

Walmart

2015 Global Responsibility Report



Opportunity



Sustainability



Community



2015 Global Responsibility Report

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# Lowering True Cost for All



Companies should use their strengths to address complex problems in their supply chains

**Walmart is well-known for offering customers the items they want and need, at very low prices. That's part of our business model that's here to stay. But for years we've also been thinking in broader terms about what an item actually costs society to produce and deliver – from the bottom to the top of the supply chain – the “true” cost of a product.**



Traditional costs include expenses like supplies, energy and packaging. But the net true cost considers issues such as waste-to-landfill, greenhouse gas emissions, economic mobility, worker safety and food safety. These are all examples of the effects production may have on the environment, in local communities, or on the people who grow and make what we sell.

We believe a business should strive for not just the *lowest* prices, but the *lowest true cost for all*. Low prices benefit customers, but low true costs benefit everyone.

To do this, we can't sit on the sidelines until after a product is made. Walmart's role is unique. We have a large presence in the world, and with that presence comes great opportunity to change how business is done. In addition to tackling social and environmental issues in our own operations, we need to actively engage in and reshape the systems in which we work.

Food is a good example. To feed a growing planet in a sustainable way, we need to work with small and big farmers at scale. One of our initiatives is a Climate Smart Agriculture Platform, which will help drive improvements in agricultural productivity and fertilizer and resource use over a 10-year period. Working with our suppliers and using The Sustainability Index, we are focused on increasing management, tracking and reporting of greenhouse gas emissions and water use on farms. We're also working to help farmers thrive through better training, yields and income.

The world faces complicated issues across the supply chain, and there are few easy solutions. No company can solve them alone. But by embracing responsibility and collaboration with others, we can make a significant difference in the world that will serve us well in the long term.

In these pages, we'll share what we're doing in three main areas:

- Creating economic **opportunity** for our associates, suppliers and people who work in retail and retail supply chains beyond Walmart
- Enhancing the **sustainability** of our operations and product supply chains for people and the planet
- Building strong **communities** where we operate

Doing this work happens to be very sound business. The most important asset a business has is the trust and respect of customers and other stakeholders. By tackling large issues and being transparent, a business can earn that trust, and be in a much better position than a company that focuses only on the short term. Customers love when a company does work for them, sourcing a wide variety of products that are produced sustainably.

By doing the right thing, a business is setting itself up for a solid and successful future. And by focusing not just on price – but on “cost” as well – a business is tackling social and environmental sustainability at the root. That's what you'll see us lean into further this year and in the years ahead.

Thanks for your interest in Walmart – and please continue to work with us, tell us what you think and help us do even better.

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



# Leading in society

## “Save money. Live better.”

Sam Walton created Walmart to bring affordable household products to people in small towns. He put the customer first, building a strong company with dedicated associates and deeply rooted values of service, excellence, integrity and respect for the individual.

More than fifty years later, customers in 27 countries around the world trust Walmart to bring them food, apparel, household goods and other general merchandise at everyday low prices through stores and e-commerce – anytime, anywhere.

Along the way, Walmart has grown into the world’s largest company. We have stores in 10,000 communities, employing more than 2.2 million associates and thousands of suppliers who, in turn, employ millions of people.

Because of our heritage, we seek to use our scale and capabilities to help others – not only customers and other Walmart stakeholders, but also society at large. We accomplish this by:

**Creating economic opportunity** for our associates, suppliers and people who work in retail and retail supply chains beyond Walmart

**Enhancing the sustainability** of our operations and product supply chains for people and the planet

**Building strong communities** where we operate



## Opportunity

### Increase economic opportunity

#### Priorities

- Associate opportunity
- Retail sector workforce mobility
- Women's economic empowerment
- Supplier/small business development

#### Business impact

- Associate engagement
- Productivity

#### Societal impact

- Frontline workforce mobility
- Job creation



## Sustainability

### Deliver low true cost

#### Priorities

- Leading in energy
- Zero waste
- Sustainable food
- Sustainable materials and manufacturing

#### Business impact

- Cost of goods sold and operating expenses
- Supply security

#### Societal impact

- GHG, natural capital
- Worker safety, livelihoods



## Community

### Strengthen local communities

#### Priorities

- Community development
- Associate philanthropy and support
- Disaster relief and preparedness

#### Business impact

- Sales, operating license
- Associate engagement

#### Societal impact

- Social cohesion
- Disaster mitigation

# Our priorities and key initiatives

In 2005, Lee Scott (who was CEO of Walmart at the time) set three aspirational goals for Walmart that established the tone for our corporate global responsibility. These goals were to supply our company with 100 percent renewable energy, to create zero waste and to sell products that sustain people and the environment. Grounded in this foundation, we work hard every day on initiatives to promote sustainability, economic opportunity and strong communities around the world.

## Opportunity

Accelerate upward job mobility and economic development.

### **Associate opportunity, diversity and inclusion:**

Accelerate the development of Walmart associates, including providing hundreds of thousands of people around the world with their “first jobs,” competitive compensation and benefits, and upward job mobility. Most recently in the U.S., for example, we announced a \$1 billion+ investment in higher wages, upskilling and scheduling enhancements for hourly workers. As well, Walmart fosters a diverse and inclusive workplace around the world. For example, as of FY2015, 32 percent of our corporate officers are women, and 22 percent are people of color.

### **Retail opportunity:**

Accelerate mobility of retail workers from entry- to middle-skills jobs, with more than \$100 million in grants funded by Walmart and the Walmart Foundation over the next five years. Priorities include clarifying retail career paths, better pre-employment training, more innovative and relevant on-the-job and supplemental training and credentials that employers will accept for advancement.

### **Women’s economic empowerment:**

From 2011 to 2016, we’re sourcing \$20 billion from women-owned businesses, helping to train nearly 1 million women on farms, in factories and in retail; and promoting diversity and inclusion within our supplier network, which is the largest in the world.

### **Veteran reintegration:**

In the U.S., accelerate the reintegration of veterans into civilian life and workforce. Since Memorial Day 2013, Walmart has hired more than 77,000 veterans, nearly 16,000 as part of our Veterans Welcome Home Commitment. Also, through a \$20 million philanthropic investment, Walmart and the Walmart Foundation are working with private and public sector organizations to support veteran reintegration.

### **Supplier/small business development:**

Develop local suppliers and small businesses. We are doing this through supplier development programs, supplier diversity programs and local manufacturing efforts such as our U.S. manufacturing initiative that will source \$250 billion of products made, assembled or sourced in the U.S. over 10 years. The Sam’s Club Giving Program is strengthening the microlending sector to expand access to capital for small businesses.

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## Sustainable operations

Minimize the environmental footprint and the cost of Walmart operations.

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**Energy:** Reduce our energy consumption by 20 percent per square foot by 2020 compared with our 2010 baseline; work our way toward being powered 100 percent by renewable energy (we are at 26 percent); and double the fuel efficiency of our fleet (we've improved efficiency by 87.4 percent since 2005).

**Waste:** Generate zero waste by reducing, reusing and recycling materials we use to run our facilities, including cardboard boxes, food waste, plastic film and cooking oil. We've reduced our waste by 82.4 percent in the United States – and we're on our way to 100 percent.

## Sustainable food

Help the world feed a growing population by making food more affordable, accessible, healthier, safe and transparent.

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**Affordable:** Keep food affordable for customers, while promoting farmer livelihoods and preserving the world's fish stocks, forests, water and air quality. To do this, we work with suppliers and others to optimize the use of inputs such as fertilizer and water, train farmers, and adopt sustainable sourcing policies for commodities such as beef, seafood and palm oil.

**Accessible:** Bring affordable, quality food to more people through our stores and e-commerce and donate food to alleviate hunger among the most vulnerable. In the U.S., for example, we opened 375 stores in "food deserts" (communities that don't have a grocery store), have doubled the availability of local produce and lowered the price of produce by \$3.5 billion over the past two years. Walmart and the Walmart Foundation have provided more than 1.1 billion charitable meals since the beginning of FY2015.

