

Our Goals: Creating Value for Business and Society

At the heart of our business is the belief that we can save our customers money so they can live better. Consistent with this vision, Walmart is committed to working with its suppliers, associates, customers and communities to achieve three aspirational goals: To produce **Zero Waste**, to be supplied with **100% Renewable Energy**, and to sell **Sustainable Products**. We recognize these are challenging aspirations, yet they are also a tremendous business opportunity. Behind each goal are untold opportunities to reduce waste and cost, improve product quality, drive innovation and tap growing consumer interest in sustainable products.

The Sustainability Index

Working with a diverse group of stakeholders, we hope to develop credible, transparent measurements that will help us reward suppliers and innovative, affordable products that are more sustainable for people and the planet. We have found that these measures also help our suppliers identify both cost savings and opportunities for new revenue.

Our Journey Begins: The Initial Questions

We begin with a set of 16 basic questions that give our suppliers the opportunity to highlight important steps they are taking toward sustainability. We developed the questions with input from suppliers, academia, non-profit organizations, government, and the retail community. The questions come from our discovery that taking steps to **measure** sustainability impacts, and **setting targets to reduce** those impacts lead to reduced waste and costs, as well as innovation and new revenue streams. To that end, measurement and transparency into the supply chain is the focus of these initial questions.

Where we are Headed

We also acknowledge that these first questions are not complete. Over the course of the next several months, our hope and expectation is to partner with our suppliers, customers, associates and other stakeholders, as we seek to highlight additional activities and product attributes that create value for business, the planet, and society.

We welcome your input to Rand Waddoups, Walmart's Senior Director of Sustainability, rand.waddoups@wal-mart.com.

Sustainability Index Version 1.0 Supplier Questions

Energy and Climate <i>Reduce energy costs and greenhouse gas emissions</i>	<ol style="list-style-type: none">1. Have you measured your corporate greenhouse gas emissions? (Y/N)2. Have you opted to report your greenhouse gas emissions to the Carbon Disclosure Project (CDP)? (Y/N)3. What are your total greenhouse gas emissions reported in your most recently completed report? (Enter total metric tons CO₂e, e.g. CDP6 Questionnaire, Section 2b)4. Have you set publicly available greenhouse gas reduction targets? If yes, what are those targets? (Enter % or # and target date; 2 fields or leave blank)
Material Efficiency <i>Reduce waste and enhance quality</i>	<p>Scores will be automatically calculated based on your participation in the Packaging Scorecard, as well as number of products returned, damaged and/or recalled.</p> <ol style="list-style-type: none">5. If measured, please report total amount of solid waste generated from the facilities that produce your product(s) for Wal-Mart Inc for the most recent year measured. (Enter total lbs or kilograms)6. Have you set publicly available solid waste reduction targets? If yes, what are those targets? (Enter % or # and target date; 2 fields or leave blank)7. If measured, please report total water use from the facilities that produce your product(s) for Wal-Mart Inc for the most recent year measured. (Enter total gallons or liters)8. Have you set publically available water use reduction targets? If yes, what are those targets? (Enter % or # and target date; 2 fields or leave blank)
Natural Resources <i>High quality, responsibly sourced raw materials</i>	<ol style="list-style-type: none">9. Do you know the country of origin for 100% of all of the materials or components that are purchased directly to make your final products? (Y/N)10. Have you established publicly available sustainability purchasing guidelines for your direct suppliers that address issues such as environmental compliance, employment practices, and product/ingredient safety? (Y/N)11. Have you obtained 3rd party certifications for any of the products that you sell to Walmart? If so, from the list of certifications below, please select those for which any of your products are, or utilize materials that are, currently certified.
People and Community <i>Responsible & ethical production</i>	<ol style="list-style-type: none">12. Do you know the location of 100% of the facilities that produce your product(s)? (Y/N)13. Before beginning a business relationship with a manufacturing facility, do you evaluate their quality of production and capacity for production? (Y/N)14. Do you have a process for managing social compliance at the manufacturing level? (Y/N)15. Do you work with your supply base to resolve issues found during social compliance evaluations and also document specific corrections and improvements? (Y/N)16. Do you invest in community development activities in the markets you source from and/or operate within? (Y/N)

Definitions & Help Text

Question 5: “Solid Waste”	Please include entire factory solid waste to landfill (not just your production). If multiple customers are using the same facility, report total factory output for all customers. This information may be obtained through your waste management facility or calculated, for example, based on volume capacity of waste containers and frequency of collection.
Question 7: “Water Use”	Please include entire factory water use (not just your production). If multiple customers are using the same facility, report total factory output for all customers. This information may be obtained through your water management company or utility (e.g. invoice or billing statement).
Question 9: “Materials and components purchased directly”	Materials and components you purchase directly refers to any raw material (e.g. metals, ingredients, wood, resins, etc.) or components (e.g. zippers, circuit boards, bottles, etc.), that are purchased directly by the final assembler/manufacturer from another supplier (i.e. your purchases from Tier 1 suppliers only).
Question 12: “Facilities that produce your products”	Facilities that you (supplier) own/lease and/or operate, or contract with directly to manufacture/assemble the final goods.
Question 14: “Social compliance”	Social compliance is defined as meeting or exceeding the requirements of local laws and buyers' Code of Conduct concerning wages, hours, health, safety, and human rights of employees.
Question 16: “Community development”	Community development activities are designed to create opportunities for the people in the communities in which you operate and/or source from, and could include investments in infrastructure or institutions including education, health care, small business, housing and utilities.

