40.1 percent, compared to a 2005 baseline.</p>
<p><b>U.S.:</b> Achieve a 25 percent increase in fleet efficiency in the U.S. by October 2008 (2005 Baseline).</p>	<p>We surpassed this goal in 2008. We calculate our fleet efficiency by first dividing the number of miles we traveled by the average fuel efficiency we achieved in our trucks as measured in miles per gallon.</p> <p>This leaves us with the amount of fuel we used to travel those miles. We next 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. By calculating our efficiency in this way, we can tie in all of the aspects that play a role in our fleet efficiency. In 2010, we have realized a 65 percent improvement in 2010 over our 2005 baseline.</p>
<p><b>Global:</b> Design and open a viable store prototype that is 25 percent to 30 percent more efficient and will produce up to 30 percent fewer GHG emissions by 2009 globally (2005 Baseline).</p>	<p>In 2009, we incorrectly stated that this goal was only for our U.S. market when it was actually set for all of our international markets that were part of our global business in 2005. Despite this, our international markets all continued to work on the goal, and in 2009, we met our global goal to design and open a viable store prototype that is up to 25 percent to 30 percent more efficient and produces up to 30 percent fewer greenhouse gas emissions (2005 Baseline). All of our international markets created a new prototype based on their regional climate.</p>
<p><b>Canada:</b> Overall, new stores in Canada will be 30 percent more energy efficient (2005 Baseline).</p>	<p>In the fall of 2009, we met our goal in Canada to design and build new stores that are designed to be 30 percent more energy efficient, compared to stores built in 2005.</p>
<p><b>U.S.:</b> Retrofit low- and medium-temperature refrigerated display cases at more than 500 U.S. stores with energy-saving LED lighting by 2009 (2005 Baseline).</p>	<p>In FY 2008, 501 retrofits were completed; an additional 499 were completed in FY 2009.</p>
<p><b>Japan:</b> Reduce the amount of fuel required to carry one ton of goods one kilometer by 25 percent by 2012 in Japan (2006 Baseline).</p>	<p>Walmart Japan has already far outpaced its initial goal of improving fleet efficiency by 25 percent by 2012, using a 2006 baseline. We showed marked improvement in overall load efficiency through the introduction of mixed delivery across different merchandise categories and the optimization of store delivery schedules in 2010, enabling us to improve fleet efficiency by 33.5 percent to date.</p>

## Waste Goals Progress Update

<p><b>China:</b> Walmart China has committed to cut water use in all of its stores by half by 2010 (2005 Baseline).</p>	<p>Through the implementation of waste water reclaim systems, sensor faucets, pressure-reducing valves and passive-use strategies, Walmart China has reduced water usage by 54.2 percent since 2005.</p>
<p><b>U.S.:</b> All jewelry packaging in the U.S. will be made more sustainable, and we will convert all jewelry pallets and boxes to recycled materials by 2010.</p>	<p>In 2008, we decided to eliminate the majority of jewelry pallets, and to date we have eliminated 91 percent. The remaining 9 percent of our pallets are made from recycled materials. In 2009, we identified ways to make 100 percent of our jewelry boxes from recycled materials, and we are in the process of doing so. Additionally, the boxes can be recycled once customers take their jewelry products home.</p>