**Healthier:** Make it easier for people to buy and prepare nutritious food. For example, in the U.S. we're working to eliminate trans fat and reduce sodium (by more than 16 percent so far) and sugar (by 10 percent) in the products we sell; introducing low-priced, healthier product lines, affordable organics lines and providing information about nutrition online and through special programs with nonprofits and non-governmental organizations (NGOs).

**Safe and transparent:** Promote transparency, human rights and animal welfare among suppliers and across food chains; lead the industry in implementing food safety standards and practices around the world, from the U.S. to China; put customers in charge of their food choices by providing clear, accurate information about food ingredients and production methods.



## Sustainable product design and manufacturing

Foster social and environmental responsibility across the supply chain.

**What goes into products:** Work with suppliers to deliver products that are better for people (e.g., eliminate chemicals of concern) and for the planet (e.g., ask suppliers to increase recycled content, reduce packaging and design for recyclability). The GE residential LED light bulb and P&G's concentrated laundry detergent are two examples of products we helped create that are more sustainable for the planet.

**How products get made:** Work with suppliers in factories and on farms to promote worker safety and fair treatment, improve energy efficiency and reduce pollution. For example, according to the Alliance for Bangladesh Worker Safety, more than 275 factories were inspected and made improvements to structural and fire safety. And we are working directly with manufacturers in China to lower energy consumption by 30 percent over the next several years.

**What happens to products after they are used:** Promote recycling and repurposing of products at the end of their life to keep them out of landfills. For example, we run the largest cell phone "take-back" program in the United States. Walmart and the Walmart Foundation also helped create and launch the Closed Loop Fund – a \$100 million, low-interest loan facility that municipalities can tap into to pay for building a recycling infrastructure.

## Strong communities

Strengthen local community cohesion and resilience, while inspiring our associates to give back.

**Community grants:** Engage with and provide grants to community organizations from our regional offices, stores and other facilities. In the U.K., for example, Asda gave more than 10,000 grants as part of the Chosen By You, Given By Us program in 2014. And in the U.S., Walmart and the Walmart Foundation awarded over \$100 million in state and neighborhood grants to law enforcement agencies, fire departments, schools, recreation centers and more.

**Associate philanthropy:** Encourage our associates to contribute time and money to the causes they care about most. In FY2015, our U.S. associates volunteered more than 1.5 million hours in their local communities. The Walmart Foundation also contributed \$14 million to the causes in "dollar-for-doer" grants.

**Disaster relief:** Help prepare for and provide disaster relief in the aftermath of hurricanes, typhoons, tornadoes and earthquakes through our emergency operations center and our collaborations with organizations like the Red Cross and United Nations. Over the last 10 years, Walmart and the Walmart Foundation have given more than \$43 million in cash to various countries burdened by disaster.

*In everything we do, we set bold aspirations for social and environmental outcomes. We seek to change the way the retail industry operates so that the improvements go beyond Walmart and are lasting.*



# Our approach

## **Lead through the business:**

At Walmart, we integrate the social and environmental agenda into our day-to-day business activities, including our leadership practices, our organization roles and structure, and our incentives, tools and processes. For example, our operators and real estate teams are hard at work every day on our energy and waste goals. Our merchants and sourcing teams work with our suppliers on our sustainable product goals. Our supplier development teams help create opportunities for suppliers.

## **Seek business as well as societal benefits:**

Wal-Mart Stores, Inc., will be most successful at – and able to sustain – social and environmental initiatives that create business value. For example, we’ve committed to reduce sodium by 25 percent, added sugars by 10 percent and to remove all industrially produced trans fats in our Great Value brand and national food brands in the U.S. by the end of 2015, compared with our 2008 baseline. We’ve also opened 375 stores in areas serving designated food deserts in the U.S. since 2012. Efforts like these not only elevate our business, but also increase access to healthier, affordable food in the communities we serve.

## **Use philanthropy to complement business initiatives:**

Walmart extends our impact on social and environmental issues through our philanthropy. During FY2015, we contributed approximately \$1.4 billion worldwide through cash and in-kind giving – drawing on business assets such as food, logistics know-how and emergency operations expertise to further enhance our impact. For example, Walmart and the Walmart Foundation contributed more than \$70 million in cash to programs that enhance nutrition and alleviate hunger. We carry out such work through the Walmart Foundation, which leads our global and U.S. philanthropic efforts; market-specific foundations such as the ASDA Foundation; and market-by-market giving programs.

For Walmart, leading on social and environmental issues is a “whole company” undertaking that we pursue in partnership with customers, suppliers, nonprofit organizations and governments around the world. For us, it’s more than just a matter of philanthropy. It’s woven into our day-to-day business activities.

## **Prioritize actions that draw on Walmart capabilities:**

Globally and in each market, we choose to focus on issues where we have a relative advantage in making a difference because of our particular capabilities. This includes our 2 million associates in 10,000 communities; our supplier relationships and buying power in food, apparel and other categories; our physical assets such as stores, trucks and distribution centers; and our capabilities in logistics, marketing, operations and merchandising.