3rd Party Certifications for Question 11

Seafood:

- Marine Stewardship Council
- Aquaculture Certification Council

Food:

- National Organic Council (USDA)
- Protected Harvest

Electronics:

- Energy Star (EPA)
- Electronic Product Assessment Tool (EPEAT) – Sliver or Gold

Multiple Products:

- Green Seal
- EcoLogo (Environment Canada/Terra Choice)
- Design for the Environment (EPA)
- WaterSense (EPA)

Wood & Paper:

- Forest Stewardship Council
- Sustainable Forestry Initiative
- National Standard for Sustainable Forest Management (Canadian Standards Association)
- Program for the Endorsement of Forest Certification

Textiles:

- Global Organic Textile Standard

Socially-focused:

- Rainforest Alliance
- TransFair USA – Fair Trade

Version 1.0 and Business Value



Energy & Climate

- Measuring the energy and greenhouse gas in your supply chain can help find opportunities to cut fuel and utility costs and create [innovative products that save customers money](#).
- Publicly reporting emissions through the Carbon Disclosure Project demonstrates to your customers, competitors, and investors that you are strategically addressing climate change risks and pursuing opportunities to reduce costs, drive innovation and ensure access to capital.
- Supplier Dana Undies saved 71% off its annual energy bill by implementing energy efficiency best practices identified through Walmart's [Supplier Energy Efficiency Program](#). View [more examples](#)



Material Efficiency

- Eliminating waste can save money by reducing resource and logistics costs. See how Walmart has turned its own stores' [waste into profit](#). Decreasing product return rate is one way to reduce waste and cost and ensure quality.
- Walmart's Packaging Scorecard helps suppliers identify [packaging reductions](#) that, even if small, can have significant impacts the use of materials, manufacturing, shipping, storage, refrigeration, waste and energy use.
- By selling only 100% concentrated liquid detergent, suppliers will help save over 400 million gallons water, 95 million lbs of plastic, 125 million lbs of cardboard and millions of dollars in transportation costs over 3 years. [Learn more](#)



Natural Resources

- Science-based, 3rd party certification and verification mechanisms can help identify supply chain efficiencies, improve quality and ensure materials are sourced and produced sustainably.
- Sourcing raw materials responsibly also allows you to tap consumer demand for sustainably produced products and mitigate supply chain risk. [Here's an example from the seafood category](#)
- Transparency – knowing where materials and components come from and how they were produced – in the [jewelry supply chain](#) has led to quality products and category sales leadership.



People & Community

- Creating opportunities to improve quality of life, health and communities can build competitive strength, create new markets and ensure license to grow.
- The first step is knowing more about the location and practices for producing your products.
- Managing social compliance ensures employees are treated with respect and in a manner which we and our customers expect. Walmart is committed to working with its suppliers to reduce social impacts and improve efficiency and quality.

Sustainability Index Version 1.0: Supplier FAQs

Why should I do this?

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

Is it mandatory that I answer all these questions?

It's not mandatory. This is an opportunity for you to show how your company's practices stand out amongst Walmart's 60,000 suppliers. Leaders in sustainability deserve merit.

What if I choose not to complete the scorecard?

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

How will this information be used?

Walmart wants to better understand the practices of its suppliers. This helps us keep our promise to our customers of delivering great products that will help them save money and live better. We see our suppliers as partners in this endeavor, and this is a tool to help reinforce and advance those partnerships.

Will the merchants have access to the information I provide?

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

Am I being evaluated based on these questions?

Evaluations of the responses will begin in July 2009.

How will I be evaluated?

Suppliers will be rated as above target, on target, or below target for each individual section and as a whole.

Do these questions encompass the breadth of how Walmart defines sustainability?

No. This is just one step in our journey to collaborate more closely with our suppliers on our sustainability goals. In order to keep this process from becoming onerous for our suppliers, the first phase of information gathering is focused largely on our suppliers' measurement and goal setting for key factors around sustainability. Eventually, we intend to ask other questions about suppliers and products.

What is the scope of the Index V1.0, U.S. or Global?

Suppliers are to complete this questionnaire using their vendor number for Walmart US. Going forward, other regions may ask you to complete the same questionnaire but currently these questions apply to Walmart US only.

Are the questions for all plants in one country or for all plants supplying Walmart?

The questions apply to all plants supplying products to Walmart.

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

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

We report our carbon through another program. Can we get credit for that?

Walmart has thoroughly researched the various carbon reporting programs out there and has determined that the Carbon Disclosure Project is the most complete and credible. The CDP allows companies to enter their scores from other carbon accounting programs and provides a uniform reporting system.

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

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

What if I didn't complete the Packaging Scorecard?

If you haven't completed the Packaging Scorecard for your products, it's time to start. This continues to be a priority for Walmart and lack of participation will impact your score.

My product is certified by a group that's not on your list. Can I still get credit for that?

Walmart and Sam's Club-recognized certification programs are evaluated based on strict criteria to ensure they are credible and meet both sustainability and business value objectives. If you would like to recommend a certification or self-registration program be considered, please email sustainability_index@wal-mart.com.

My company has had environmental programs in place for years. How can we get credit for the work we've already done?

If your company has a long history of environmental stewardship and corporate responsibility, you will be well positioned to score well on the Index because you have already done much of the hard work of understanding the impacts of your business. Additionally, the Index will not replace the relationship that you have with your merchandising team. This is simply a tool for Walmart to better understand and evaluate progress against our company-wide goal of selling sustainable products.

Who can I call if I have questions? Will there be a hotline?

Start by talking to your buyers. If they are not able to answer your questions, email your questions to sustainability_index@wal-mart.com.