# Goals



# completed

Progress update

People and Products Goals	Progress Update
<p><b>China:</b> Walmart China will reduce the hazardous substances in products sold in its stores by ensuring that half of the electronics on its shelves will be Reduction of Hazardous Substances (RoHS) compliant, a standard used globally for reducing hazardous substances in the manufacturing of electronics, by 2010 (2008 Baseline).</p>	<p>Walmart China is measuring this goal by tracking the sales of select RoHS-compliant electronics on its shelves, and now 90 percent of the products sold are RoHS-compliant.</p>
<p><b>U.S.:</b> All PCs and large electronics at Walmart will be RoHS-compliant by December 2007 in the U.S.</p>	<p>We have met this goal, and all of our televisions, personal computers, MP3 players, video games and cameras are compliant with the RoHS directive.</p>
<p><b>Global:</b> Sell 100 million compact fluorescent light bulbs (CFLs) at Walmart and Sam's Club locations by the end of 2007 (2006 Baseline).</p>	<p>We met this commitment in 2007. We sold 137 million CFLs in the timeframe we set to sell 100 million CFLs. Since the announcement of the commitment, Walmart and Sam's Club in the U.S. have sold more than 466 million CFLs.</p>
<p><b>U.S.:</b> Sell only concentrated liquid detergent in all U.S. stores by May 2008.</p>	<p>Walmart met this commitment in 2008 by purchasing only concentrated liquid laundry detergents from suppliers at that point and moving forward.</p>
<p><b>U.S.:</b> By the end of 2009, Walmart U.S. will require that all direct import suppliers along with all suppliers of private label and nonbranded products provide the name and location of every factory they use to make the products Walmart sells globally.</p>	<p>We facilitated the disclosure of 100 percent of our direct supplier factories and 100 percent of all factories used to produce private label and nonbranded merchandise.</p>
<p><b>U.S.:</b> Work with the Global Aquaculture Alliance (GAA) and Aquaculture Certification Council, Inc. (ACC) to certify that all foreign shrimp suppliers adhere to Best Aquaculture Practices (BAP) standards in the U.S. by 2011.</p>	<p>100 percent of the farmed shrimp products we purchase for Walmart U.S. and Sam's Club U.S. meet factory processing criteria established by the ACC.</p>
<p><b>U.S. and Japan:</b> All flat-panel televisions in the U.S. and Japan will be 30 percent more energy efficient by 2010 (2008 Baseline).</p>	<p>By working with our suppliers, we have been able to increase the average energy efficiency of flat-panel televisions throughout our assortment in the U.S. by 30.3 percent. We continue to work with our suppliers in Japan to gather data on efficiency improvements.</p>
<p><b>U.S.:</b> Work with suppliers to make the most energy-intensive products in our stores, anywhere in the world, 25 percent more energy efficient by January 2011 (2008 Baseline).</p>	<p>In 2008, we identified personal computers, video game consoles, air conditioners and televisions as the product categories for tracking progress. As of January 2011, 963 out of 1,847 products, or 52 percent, had at least a 25 percent reduction in energy consumption compared to the baseline.</p>

# Goal 1

Be supplied

**100%**  
by renewable energy



Energy Goals	Progress Update
<p><b>U.S.:</b> Double fleet efficiency in the U.S. by October 2015 (2005 Baseline).</p>	<p><b>65% improvement in 2010</b></p> <p>We have realized a 65 percent improvement in 2010 over our 2005 baseline. Over the past two years, we replaced nearly two-thirds of our fleet with more efficient tractors. In 2010, we delivered 57 million more cases, while driving 49 million fewer miles. This equates to avoiding almost 40,000 metric tons of CO<sub>2</sub> emissions, which is the equivalent of taking 7,600 cars off the road. We calculate our fleet efficiency by first dividing the number of miles we travelled 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.</p>
<p><b>Global:</b> Reduce greenhouse gases at our existing store, club and distribution center base around the world by 20 percent by 2012 (2005 Baseline).</p>	<p><b>10.61% reduction</b></p> <p>In this fleet of buildings, we saw an absolute reduction in our greenhouse gas emissions of 10.61 percent by the end of 2009 (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. Steps like these will ensure a cleaner, healthier environment for everyone.</p>
<p><b>China:</b> We will partner with suppliers to improve energy efficiency by 20 percent per unit of production in the top 200 factories in China from which we directly source by 2012 (2007 Baseline).</p>	<p><b>20% improvement</b></p> <p>To date, 119 factories have demonstrated greater than 20 percent improvement in efficiency.</p>