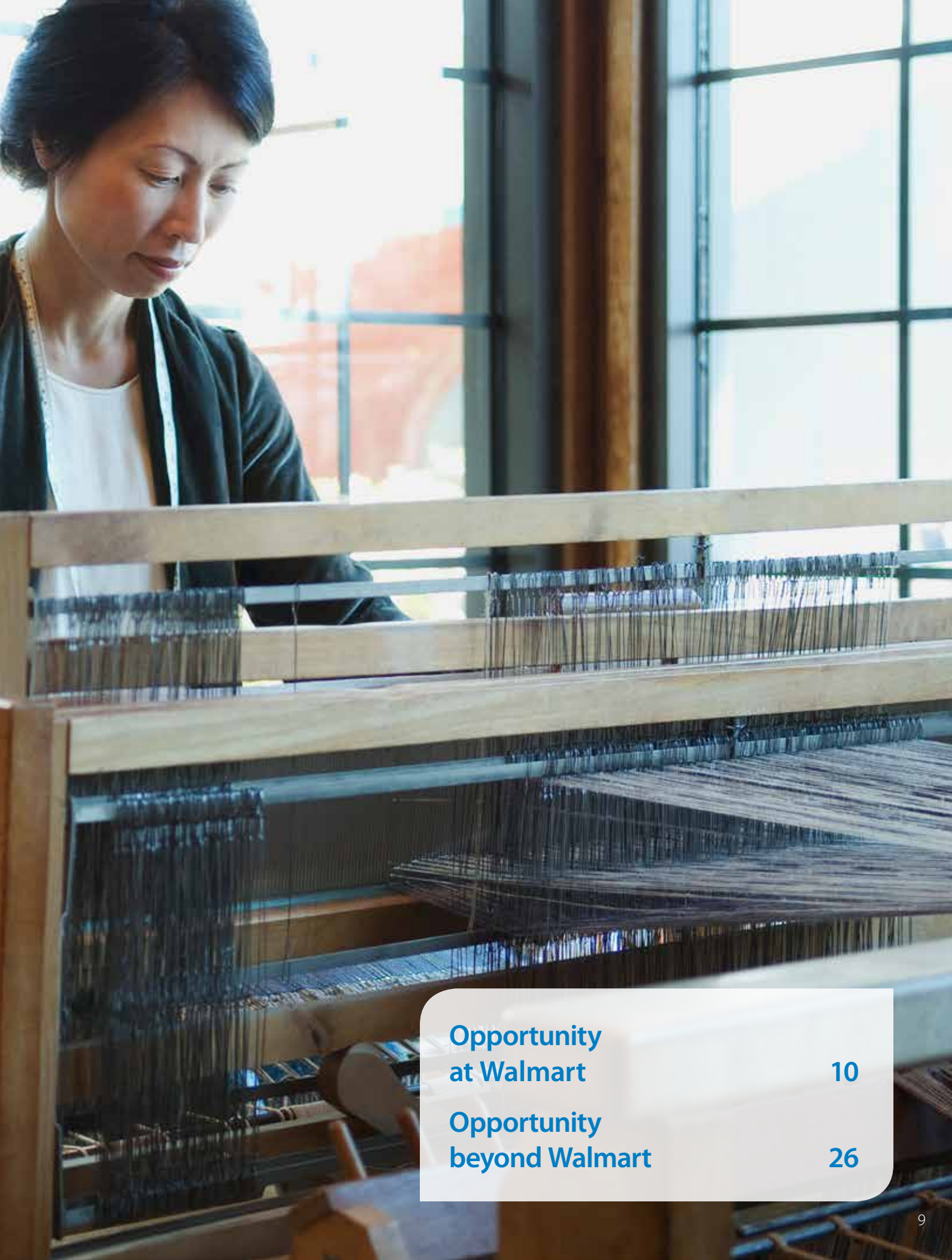
## **Collaborate with others:**

Walmart and the Walmart Foundation search for organizations around the world that have capability to accomplish one of our societal goals, and we work with them to provide the funding, resources or expertise they need to deepen and scale their impact. This model allows us to accomplish more in a shorter amount of time and take advantage of the expertise of those organizations dedicated to a particular cause. An example is our collaboration with CARE, SWASTI, World Vision and Business for Social Responsibility on the development of a Women in Factories training program that will reach more than 60,000 women working in 150 factories in Bangladesh, India, El Salvador, Honduras and China. The collaboration has included the development of an open-source curriculum by CARE that has been adapted to meet the needs of each country, as well as best practice sharing to help factory management and human resource teams lead training. Providing funding and facilitating a community of practice has resulted in a stronger initiative. It’s creating a more inclusive mindset and positive environment for the women working on factory floors and, in turn, contributing to more productive operations for factory owners.

*Every healthy, high-performing company has an obligation to use its strengths to help society. In the long term, a company’s business interests and the interests of society converge. Governments, companies, communities and individuals – we are all interdependent and stronger together.*



# Opportunity



**Opportunity  
at Walmart**

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**Opportunity  
beyond Walmart**

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# Opportunity at Walmart



# Diversity and inclusion

Walmart associates reflect the diversity of our customer base. We are a company of full-time and part-time associates from a variety of ethnicities, orientations, backgrounds and life experiences. Our associates think globally and serve locally. Around the world, Walmart continues to:

- Attract, seek and hire diverse talent
- Foster a diverse and inclusive culture and talent pipeline





## ► Hiring diverse talent

The importance of creatively reaching top talent around the world has never been greater. So, in addition to investing in such areas as college relations, social media engagement and virtual interview technology, we're collaborating with universities and other organizations directly to address the most significant issues within the talent pipeline itself. Together, we're proactively working to address specific needs, which will result in a stronger, more diverse talent base to draw from moving forward.

### U.S. new hires for the past three years

	2012	2013	2014
<b>Women</b>	<b>50%</b>	<b>51%</b>	<b>53%</b>
<b>People of color</b>	<b>45%</b>	<b>49%</b>	<b>51%</b>

### Strengthening key educational fields in the U.S.

The economic prosperity of any nation is closely tied to its success in the fields of science, technology, engineering and mathematics (STEM). With the performance of U.S. students in these vital fields on the decline, President Barack Obama has set a priority of strengthening the pipeline of skilled teachers in these areas and increasing the number of students enrolled.

At Walmart, we recognize the significance of this priority for our own business as well as for the future of our nation. This year, our Walmart Innovation Lab – which specializes in building products to seamlessly integrate the online and in-store shopping experiences for millions of customers – will sponsor more than 300 students for group lab tours. This outreach also includes several tech talks and innovation roadshows for students majoring in computer science and various engineering disciplines at major universities across the country.

Walmart continues to support organizations like the STEM Education Coalition, which works to inform federal and state policymakers on the critical role that STEM education plays in U.S. competitiveness. Through our collaboration with this and other initiatives, we're leveraging our experience and resources to help build a promising future.

### Diversifying the international legal pipeline

Last year, we identified an opportunity to strengthen the Walmart Legal department by diversifying the pipeline of attorneys serving our international markets. Through conversations with internal and external stakeholders in our Latin American markets, we determined English proficiency and professional networking skills represented the most significant hurdle for law students seeking jobs in Chile.

In October 2014, we announced a first-of-its-kind program aimed at delivering on this specific need and, in turn, contributing a stronger pipeline of legal talent in Chile. Walmart International pledged to provide English lessons and create clerkships for 12 law students from local universities for 3 years. We are also collaborating with Walmart Legal in Chile to incorporate this model into law schools across the country.

## ► Developing diverse talent

At Walmart, we're very intentional about attracting and growing a diverse associate population, while offering an engaging and inclusive workplace. We've increased representation of women and people of color throughout management ranks.

### Our diversity accomplishments showcase our strong commitment to building a robust pipeline of diverse talent

#### Women representation

##### International

<b>Total workforce:</b>	<b>57%</b>
<b>Management:</b>	<b>41%</b>

##### U.S.

<b>Total workforce:</b>	<b>57%</b>
<b>Management:</b>	<b>42%</b>
<b>Corporate Officers:</b>	<b>32%</b>

#### U.S. total workforce

<b>Women:</b>	<b>784,000</b>
<b>African-American:</b>	<b>279,000</b>
<b>Hispanic:</b>	<b>185,000</b>
<b>Asian:</b>	<b>48,000</b>

#### Walmart officer representation

	2003	2014
<b>Women:</b>	<b>16%</b>	<b>32%</b>
<b>People of color:</b>	<b>11%</b>	<b>22%</b>



### Women at Walmart U.S. exceed Fortune 500 and retail industry

#### Boardroom

Fortune 500:	<b>19%</b>
Retail:	<b>18%</b>
<b>Walmart:</b>	<b>25%</b>



#### Corporate officers

Fortune 500:	<b>15%</b>
Retail:	<b>19%</b>
<b>Walmart:</b>	<b>32%</b>

#### U.S. labor force

Total:	<b>47%</b>
Retail:	<b>48%</b>
<b>Walmart:</b>	<b>57%</b>

Source: Catalyst. Quick Take: Statistical Overview of Women in the Workplace. New York: Catalyst, March 3, 2014.

### Promoting the inclusion of people with disabilities

As part of our Champions of Diversity program, Walmart Chile collaborates with nonprofit organizations to promote the inclusion of associates with disabilities. A task force works to identify and understand the specific needs of associates with disabilities and collaborates with nonprofit organizations to work to address those needs. The program continues to be lauded by NGOs and public service organizations in Chile.

### Focusing on female executive leadership

In Mexico, our Female Executive Leadership Education program is designed to provide the skills and resources for female associates to advance to higher roles within the organization. Last year, 118 female associates across Walmart Mexico who were invited to participate in the program graduated.





**Enrique Palacios:  
'Discovering his calling'**

When Enrique Palacios was hired as a part-time Tire and Lube Express tech at a Walmart store in Pensacola, Fla., 13 years ago, he was working toward a business degree and searching for an opportunity to put it to use. Becoming an eye doctor was one of the furthest things from his mind. But, after trying his hand in a variety of departments and positions, an opportunity to manage the store's vision center opened – and a light went on.

"The one-on-one patient care we provide in the vision center, along with the small business management experience, was exactly what I'd been looking for," Enrique said. "My wife, who was also a Walmart assistant manager, got hooked and became a vision center manager at a neighboring store. Within two years, I decided I wanted to take the next step in my own personal development by returning to school to become an eye doctor."

By this point, Enrique had been out of school for several years, but Walmart helped make it possible for him to turn his dream into reality. When he enrolled at Southern College of Optometry in Memphis, Tenn., Walmart arranged a transfer so he could continue working at the vision center at a nearby store on weekends. That arrangement continues today, as Enrique completes his third year of school and prepares for an externship at the Memphis VA Medical Center. He's on track to graduate in May 2016.

"Without Walmart and the way I was encouraged to explore my interests, I may never have developed my passion for optometry," Enrique said. "Walmart is the reason I want to become an eye doctor."



**Taeko Nirasawa:  
'Embraced for who I am'**

As a mother to three daughters, Taeko Nirasawa certainly has priorities beyond her career as manager of the Seiyu store in Kamisugi, Japan. But she says she has always been encouraged to tap into her point of view as a mother and housewife to strengthen her teams and grow her career.

"When you build a great team, it's a lot like having another family," Taeko said. "If you respect your fellow associates, you'll create a great team. I make sure I greet them every day, talk with them and, most important, listen. I'm here to help them grow and accomplish their goals, not just my own."

Hired into the Endo chain in 1987, Taeko became an assistant manager at the Kita-Sendai store in 2008 and was promoted to co-manager by 2010. Since becoming store manager in Kamisugi last year, she has become focused on helping other female associates who aspire to become managers realize that goal.

"I've been embraced for who I am and I want to be a role model for others," she said. "I motivate the people I work with because I know anyone can make a career here with hard work."



**Diversity and  
inclusion**

From a global perspective, diversity is defined differently in various countries. In addition, tracking and reporting is a challenge due to the multiple HRIS platforms in our various markets. Because of these opportunities, representation of women is the only metric that is tracked in each country. We recognize that we need to continually develop strategies and tactics for STEM talent and women of color.



# Associate opportunity

As one of the world's largest employers, we understand the significance of taking care of our associates. Around the world, a job at Walmart opens the door to opportunity, with the chance to move up through the ranks and build a career. In each of our markets, we do this by providing competitive pay and benefits, by coaching and training to develop new skills and advance to greater levels of responsibility, and by listening to associate suggestions and concerns to continuously improve the associate experience.

During 2014, we did an in-depth assessment of our U.S. associate experience. In February 2015, we announced a number of changes that will take effect over the next year; they are described in more detail in this section.

We'll continue to share best practices across our markets to provide outstanding opportunities for our associates to develop new skills, find fulfillment in their work, and advance as far as their aspirations and effort will take them.

## ► Associate opportunity at Walmart U.S.



At Walmart U.S., we're proud of the jobs and opportunities we offer our associates – but we knew we could do better. So we took a step back and listened to what our associates were telling us. We're making a number of changes to enhance the job and advancement opportunities we provide at Walmart U.S. We've raised the starting wage, we're piloting a program to create more choice in scheduling, and introducing a training program to help deliver the skills our associates need to be successful in their jobs and move up. We're committed to creating opportunity for everyone who chooses to work with us.

## ► Pay in the U.S.

Pay rate is an important factor in providing associates with the opportunity to create a career in retail. In order to advance every associate's opportunity, we've recently announced a number of changes to our pay structure for hourly associates in the U.S., including:

- In April 2015, we raised our entry wage to at least \$9 per hour. Approximately 500,000 associates received a raise from this change alone.
- By February 2016, all current associates will earn at least \$10 per hour.
- Also starting in February 2016, all new associates will start at a minimum of \$9 per hour, go through the Pathways training program for 6 months, and then receive at least \$10 per hour upon successful completion of that program.
- We're also increasing the starting rate for some Department Manager positions. Starting in July 2015, those positions will receive at least \$13 per hour, and at least \$15 per hour in February 2016.
- We'll continue providing quarterly bonuses, based on store performance, to all full- and part-time associates who have been with us more than 6 months. In 2014, we paid more than \$500 million in bonuses to our hourly associates.

## Benefits

### Paid sick leave

We offer paid sick leave today and we are looking at ways to provide a time-off program that better meets associates' needs. This includes eliminating the one-day wait period for sick leave early next year.

### 401(k) program

One way for associates to prepare for a secure financial future is by taking full advantage of the Walmart 401(k). After a year of employment, for every dollar associates put in, the company contributes another dollar, up to 6 percent of their pay. And because associates can increase, decrease or discontinue participation at any time, they're in control.

## Walmart U.S. – Benefits by the numbers

Nearly

**1.2 million**  
associates and family members,  
including same-sex and opposite-sex domestic  
partners, are covered by our healthcare plans.



Medical plans cost approximately

**32% less**  
than other retail industry plans.



Walmart pays more than

**60%**  
of associates' total costs  
for medical plan coverage, which  
is above the national retail average.



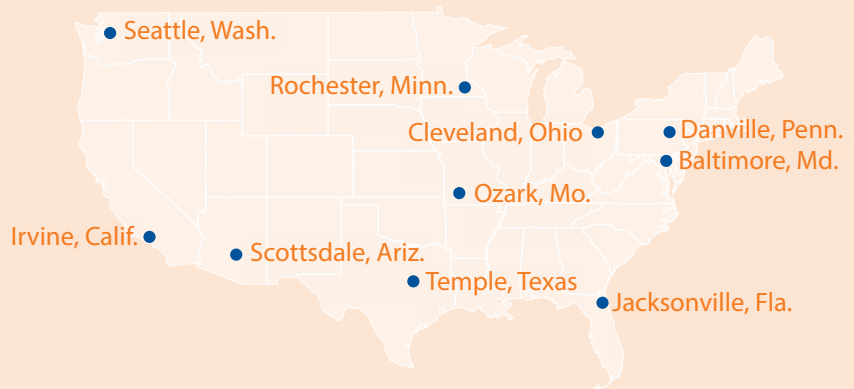
Premium cost in 2015  
for the most popular  
**associate-only plan roughly 1/2**  
the average paid by other retailers.  
(\$21.90 per pay period)

**100%** preventive care coverage

\* Source: 2014 Aon Hewitt HHVI Report

## Centers of Excellence

Hospitals with the highest-quality, low-cost care for members and the plan



### Heart procedures

**Cleveland Clinic**  
Cleveland, Ohio  
**Geisinger Medical Center**  
Danville, Penn.  
**Scott & White Memorial Hospital**  
Temple, Texas  
**Virginia Mason Medical Center**  
Seattle, Wash.

### Hip and knee replacements

**Johns Hopkins Bayview Medical Center**  
Baltimore, Md.  
**Kaiser Permanente Irvine Medical Center**  
Irvine, Calif.  
**Mercy Orthopedic Hospital Springfield**  
Ozark, Mo.  
**Virginia Mason Medical Center**  
Seattle, Wash.

### Spine procedures

**Geisinger Medical Center**  
Danville, Penn.  
**Mercy Hospital Springfield**  
Springfield, Mo.  
**Scott & White Memorial Hospital**  
Temple, Texas  
**Virginia Mason Medical Center**  
Seattle, Wash.

### Cancer services

**Mayo Clinics**  
Scottsdale, Ariz.  
Rochester, Minn.  
Jacksonville, Fla.

## ► Scheduling in the U.S.

We recognize that hourly rate is just one factor in an associate's take-home pay – another being the number of hours the associate works. We also know that our associates in the U.S. are asking for additional stability and flexibility in the schedules that we currently provide. That's why we're building off our current transparent, accessible scheduling program to create schedules that truly work for both our associates and our business.

- Today, our associates in the U.S. can see schedules two-and-a-half weeks in advance, well above the standard in the retail industry. These schedules are accessible online and via hard copy in their store.
- Associates who are interested in picking up additional hours also have the ability to view available shifts in their store. If an available shift works for the associate's life, they have the option to add it to their schedule. On average, more than 1 million additional hours are available each week across the U.S.
- Access to additional hours can help associates move from a part-time job to a full-time career. For the past several years in the U.S., 75,000 Walmart associates per year have moved from part-time to full-time.
- We're piloting a program called Scheduling Choice that will help coordinate fixed shifts for associates who want stability. These associates will work the same hours each week, giving them a predictable paycheck and allowing them to plan their lives around work. These associates will know their schedules six months in advance. We plan to roll Scheduling Choice out across the U.S. in 2016.
- The new program will also feature flexibility for associates who need it. For associates who are working through school, or who use Walmart as a second job, it's important to be able to change their Walmart schedules from week to week to meet other needs. Scheduling Choice will provide options to build their own schedules, each week, around their changing lives.



## ► Training in the U.S.



Training has always been an important part of the Walmart experience, no matter what the tenure or level of associate. In the U.S., our newest training program – called Pathways – provides transparency to possible career paths for associates who are new to the business; teaches associates about the retail business model; explains the “why” behind the tasks they’re asked to do; and provides them a chance to develop soft skills that are necessary for success in life.