# Goal 2

Create **zero** waste

Waste Goals	Progress Update
<p><b>U.S.:</b> Reduce solid waste from U.S. stores and clubs by 25 percent by October 2008 (2005 Baseline).</p>	<p><b>Not measurable</b></p> <p>When our waste-reduction goals were set in 2005, we quickly realized that our previous waste-management tracking system was insufficient to accurately measure and manage our waste stream. Since setting the goal, we have worked side-by-side with our waste vendors to develop a more sophisticated waste-hauling system that allows us to measure and manage our waste stream. We do not, however, know the actual percentage of the amount of waste we redirected or reduced in 2005, 2006 or 2007. In FY10, we tracked a waste-redirection rate of 64 percent.</p>
<p><b>U.S.:</b> Eliminate landfill waste from U.S. stores and Sam's Club locations by 2025.</p>	<p><b>81 percent waste redirected in California</b></p> <p>Our first effort to create a trash generation vs. recycle rate was in February 2009. At that time, we tracked approximately 30 waste streams for an estimated redirection rate of 64 percent. Today, we track nearly 138 waste streams. Through a new tracking program piloted in California in 2010, we will soon be able to track and report waste-reduction numbers on a state-by-state basis.</p> <p>According to this new tracking program, piloted from January through October 2010, reports indicate we are averaging a redirection rate of 81 percent across the state of California. We have since rolled this program out to each state and anticipate having a U.S.-wide redirection rate with similar results.</p>
<p><b>Global:</b> Reduce our global plastic shopping bag waste by an average of 33 percent per store by 2013 (January 1, 2007–December 31, 2007 Baseline).</p>	<p><b>21% reduction</b></p> <p>In 2010, we reduced the plastic bag waste across our global operations by 47.95 million pounds, or approximately 3.5 billion bags. This represents a 21 percent reduction from our 2007 baseline.</p> <p>When we reported progress on this goal last year, we did not have all store location data and reported an absolute reduction number of 16.1 percent. Progress was reported based upon the most accurate information available at that time. For 2010, we had all store location data available. This goal is measured based on the average net weight of plastic bag waste per store location.</p>
<p><b>Mexico:</b> Walmart de México to reduce water use by 20 percent by 2013 (2008 Baseline).</p>	<p><b>Reduced water use by 17%</b></p> <p>Walmart de México has reduced water use by 17 percent (calculated by dividing cubic meters of water used by square meters of building constructed).</p>
<p><b>Global:</b> 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 (January 1, 2009–December 31, 2009 Baseline).</p>	<p><b>In progress</b></p> <p>Announced on October 14, 2010, the global metric for this goal is the average of each market's percent reduction weighted by the 2015 savings in each market. Savings is the difference between the sales value of forecasted throwaways and actual throwaways in calendar year 2015; Market metric: Percentage difference in January 1–December 31, 2009 annual throw-away (TA) rate and the January 1–December 31, 2015 rate.</p>



## Goal 3

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

### People and Products

### Progress Update

**U.S.:** 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.

### 73% certified

As of January 28, 2011, in aggregate, 73 percent of the total pounds of wild fish and farmed seafood sold at Walmart U.S. and Sam's Club was certified (measured by the percentage of total volume of wild-caught fish that is MSC-certified, and farm-raised fish that is ACC-certified). In addition to the overall increase in the percentage of fisheries that have been certified, the percentage of wild fish that is in progress to become fully certified with MSC standards in the next 12 to 24 months has increased more than 23 percentage points to 82.03 percent.

After substantial progress toward certification and ongoing conversation and development with various stakeholders, Walmart and Sam's Club have decided to expand our overall commitment to providing availability of sustainable seafood.

In our ongoing effort to promote worldwide seafood sustainability, Walmart U.S. and Sam's Club U.S. require all fresh and frozen, farmed and wild seafood products we sell to become third-party certified as sustainable using Marine Stewardship Council (MSC), Best Aquaculture Practices (BAP) or equivalent standards.

**Global:** We will work with suppliers to drive customer returns on defective merchandise virtually out of existence (less than 1 percent) by 2012.

### 1.76% returned

Throughout 2010, we reduced our customer returns on defective merchandise to 1.76 percent. This effort included Factory Capacity and Capability Audits (FCCA) for expanded groups of supplier factories. We increased our focus on categories and suppliers that have been identified as having high return rates and took an earlier involvement in technical development, ensuring the right production methods for the right products.

**Global:** We will require that all direct import suppliers source 95 percent of their production from factories that receive one of our two highest ratings in audits for environmental and social practices by 2012.

### 94% achieved

More than 94 percent of direct import factories have received one of our two highest audit ratings.