- Pathways is a unique combination of hands-on training and demonstration of skills mastery in the areas of teamwork, merchandising and communication. After completing a training series, associates are required to demonstrate what they learned to their managers prior to advancing to the next step in the program.
- After completion of the first step of Pathways, associates have the opportunity to choose where they would like to go, whether it’s to an hourly supervisor role, a management position in one of our specialty departments like bakery or electronics, or elsewhere.

## Additional Access

In addition to on-the-job coaching and training, Walmart makes it easy for associates in the U.S. to supplement their professional development.

Associates have free access to:

- Programs to complete a high school diploma or GED
- Free and low-cost college credit through the work they do, which reduces the time and cost of a college education
- Professional development, skills-building courses (e.g., computers, money, cooking, preparing taxes) and language training programs

### U.S. associate learning programs since 2010

saved associates an estimated  
**\$17 million**  
on tuition costs



**630,000**  
hours of classroom  
time saved

**600+**  
college degrees  
completed

## Enhanced education and skill-building opportunities

In June 2014, we added a variety of new options to help associates in the U.S. obtain the education and skills they are looking for. The programs, outlined below, are free, or very low cost, and designed to help associates build new skills and prepare them for the next step in their career.

**College credits:** Since 2010, Walmart has offered associates the opportunity to earn a college degree through an online partnership with American Public University (APU). We've expanded this program by offering hourly supervisors the ability to earn up to 18 hours of college credit for less than \$250, or less than \$15 a credit hour. The classes integrate theories and practices in retail fundamentals, customer relations, inventory management and financial development. In addition to APU, we offer tuition discounts to many colleges and universities through the Associate Discount Center.

**Help with high school:** Through our new partnership with ed2go and Career Online High School, associates can earn a high school diploma, at no cost, that is fully accredited and accepted at colleges and universities. The diploma includes a skills certificate in 1 of 8 areas, including office management, retail customer service and child care and education.

**Second language education programs:** We've partnered with Rosetta Stone to help associates learn English for free. In response to an enormous volume of associate requests, we expanded Rosetta Stone Language Learning beyond English to provide both hourly and management associates free access to all levels of learning in up to 30 languages. More than 40,000 associates have requested and received access since June 2014.

**Workforce skills online training:** We're working with the Goodwill Community Foundation to provide free access to learning solutions for associates who want to be more proficient with skills like reading, math and computers. This online program offers more than 1,000 lessons, videos and other training tools on essential skills for associates.



Associate  
development

We can't create a one-size-fits-all solution for 5,000 stores in 50 states, the District of Columbia and Puerto Rico. We've designed a program that provides opportunity to our associates in the U.S. as a whole, but the level of impact will vary from associate to associate. For example, long-term associates who are used to a certain schedule may feel a disruption through the new scheduling portion of our program. In addition, it's extremely important that our store managers and other operators recognize that the changes we're instituting related to pay, scheduling and training will be good not only for associates, but also for our business. We're working to address these challenges through appropriate change management tactics, including communication, listening tours and staggered project management plans.



Walmart is committed to creating opportunity for associates around the world. These are a few examples:

## Canada

### Women in Retail success

Walmart's Women in Retail program was conceptualized by Walmart Canada to help increase the presence of women in leadership positions throughout the company. Today, 26.1 percent of Walmart Canada store managers are female, a 54.4 percent increase since the Women in Retail program launched in 2010. In October 2013, the program was expanded to all of our markets.

## Mexico

### Leveraging Female Executive Leadership Education

Myndi Alfaro, an associate at the Walmart Mexico corporate office for nearly three years, leveraged insight from the 2014 Female Executive Leadership Education program to transition into her new role as commercial manager for men's shoes. She was chosen from a select group of female managers with strong leadership skills. Myndi had exposure to and engaged with retail leaders from within and beyond Walmart.

"The faculty brought global experience and really understood the challenges we face at Walmart," Myndi said. "The willingness of everyone to share their experiences and knowledge of the business helped raise my awareness of the value chain and its impact on our customers. It helped me identify the areas I need to develop in order to go from being a boss to becoming a real leader."

In 2014, we promoted nearly 200,000 Walmart U.S. associates and nearly 45,000 Walmart International associates to jobs with more responsibility and higher pay.

## U.S.

### Offering opportunity and advancement

- About 75 percent of Walmart U.S. store management teams started as hourly associates.
- For the past several years, 75,000 associates per year in the U.S. made the transition from part-time to full-time jobs.
- 300,000 Walmart U.S. associates have been with the company for 10 or more years.

## Argentina



### Enjoying a long-term career

For some, Walmart represents a first job and a chance to gain skills to succeed in the workplace. For others, it's part-time work – students stretching their financial aid or a teacher working over the summer. And, for many, like

Alejandro Alberini of Argentina, it's a chance to build a meaningful, long-term career.

"I'm very proud to be a part of Walmart and appreciative of the opportunities I've been given to grow my career from department manager at the Bahia Blanca City store to director of the Walmart store in Laferrere over the past 20 years," Alejandro said. "I've worked at stores in various provinces across Argentina. The associates are this company's most valuable asset and we're rewarded for our hard work."



## U.K.



### Building a promising future

When Hassan Halane was an 11-year-old camel herder in Somalia, his family sent him to the U.K. to pursue his college education and build a promising future. After studying hospitality management, he found an opportunity with

Asda. He was recently promoted from general store manager to senior manager over 15 stores in North London and Essex.

“My father wanted me to make a difference and that’s what my job and my life have become,” Hassan said. “To get where I am now, I’ve worked in every department. I’m proud that I started out as an hourly paid colleague and developed through the structure. Asda is an educational business, giving you the skills and tools to do the job at every level.”

### Leading on gender equality

Asda was named one of The Times Top 50 Employers for Women in 2015, which lists organizations that are leading on workplace gender equality.

## Japan

### Creating a path for part-time to management

Across Japan, it’s generally difficult for part-time workers to grow their professional careers. Walmart Japan, however, offers career development opportunities for all associates. Since 2006, 379 associates who began their careers as hourly part-time workers have been promoted into full-time salaried positions. In 2014, 59 associates were promoted to assistant manager.

## China



### From International Academy to Buyer of the Year

Walmart’s International Academy was designed to help elevate skills and capabilities at the front end of an associate’s career, fueling a pipeline of high-performing talent across our international markets.

Since 2012, the program has trained and transferred 80 associates back into the Walmart business in Argentina, Brazil, Central America, Chile, China, Mexico and South Africa. One of those associates was Scarlet Yu, a buyer in furniture who went on to be recognized as Walmart China’s 2014 Buyer of the Year.

“The International Academy guided me through each area of merchandising and helped me fully understand the entire buying process,” Scarlet said. “It helped me realize that when you think bigger, you make better decisions for the whole company. The program provided me with a strong foundation and gave me the courage to be innovative and create impactful change.”



## ► Labor and employment compliance

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Labor and employment laws differ in each country where we operate. Our labor and employment compliance team works with our human resource professionals to promote a work environment that supports the needs of our associates, encourages growth opportunities, and creates fair and consistent labor and employment practices for every associate.

### Strengthening our efforts

In 2014, we strengthened our labor and employment compliance efforts in the U.S. and international markets by:

- Designating labor and employment compliance subject matter experts in each market
- Enhancing our governance framework for the company's immigration compliance program
- Implementing an enhanced electronic time clock archive reporting system
- Promoting collaboration and the sharing of market best practices through monthly labor and employment compliance regional forums

### Open Door

Consistent with our culture of respecting each and every Walmart associate, we have continued to reinforce our Open-Door policy, which offers associates the opportunity to bring suggestions, observations and concerns and to have those matters addressed.

All U.S. associates are encouraged to:

- Speak to the facility manager.
- Contact their market or divisional team if an issue is unresolved.
- Contact the Open Door Helpline, where an associate relations manager conducts an independent investigation, if an issue is still unresolved.

The Open Door Helpline fielded more than 32,000 calls from February 2014 through January 2015. More than 15,000 of those were Open Door-specific, while others covered employment-related questions and concerns. This process continues to help us improve our business and bring closure to concerns in a timely manner, reinforcing our corporate culture and instilling respect for the individual.





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In addition to creating development and advancement opportunities for our own associates, Walmart also creates economic opportunity for people and businesses all along our supply chains. Walmart and the Walmart Foundation supports programs that advance women's economic mobility, create advancement opportunities for people in retail and related sectors, promote local manufacturing, champion supplier diversity and help suppliers and small businesses grow.

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# Supplier and small business development

As the world's largest retailer, we provide substantial economic opportunity, not only to our associates but also to our suppliers and other businesses in countries where we source and operate stores. We are committed to creating economic growth by:

- Fostering diversity and inclusion within our suppliers
- Supporting growth of the manufacturing sector
- Supporting the growth of small business in general

## ► Supplier diversity

At Walmart, we believe we're at our best when we promote diversity across our supply chain. For our suppliers, working with Walmart means access to the nearly 260 million customers who shop our stores around the world each week. For us, supplier diversity means delivering better products and a broader selection to the communities we serve. Through our supplier diversity efforts, we're committed to creating economic growth and sustainable communities by:

- Increasing sourcing from businesses owned by people of diverse backgrounds, including minorities, women and people with disabilities
- Fostering an inclusive supply chain that's relevant to our customers and meets their needs

**\$13.5 billion**  
spent with diverse suppliers

**\$10.4 billion in direct spending**  
**\$3.1 billion in second-tier spending**

## Supporting supplier diversity

### Supplier Diversity Summit

Each year, our Supplier Diversity Summit serves as an opportunity for suppliers and our buyers to engage. The purpose of the summit is to:

- Advise, advocate and advance dialogue between diverse businesses and the internal stakeholders that will help our customers save money and live better
- Help potential suppliers understand our EDLC & EDLP strategy
- Create the opportunity for suppliers to present their products to our buyers
- Engage our buyers to leverage the insights, innovation and expertise of diverse suppliers
- Perpetuate the impact of diverse businesses in the communities we serve

### Collaboration

We support and collaborate with leading organizations that advocate on behalf of diverse owned businesses. These partnerships include:

- National Minority Supplier Development Council
- Women's Business Enterprise National Council
- U.S. Pan Asian American Chamber of Commerce
- USLBN Disability Supplier Diversity Program
- WEConnect International
- Department of Veterans Affairs Center for Veterans Enterprise

## Aspiration

Increase sourcing from diverse suppliers and encourage inclusion of women and minorities on key account teams of major suppliers serving Walmart and Sam's Club.

In FY2015, we spent approximately \$13.5 billion with diversity-owned businesses. This includes \$10.4 billion in direct spending and \$3.1 billion in second-tier spending.

At the end of 2014, more than 65 professional-service suppliers have reported the gender and ethnicity of their Walmart and Sam's Club teams. In 2015, we are working to extend tracking requests to Walmart and Sam's Club suppliers with more than \$1 billion in annual sales.



### Milo's Tea

Milo's Tea CEO Patricia Wallwork said her mother brought the product to retail in 1946 after the homemade iced tea was selling out at her grandparents' restaurant in south Alabama.

"I'm not a billion-dollar company, but my family has been making this product for three generations, and I believe our passion for what we do shows in our product," Patricia said. "So having the opportunities that larger companies would have is really what Walmart's Women's Economic Empowerment initiative gave us. It's really opened so many doors, including selling our product on the shelves of the largest retailer in the world."

### Lefty's Spices

Lefty's BBQ has been a popular, family-owned business in Maryland for more than 25 years, but Walter Nash, CEO, had even bigger ideas.

"I thought, we can take these products that everyone is cannibalizing every day here in the restaurant, and we can package and put them in the grocery retail industry," Walter said.

Less than two years later, Lefty's Spices – a line of original sauces, rubs and seasonings – can be found in Walmart stores across the country.

"Walmart got behind us – it really understood what we were doing," Walter said. "But we went into the opportunity really wanting to know how we could fill a void in a Walmart space as well. It's been a great match."



### Alexa Brands

Claudia Hoexter, founder and CEO of Alexa Brands, recognized an opportunity. What if there was a way to capture those seemingly unreachable final ounces of lotion, conditioner and makeup at the bottom of their containers?

She provided an answer with the invention of the Beauty Spoon. Already a supplier for Walmart, she learned about our Supplier Diversity Program and took full advantage.

"People are throwing away money each year with all the product left at the bottom of containers," Claudia said. "Walmart believed in me and looked for ways to drive exposure to my products and brand."



Supplier diversity

For diverse businesses, access to corporate America often requires capacity, access to capital and the ability to execute against specified requirements. We continue to create opportunities through education forums, training and development platforms that will help equip diverse business owners with the knowledge and experience necessary to build a sustainable partnership with corporate America.

## ► Local manufacturing

Sourcing goods close to where they're sold can be beneficial for local economies and the planet. This is why Walmart is committed to increasing local manufacturing in our retail markets. Specifically, in the U.S., Walmart has committed to giving manufacturers confidence to invest capital in America – and is playing a key role in helping revitalize the communities we serve through the support of new industries and job opportunities, while significantly reducing shipping miles, greenhouse gas emissions and more. Inspiring a manufacturing comeback requires a national effort by companies, industry leaders, lawmakers and others. We're acting on our convictions by:

- Leveraging our buying power to inspire a manufacturing comeback in the U.S.
- Empowering innovation that makes production more affordable and feasible in the U.S.

### Aspiration

In 2013, Walmart announced it would purchase an additional \$250 billion in products supporting American jobs by 2023.

January 2015 marked the second anniversary of Walmart's journey to source \$250 billion in products supporting U.S. jobs over 10 years. We're on target to reach our commitment by 2023. From light bulbs to towels, patio furniture to toys, suppliers are expanding manufacturing or assembly in the U.S.

### Snapshot of progress

We're working toward our goal in three ways – increasing the purchase of goods already sourced, made or assembled here; sourcing new U.S.-made or assembled goods where it is economically feasible; and moving production to the U.S.

- NUK reshored its production of pacifiers from Europe to Reedsburg, Wis., in fall 2014.
- Chef Jenn, a U.S.-based manufacturer of seafood entrees, connected with Walmart through an Open Call last year, and her products are now sold in 800 of our stores.
- PEDS, a Canadian-based legwear manufacturer, recently opened a facility in Hildebran, N.C., where it produces socks for more than 2,000 Walmart U.S. stores.

### Kent International: Bringing bicycle assembly back to the U.S.

For 56 years, Kent International Inc. has designed and produced bicycles. And for the majority of those years, the manufacturing has taken place in China and Taiwan. But in 2008, CEO Arnold Kamler found his family-owned company at a point that called for shifting gears.

"It was a perfect storm. You had steel, aluminum, oil, plastics, ocean freight, currency – everything at one time going up," Arnold said. "I spent about 6 weeks traveling all over Asia, asking myself, 'If not China, then where?' The answer seemed to be nowhere for bicycles. The idea in the back of my mind was that maybe one day we could do it here in the U.S. Then, last year, we got serious."

In March 2013, Arnold met South Carolina Gov. Nikki Haley at Walmart's Year Beginning Meeting, an annual gathering of Walmart managers and suppliers. The two began discussing the possibility of Kent's opening a factory in South Carolina. According to Kent, the company has since invested \$4.3 million in a new assembly facility in the small town of Manning. By the end of this year, Arnold says the factory will have produced 50,000 bikes for distribution to Walmart stores across America. By the end of 2016, he says that Kent will produce 500,000 bicycles. And another great number? Arnold estimates that the factory will bring 175 jobs to the area over the next 3 years. They are also in discussions to grow their U.S. production even further.



### 2014 U.S. Manufacturing Summit

We gathered government leaders, suppliers and Walmart executives in Denver on Aug. 14, 2014. In addition to hearing from Walmart executives, government leaders and industry experts, they had a forum for meetings between suppliers and various state representatives and economic development organizations. There

was also an opportunity for meetings between suppliers and raw material and component providers, as well as investors and financial institutions.