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

**Goal 3** *(continued)*



People and Products	Progress Update
<p><b>Global:</b> Reduce phosphates in laundry and dish detergents in the Americas region by 70 percent by 2011 (2009 Baseline).</p>	<p><b>14.5% reduction</b></p> <p>We committed to reducing the amount of phosphates contained in laundry and dish detergents that we carry in our stores in the Americas region – Canada, Mexico, Central America, Brazil and Argentina – by 70 percent by 2011. While some countries have regulations in place to limit the amount of phosphates suppliers can use in their products, others do not. This presents us both with the challenge and opportunity to work with our suppliers in countries where regulations are not present and help them through the process of phasing out phosphates in their products. So far, the Americas region has reported that it has reduced the amount of phosphates in laundry and dish detergents sold by 14.5 percent. We continue to work with our suppliers to make progress toward the goal.</p>
<p><b>Global:</b> Walmart commits to developing a worldwide sustainable product index globally.</p>	<p><b>70 organizations</b></p> <p>Walmart continues to work with more than 70 organizations, including NGOs, government agencies, academic institutions, suppliers, retailers and food service companies to conduct research and develop data, tools and protocols for a product sustainability measurement and reporting system (SMRS). Our objective is to create a more transparent supply chain, accelerate the adoption of best practices and drive product innovation. We are working hard to understand and improve the sustainability of our broad assortment of products so we can help our customers save money and live better.</p>
<p><b>U.S.:</b> Walmart to 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.</p>	<p><b>25 categories in 2011</b></p> <p>The Sustainability Consortium has active projects for eight product categories across three sector working groups, including Food, Beverage and Agriculture; Home and Personal Care; and Consumer Electronics. Additional sectors, including Toys, Paper and Apparel, are being launched and will expand SMRS activity to 25 categories in 2011. In addition, the Retail Working Group of the Consortium is understanding how to most effectively use the Consortium's work to communicate consistently with our supply chains and customers to spread best practices and drive innovation.</p>
<p><b>Global:</b> Eliminate 20 million metric tons of greenhouse gas (GHG) emissions from Walmart's global supply chain by the end of 2015.</p>	<p><b>More than 20 product categories</b></p> <p>Announced on February 25, 2010, Walmart merchants and energy experts are now working with suppliers in more than 20 product categories to identify GHG reduction opportunities, launch new projects and implement changes. In addition to benefiting the environment, these changes will help our customers save money on energy bills, reduce supplier costs, lower costs of goods and meet our business goals.</p> <p>We have seen promising early results on a number of these projects.</p>



Sell products that  
**sustain people**  
 and the  
**environment**  
**Goal 3** *(continued)*

People and Products	Progress Update
<p><b>Global:</b> 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 designed to engage a global workforce in activities that sustain an employee's well-being and community by September 1, 2011.</p>	<p><b>Making progress on a toolkit</b>                      Announced at the Clinton Global Initiative Annual Meeting in 2010, we are making progress toward creating a toolkit available through a free license to organizations.</p>
<p><b>China:</b> Expand the success of Walmart China's Direct Farm program by engaging as many as 1 million farmers by 2011.</p>	<p><b>Over 757,000 farmers</b>                      Walmart China has successfully engaged more than 470,000 farmers into our Direct Farm program in 2010, bringing the total to just over 757,000 since we announced this goal.</p>
<p><b>Global:</b> Walmart will sell \$1 billion in food sourced from 1 million small- and medium-sized farmers in emerging markets by the end of 2015.</p>	<p><b>In progress</b>                      Announced on October 14, 2010, we will work to measure progress based on sales dollars of produce sourced from small- and medium-sized farmers. The definition of small- and medium-sized farmers is defined by each market.</p>
<p><b>Global:</b> 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.</p>	<p><b>In progress</b>                      Announced on October 14, 2010, we will measure progress based on each market: Average income increase upon each farmer's entry into the program. Income increase is the difference between the price paid to the farmer prior to entering the Walmart program and the price paid to the farmer after entering the program based on comparable goods.                      Note: Volatility of produce prices will impact this metric.</p>

Sell products that  
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**environment**