## Aspiration

In January 2014, Walmart and the Walmart Foundation announced the creation of a \$10 million U.S. Manufacturing Innovation Fund to award those who create new processes, ideas and jobs that support America's growing manufacturing footprint. The fund is being executed in collaboration with the U.S. Conference of Mayors.

Walmart and the Walmart Foundation awarded \$4 million in grants to 7 leading research and development institutions to solve manufacturing challenges related to small motor assembly, plastic injection molding and advanced textiles. We expect to issue a second request for proposals in 2015.

### Grants to date:

**Georgia Tech Research Corporation** for innovation of thread-count-based fabric motion control, a critical enabling technology for the automated production of sewn goods.

**Indiana University-Purdue University Indianapolis** to advance and accelerate the industrial implementation of metal 3-D printing for the manufacturing of plastic injection tooling as an alternative to current metal-shaping practices.

**North Carolina State University College of Textiles** to address challenges to the manufacturing of furniture cushions in the U.S. by implementing new technologies in both fabric printing and cut-and-sew automation.

**Oregon State University** to develop two novel alternative mold fabricating approaches and evaluate for functionality, precision and cost reduction potential.

**Texas Tech University** to support collaborative research on cotton breeding and biotechnology, cotton production and various aspects of textile manufacturing, dyeing efficiency and specialty finishes.

**The University of Texas at Arlington** to develop a novel manufacturing system that will autonomously prepare small motor subsystems and assemble the motor components.

**The University of Georgia Research Foundation Inc.** to develop an innovative approach to fabric dyeing that will greatly reduce, and perhaps eliminate, the need for water in dyeing cotton and cotton/polyester fabrics and yarns.



### Made in USA Open Call event

Walmart hosted our first Open Call event on July 8, 2014. We invited more than 500 suppliers and potential suppliers to come to the Home Office in Bentonville, Ark., to pitch their new products. Our buyers conducted 800 face-to-face meetings in one day.



U.S.  
manufacturing

According to our suppliers, about two-thirds of what Walmart spends to buy products in our U.S. stores is made, assembled, sourced or grown domestically. We know there's room to do more, and we're playing an active role in helping rebuild manufacturing in the U.S.

## ► Small business

Around the world, small businesses and entrepreneurs report access to capital as a major barrier to growth. For example, the banking industry in the aggregate appears increasingly less focused on small business lending. The share of small business loans of total bank loans was about 50 percent in 1995, but only about 30 percent in 2012. Moreover, small business owners report that competition among banks for their business peaked from 2001 to 2006, and has sharply declined since. On the flip side, mission-driven lenders and Community Development Financial Institutions (CDFIs) that specialize in assisting low-to-moderate income communities have not had the resources to scale lending for micro- and small-business entrepreneurs. Sam's Club and the Sam's Club Giving Program are committed to helping underserved Main Street business borrowers more effectively access capital and training to grow their businesses by:

- Investing in mission-driven lenders and CDFIs to build their capacity and scale to better serve micro- and small-business owners
- Contributing to the development of business borrower education programs and tools that create greater transparency so borrowers are better equipped to choose the right product at affordable rates



### Aspiration

Reach small-business owners with education, training and technical support; help unlock loans; scale microlending; and create Main Street jobs in the U.S.

Since 2010, Sam's Club and the Sam's Club Giving Program have provided more than \$18 million in grants to nonprofits to help local Main Street business owners access capital by increasing the availability and type of products to meet their needs responsibly so they can thrive and create jobs. This has contributed to training more than 20,000 micro- and small-business owners.



### The Dog Stop – Pittsburgh, Pa.

**Community Impact:** Projected 6 new jobs, 50 percent woman-owned and 50 percent veteran-owned

James McGreehan and his business partner, both dog lovers, dreamed of a full-service doggy day care in Pittsburgh, but were turned down by seven banks because they were not comfortable financing the dog-care industry. They were referred to Community Reinvestment Fund (CRF), a Sam's Club Giving Program grantee, and, because of their extensive business experience, projected industry growth and strong community impact, secured a \$150,000 loan to purchase equipment, prepare their leased space and access working capital.



## Tea Gallerie – San Diego, Calif.

**Community Impact:** Planning for geographic expansion and product development of caffeine-free tea alternatives for children.

Maria and John Harrison launched Tea Gallerie in San Diego with a tea party for friends in their own back yard in 2011. “Our friends were our focus groups,” Maria remembered. “We worked hard to maintain that mom-and-pop feel. We learned our clients’ first names and did a lot of community outreach. We wanted to help our family and friends

improve their health – one cup at a time.” Eventually, the couple cashed in their investments and utilized their savings to finance the business, but it still wasn’t enough. Denied by local banks, they were eventually able to secure a \$10,000 loan from Accion, a Sam’s Club Giving Program grantee working to build a financially inclusive world where every individual has access to high-quality, affordable financial services.

“We were so happy that someone trusted and believed in us and our business,” Maria said. “We used the funds to develop our website and purchase thousands of pounds of tea. Accion wasn’t just a financial partner, it was a supportive community partner, marketing us in so many ways.”

## Asda’s carrier bag charge charity partnerships

In an effort to promote resource efficiency and reduce litter, the Scottish Parliament passed the Single Use Carrier Bags Charge (Scotland) Regulations in October 2014. This requires all retailers to charge a minimum of 5p for each new, single-use carrier bag. The net proceeds of the charge, which Asda anticipates will generate approximately £700,000 (approximately 1,044,783 USD) per year, are to be donated to good causes.

In what represents a first in the U.K., Asda will allocate half of its carrier bag proceeds for social investment loans through the Social Investment Scotland organization. Investment capital of between £10,000 (approximately 14,928 USD) and £50,000 (approximately 74,630 USD) will be made available for new social enterprises, meeting a gap in the current market for smaller loans. Social Investment Scotland’s loans will be interest-free the first year and all interest charged during the second year will be reinvested to support additional causes, delivering sustainable social impact in communities across Scotland.

By working with Social Investment Scotland, we can help ensure the charge delivers meaningful, sustainable benefits for Scotland, helping drive growth, create jobs and regenerate communities for the long term. The other half of the funds will be donated to Foundation Scotland to be distributed in small grants. Customers and colleagues will have the opportunity to nominate projects and good causes in their local community that would benefit from Asda Community Capital grants of up to £2,000. To ensure the grants are as locally relevant as possible, regional selection panels of Asda colleagues will vote on the projects to benefit.



Small business

Community Development Financial Institutions (CDFIs) have historically operated as place-based brick-and-mortar establishments. They have expertise in building relationships in their local communities and tailoring their support of business owners based on need. Despite the fact that CDFIs are capable of delivering effective technical support and positive outcomes and there are about 3.7 million businesses with under \$500,000 in revenue, microlenders disbursed only 36,936 loans in 2012. The average microlender disburses only 201 loans per year in the U.S.

# Women's economic empowerment

Studies show that women are engines of social and economic development. When you invest in a woman, the impact goes well beyond just her. Women also constitute the majority of Walmart's 260 million customers around the world.

So for Walmart and the Walmart Foundation, empowering women isn't just the right thing to do, it's smart business. Launched in September 2011, our global Women's Economic Empowerment initiative leverages our size and scale to help increase women's economic mobility. Walmart and the Walmart Foundation are:

- Working to increase sourcing from women-owned businesses globally
- Helping train nearly 1 million women in agriculture, factories, retail and other settings around the world – most in emerging markets.

## ► Sourcing



It's estimated by the Global Entrepreneurship Monitor that 224 million women are starting or running businesses in 67 countries around the world. Often, substantial barriers stand in the way of growing their businesses. For example, although women are starting businesses at a rate of 1.5 times faster than the national average, women-owned businesses remain small, with an average employee size of just one person since 1997 (*The 2014 State of Women-Owned Businesses Report, American Express Open*). We're focused on helping women-owned businesses (WOB) around the world to overcome persistent hurdles and grow by creating access to markets through direct-sourcing opportunities in our stores and online.