**Goal 3** *(continued)*



People and Products	Progress Update
<p><b>Global:</b> 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.</p>	<p><b>In progress</b>                      Announced on October 14, 2010, we will measure progress based on the cumulative number of farmers and farm workers trained, including gender of workers trained.</p>
<p><b>U.S.:</b> 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 (January 1, 2009 to December 31, 2009 Baseline).</p>	<p><b>In progress</b>                      Announced on October 14, 2010, we will 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.</p>
<p><b>Global:</b> 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.</p>	<p><b>In progress</b>                      Announced on October 14, 2010, we are working to develop this assessment and will pilot crops in some of our Global Sourcing hubs located in the U.S. Northwest, U.S. West, U.S. Southeast, Mexico, Central America and South America locations.</p>
<p><b>Global:</b> 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.</p>	<p><b>In progress</b>                      Announced on October 14, 2010, this goal's timeframe for tracking runs January 1, 2010 through December 31, 2015. Progress will be measured based upon the sum of all capital investment in global perishable supply chain (international and U.S.).</p>
<p><b>Global:</b> Walmart will require sustainably sourced palm oil in all of our private brand products globally by the end of 2015.</p>	<p><b>In progress</b>                      Announced on October 14, 2010, this goal's timeframe for tracking runs January 1, 2010 through December 31, 2015. We will measure the percentage of private brand suppliers using sustainable palm oil based on the Roundtable on Sustainable Palm Oil standards or equivalent for products sold to Walmart.</p>
<p><b>Global:</b> 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.</p>	<p><b>In progress</b>                      Announced on October 14, 2010, this goal's timeframe for tracking runs January 1, 2010 through December 31, 2015. We will measure progress based on the percentage of Walmart suppliers only using beef sourced from Brazil that does not contribute to the deforestation of the Amazon rainforest.</p>



Sell products that  
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**Goal 3** *(continued)*

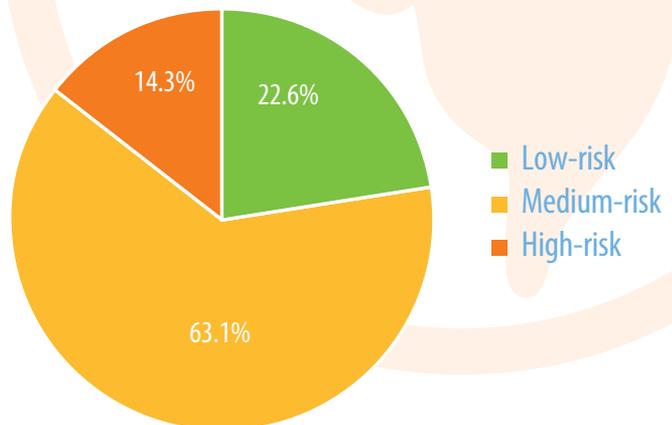
People and Products	Progress Update
<p><b>U.S.: Double the sale of products in the U.S. that help make homes more energy efficient by 2011 (2008 Baseline).</b></p>	<p>Sales increased <b>28.11%</b>                      Products falling under this goal include caulk, weather stripping, air filters, programmable thermostats, expanding foam and power strips. Since 2008, sales of these products in the U.S. increased by 28.11 percent. This represents a 4.47 percent increase from the previous fiscal year. One primary challenge that has been identified as we work to achieve this goal is that a number of these items, such as programmable thermostats, once purchased, do not need to be repurchased. Sales from the more consumable categories such as weather stripping and air filters, however, do continue to show strong growth. We continue to monitor progress toward this goal.</p>
<p><b>Global: Reduce packaging by 5 percent globally by 2013 (2008 Baseline).</b></p>	<p><b>627,000</b> items entered on the scorecard                      Part of the challenge in achieving this goal is determining the most meaningful way to measure our progress. Using a conventional metric like the total weight or volume of packaging fails to account for changes in the total number of our stores or the impact of our growth in sales.                      Progress toward this goal will be measured based on GHG/CMUM (consumers' meaningful unit of measure), which is already widely used within the packaging industry, and many of our suppliers of consumer products are already familiar with it. As a result of these efforts, more than 627,000 items for sale in our stores and clubs have been entered in the scorecard, an increase of 90 percent compared to last year.</p>
<p><b>Global: Be packaging neutral globally by 2025.</b></p>	<p><b>627,000</b> items entered on the scorecard                      Part of the challenge in achieving this goal is determining the most meaningful way to measure our progress. Using a conventional metric like the total weight or volume of packaging fails to account for changes in the total number of our stores and neglects the impact of our growth in sales. Progress toward this goal will be measured based on GHG/CMUM (consumers' meaningful unit of measure), which is already widely used within the packaging industry, and many of our suppliers of consumer products are already familiar with it. As a result of these efforts, more than 627,000 items for sale in our stores and clubs have been entered in the scorecard, an increase of 90 percent compared to last year.</p>

# Global audit results

## Active factory status by region

	ES Rating	% Total
<b>REGION A</b> Indonesia, Malaysia, Cambodia and Vietnam	Green Yellow Orange	13.9% 70.8% 15.3%
<b>REGION B</b> India and Sri Lanka	Green Yellow Orange	30.0% 47.1% 22.9%
<b>REGION C</b> Europe and Turkey	Green Yellow Orange	32.6% 48.7% 18.7%
<b>REGION D</b> Far East	Green Yellow Orange	7.1% 77.2% 15.7%
<b>REGION E</b> The Americas	Green Yellow Orange	63.4% 31.7% 5.0%
<b>REGION F</b> Bangladesh, Middle East and Pakistan	Green Yellow Orange	21.2% 62.0% 16.8%
<b>TOTAL</b>	Green Yellow Orange	22.6% 63.1% 14.3%

## Active factory status summary



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	High-risk	Re-audited after 180 days
Red disapproved	Egregious	Barred from business with Walmart for one year
Red failed	Egregious	Permanently barred from further business with Walmart
Audit incomplete	Low-/medium-/high-risk	Re-audited as soon as possible
Industry audit	Low-/medium-/high-risk	Permanently barred from further business with Walmart

## Global audit results by region (percentage of all factory audits conducted)

	2009		2010	
	Rating	% Total	Rating	% Total
<b>REGION A</b> Indonesia, Malaysia, Cambodia and Vietnam	Green	5.1%	Green	4.7%
	Yellow	48.4%	Yellow	37.7%
	Orange	43.5%	Orange	30.5%
	Orange-age	0.2%	Red disapproved	1.1%
	Red	0.7%	Red failed	0.5%
	Disapproved	2.1%	Audit incomplete	0.0%
			Industry audit	25.5%
<b>REGION B</b> India and Sri Lanka	Green	20.8%	Green	12.4%
	Yellow	49.0%	Yellow	46.6%
	Orange	27.3%	Orange	39.2%
	Orange-age	0.0%	Red disapproved	0.6%
	Red	1.8%	Red failed	1.2%
	Disapproved	1.2%	Audit incomplete	0.0%
			Industry audit	0.0%
<b>REGION C</b> Europe and Turkey	Green	30.4%	Green	18.4%
	Yellow	52.9%	Yellow	53.7%
	Orange	16.2%	Orange	26.9%
	Orange-age	0.0%	Red disapproved	0.0%
	Red	0.5%	Red failed	0.0%
	Disapproved	0.0%	Audit incomplete	1.0%
			Industry audit	0.0%
<b>REGION D</b> Far East	Green	3.3%	Green	1.7%
	Yellow	57.2%	Yellow	45.9%
	Orange	35.9%	Orange	30.3%
	Orange-age	0.5%	Red disapproved	1.8%
	Red	1.1%	Red failed	1.6%
	Disapproved	2.1%	Audit incomplete	0.4%
			Industry audit	18.3%
<b>REGION E</b> The Americas	Green	41.7%	Green	54.8%
	Yellow	36.6%	Yellow	35.4%
	Orange	20.6%	Orange	8.1%
	Orange-age	0.0%	Red disapproved	0.2%
	Red	0.8%	Red failed	0.8%
	Disapproved	0.3%	Audit incomplete	0.6%
			Industry audit	0.0%
<b>REGION F</b> Bangladesh, Middle East and Pakistan	Green	9.3%	Green	6.3%
	Yellow	54.5%	Yellow	55.5%
	Orange	33.9%	Orange	33.4%
	Orange - age	0.0%	Red disapproved	2.5%
	Red	1.1%	Red failed	2.0%
	Disapproved	1.2%	Audit incomplete	0.3%
			Industry audit	0.0%
<b>TOTAL</b>	Green	9.2%	Green	9.3%
	Yellow	54.0%	Yellow	45.3%
	Orange	33.8%	Orange	28.4%
	Orange-age	0.3%	Red disapproved	1.6%
	Red	1.0%	Red failed	1.4%
	Disapproved	1.7%	Audit incomplete	0.4%
			Industry audit	13.6%



## 2010 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.

### United States

- One of five finalists for the "Corporate Stewardship" award presented by U.S. Chamber of Commerce's Business Civic Leadership Center (BCLC)
- Champion of Energy Efficiency – American Council for an Energy-Efficient Economy (ACEEE)
- 2010 Corporation of the Year – United States Hispanic Chamber of Commerce
- 40 Best Companies for Diversity – *Black Enterprise* magazine
- Most Valuable Employers (MVE) for Military – *CivilianJobs.com*
- Gold Medal for International Corporate Achievement in Sustainable Development – World Environment Center
- 20 Best Companies for Multicultural Women – Working Mother Media
- Ranked #1 for Retail and #9 Overall "Most Innovative Companies 2010" – *Fast Company*
- Donor of the Year – Feeding America
- No. 1 Corporation in America for Providing Multicultural Business Opportunities – *DiversityBusiness.com*
- Top Companies for Executive Women – National Association for Female Executives (NAFE)
- Top 50 Companies for Latinas – *Latina Style Magazine*
- Top 50 Out Front Companies for Diverse Managers to Work – *Diversity MBA* magazine
- Best for Vets: Employers 2010 – Military Times EDGE
- Top 20 Companies for Leadership – *BusinessWeek*

### Argentina

- Manpower Argentina Partner in Inclusion Activities Award – Manpower Argentina, for our diversity programs and hiring practices

### Brazil

- C.K. Prahalad Award for Global Sustainability Leadership – Corporate Eco Forum (CEF)
- Elected as one of the 20 model companies in sustainability for third consecutive year – Sustainability Guide *Exame Magazine*
- Prêmio Ciclo de Melhor Case de 2010 – focused on Logistics, the prize has recognized the case of Sustainability of Walmart Brazil as the best one in 2010

- Prêmio de Responsabilidade Social e Sustentabilidade no Varejo – Fundação Getúlio Vargas
- 4º Prêmio Brasil de Meio Ambiente – *Jornal do Brasil*, for Walmart's Sustainability Program in Brazil
- Prêmio Aberje – Brazilian Association for Business Communication, for Building the Supply Chain of the Future
- Daniela de Fiori, vice president of Walmart Brazil nominated for Prêmio Claudia – *Claudia* magazine

### Canada

- Retail Corporate Social Responsibility (CSR) Award for Environment – Retail Council of Canada, for its environmental demonstration store in Burlington, Ontario
- Large Chain In-Store Retail Merchandising Award – Retail Council of Canada, for its Project Patio program, an innovative and multi-channel merchandising and marketing initiative to help customers create outdoor living solutions at unbeatable prices
- Excellence in Retailing: In-Store Retail Merchandising – Retail Council of Canada – Canadian Retailer
- Excellence in Retailing: Retail Corporate Social Responsibility Award – Retail Council of Canada
- Employer of the Year – Windsor Women
- Mobious Environmental Award, for outstanding environmental achievements and being a role model in the province of Nova Scotia
- Hermes Creative Award, for the communications strategy and execution of the Walmart Green Business Summit
- Passport to Prosperity Employer Champion Award – Provincial Partnership Council
- Canada's Ideal Employer – Universum
- Named to Mississauga's Top 100 Employers list – *Mississauga Business Times*
- Lieutenant Governor's Persons with Disabilities Employer Partnership Award
- 10 Most Admired Corporate Cultures, platinum winner – Waterstone Human Capital Inc.

### Central America

- Most Admired Multinational Company in Central America – Estrategia & Negocios



## 2010 awards and recognition *(continued)*

### Chile

- Recognized as a top company in responding to issues related to climate change – *Capital* magazine and Fundación Chile

### China

- Hurun Corporate Social Responsibility Top 50 – 2010 Hurun Report
- Most Admired Company by Retail Employees of 2010 – China Chain Store & Franchise Association (CCFA)
- Best Employer – China International HR Association and Peking University Business Review
- Chinese Women Charity Award – China Women’s Development Foundation, for the establishment of the Walmart’s Women’s Development Fund to support the project-themed Revolving Fund on Poverty Alleviation for Mothers
- Best Social Media Communication – People.com, for the Little Environment Guardian Contest
- China Women’s Charity Award – All-China Women’s Federation and China Women’s Development Foundation
- Low Carbon Innovation Company – *China Youth Daily* and *The Economy Journal*
- Best Retail Place to Work – China Franchise & Chain Store Association
- Retail Innovation Award of 2010 – China Franchise & Chain Store Association
- China Green Gold Award – Sohu.com and A.T. Kearney
- Recognized as one of the 50 Most Innovative Companies 2010 – *Manager* magazine
- Green Lighting Corporate Award – Low-carbon Pioneer Award Ceremony
- Leading Brand of Low-carbon – People.com.cn.
- Top Ten Global Leaders in Green Economy – International Green Economy Association, at the Global Green Prosperity Forum
- Special Contribution Award – World Wildlife Foundation China, for participation and promotion in Earth Hour 2010

### India

- Company of the Year for CSR Initiatives – Bharti Foundation
- Innovative use of Product and Packaging for CSR – Bharti Foundation

### Mexico

- World Business and Development Award to Walmart de México Foundation for its Indigenous Product Commercialization Program
- British *World Finance* magazine for Best Corporate Governance in Mexico
- Socially Responsible Company granted by the Mexican Center for Philanthropy (Cemefi) and the Alliance for Social Responsibility in Mexico (AliaRSE)
- *Mundo Ejecutivo* magazine for being among the top-50 companies with the best corporate social responsibility
- The National Women’s Institute recertified our Gender Equity Model (MEG:2003)
- *InformationWeek México* recognized us as one of the top 50 innovative companies
- The Philanthropic Outreach in Child Nutrition – DIANUI, for our Program Food and Play for Healthy Living, which promotes healthy food and exercise in public schools
- Social Golden EFFIE Award – Mexican Association of Advertising and Publicity Agencies, for its World Food Day campaign
- Caracol de Plata awards finalist for best message on World Food Day and social benefit advertising in Ibero-America
- State Award for Altruism 2010 – State of Mexico through SEDESOL (the Secretary of Social Development) and the Private Welfare Board, for its contribution to and help for indigenous communities and vulnerable groups with limited economic resources
- *Poder y Negocios* magazine for being one of the top 10 sustainable companies
- Cuicatl award – AMCO (Mexican Association of Organizational Communication), for its sustainability strategy in 2010

### U.K.

- Gold Award – Royal Society for the Prevention of Accidents, for occupational health and safety within our stores
- ECR UK Award for Sustainable Distribution – IGD Food Industry, for our extensive use of double-deck trailers
- “Highly Commended” Sustainable Pack of the Year – U.K. Packaging Awards, for cartonless toothpaste packaging
- Innovation of the Year – U.K. Packaging Awards, for refillable fabric conditioner packaging

### Inclusive validation

We earned 85 out of a possible 100 points in the Hispanic Association of Corporate Responsibility’s (HACR) 2010 Corporate Inclusion Index, validating the work behind our commitment to build an inclusive Walmart. We were among the highest-rated companies examined in the Index.

HACR, a coalition consisting of 16 of the most influential and respected grassroots organizations in the United States and Puerto Rico, rates corporations annually against its four pillars of employment, procurement, philanthropy and governance.



## Recognition of stakeholders

Throughout all parts of our company we work with NGOs, identify areas for improvement in our business, establish new goals and verify the data we compile on each of our initiatives to ensure that we are making good progress. They work with us because they are as eager as we are to see positive change in our business practices and supply chain. We thank them for their efforts and willingness to work with our company.

## Stay informed anytime, anywhere.

We invite you to visit [walmartstores.com](http://walmartstores.com) to learn more about how we are building a more responsible Next Generation Walmart.





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