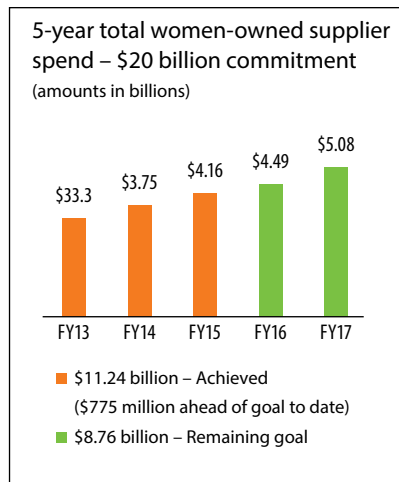


## Aspiration

Source \$20 billion from WOBs for our U.S. business through 2016 (began in 2011).

Since 2011, Walmart has sourced \$11.24 billion in products and services from women-owned businesses (WOB), including \$4.16 billion in FY2015. Our female customers in the U.S. have told us they're interested in purchasing products sourced from WOBs. Walmart supported WEConnect International and WBENC in the creation of a Women Owned logo that can be used by businesses certified by WEConnect or WBENC to clearly identify products and services offered by WOBs. All women-owned businesses that are WBENC- and/or WEConnect-certified are eligible to display the logo on their product packaging. To continue this progress, we introduced our Accelerator Training Program, which guides high-potential WOBs on how to best grow with Walmart.

- WOB sales increased at a higher rate than the rest of the business
- WOB profit percent was higher than sales percent (KPI report from 8/29/14 last 52 weeks)



### Calson Investment Limited: Growing business and opportunity

Recently recognized as Walmart Supplier of the Year, Calson Investment Limited serves as the first women-owned shoe company in China. Our growing relationship with this diverse supplier demonstrates the impact we're having through our commitment to increase sourcing from WOB for our U.S. business.

"With Walmart as our largest customer, we've grown to \$150 million in sales," said Willy Tsoi, president. "As a result, we're investing in more factories and providing our employees – most of whom are women – with even more opportunities. I'm proud of the work we're doing together."

## Aspiration

Double sourcing from women-owned businesses in our international markets through 2016.

We've calculated the baseline spend on WOBs in seven markets, tracked quarterly progress toward the goal and have begun to implement tailored strategies by market to grow spend. In five tracked international markets, Walmart has increased annual spend among women by more than 21 percent from FY2012 to FY2015. We created a global Women-Owned Business Directory for buyers to identify the WOBs with the highest growth potential from all of our international markets. Walmart and WEConnect International have started working on six e-learning modules in Spanish and English to help current and potential suppliers navigate the process of supplying to Walmart. The modules will be completed by the end of 2015.

### Canton Fair: Promoting awareness and making connections

Walmart's Global Sourcing team promoted our Women's Economic Empowerment initiative and identified new WOBs at Canton Fair, the largest trade fair in China, with thousands of companies represented. At its booth, discussions were held with more than 70 WOBs across various categories. After the event, the team hosted 15 WOBs for a minisummit. This first-of-its-kind gathering gave potential women-owned suppliers an opportunity to learn about the responsible sourcing and compliance processes required by Walmart and to meet directly with buyers.

### Promoting innovation through competition

To support our goal to double sourcing from WOBs, our business in Japan organized a competition for small companies to showcase their newest ideas. Our panel of judges selected more than 30 winning entries, based on affordability, usability, overall concept and story.

The winning products are now sold at Seiyu.com, opening the door to a relationship with Walmart and a larger audience than ever before. One of the items, the Curumi, is a baby carrier cover designed with moms in mind.

## ► Sourcing continued

### Aspiration

Launch a dedicated e-commerce platform designed to give small women-owned businesses/women-empowering businesses access to customers.

In 2013, Walmart launched the platform Empowering Women Together (EWT) to provide opportunities to small businesses with less than \$10 million in annual revenue that aim to economically empower women. Since then, the platform has offered 300 distinct products from 28 small businesses from multiple countries, including Nepal, Tanzania and Kenya. On Mother's Day in 2014, more than 2,600 Walmart stores sold products from the EWT assortment.

In 2015, EWT will expand to encompass products from all WOBs, rather than exclusively small businesses. The new Women-Owned page at Walmart.com features products from certified WOBs and thousands of products featuring the new Women-Owned logo. In addition, the platform continues to sell products from inspiring nonprofit organizations and businesses that support the economic empowerment of marginalized women from all over the world.



#### Friends Handicraft

Friends Handicraft is a women-owned, fair trade social enterprise in Katmandu, Nepal, that supports skills-training and income-generation programs for nearly 100 female heads-of-households. By participating in Walmart's EWT initiative, the company has fulfilled more than \$40,000 in orders for Walmart. Through the EWT partnership, Friends Handicraft has expanded its design and production capacity, developing new product categories that will help attract a broader customer base and build a stronger, more sustainable business.



#### Sourcing

We face multiple challenges in sourcing more from WOBs around the world. First, many WOBs are small and struggle to access the capital required to scale up to serve a large retailer like Walmart. Second, smaller businesses often need to make enhancements to comply with Walmart's supplier standards. Third, identifying WOBs in emerging markets can sometimes be difficult. Finally, barriers to growth vary from market to market, meaning there's no one-size-fits-all solution.

## ► Training

From factories and farms to desks and sales floors, women play a significant role in the global workforce. For example, women are responsible for 43 percent of the world's farm production. The Walmart Foundation and Walmart have committed to train 1 million women around the world in agriculture, manufacturing and retail trade in emerging markets. We believe that elevating women not only strengthens their families and communities, but also improves the health of supply chains and promotes economic growth. By the end of FY2015, the Walmart Foundation and Walmart contributed funding to train 540,102 women globally.

### Aspiration

By the end of 2016, in emerging markets, train 500,000 women in the agriculture value chain.

By the end of FY2015, Walmart and the Walmart Foundation had contributed to training 297,655 women in the agriculture value chain. In FY2015, the Walmart Foundation funded four additional projects in Africa and Asia that are expected to reach 79,976 women. Through our cooperation with the U.S. Agency for International Development, the Walmart Foundation supported Agribusiness Systems International in reaching additional soybean growers in Zambia and vegetable programs with One Acre Fund in Kenya, the International Fertilizer Development Center in Bangladesh and Global Communities in Rwanda. With these additional projects, funding is now in place to train an estimated 475,537 women in agriculture.



#### Improving agricultural techniques in Rwanda

Since April 2014, Nukanyandwi Cresence has been learning improved horticulture techniques through a Walmart Foundation/USAID-sponsored farming program facilitated by Global Communities in the Mukura Sector of Huye District in Rwanda's Southern Province. Prior, Nukanyandwi sold cabbage locally for an average of 60 Rwandan Francs (about U.S. 10 cents) per head. After incorporating the improved techniques she learned – including crop spacing and the use of organic manure – her cabbages now sell for 200 and 250 Rwandan Francs (U.S. 29 to 37 cents). The expansion of this program will benefit approximately 50,000 farmers – an estimated 60 percent of them women – by teaching improved agricultural techniques in the production of corn, beans, dairy farming and bio-intensive gardening.

## ► Training continued

### Aspiration

Help 200,000 women in the U.S. from low-income households gain the skills they need for employment by the end of 2016.

Since the launch of the Women's Economic Empowerment initiative, 180,423 U.S. women from low-income households have received support through programs funded by the Walmart Foundation. In 2015, the Walmart Foundation provided a grant to the Institute for Women's Policy Research (IWPR), a leading think tank on U.S. women's issues, to conduct research identifying supportive services most critical for women to be successful in short-term job training programs.

#### **Dress for Success: Establishing a support system for Samantha**

Having left what she describes as a "destructive relationship and lifestyle" behind in Texas, Samantha H. and her young daughter arrived in northwest Arkansas looking for a new start in December 2014. She found a hotel for them to stay in, but wondered how they would survive in a new state without any family or friends. A local workforce agency opened a door for Samantha by referring her to Dress for Success, a Walmart Foundation-supported organization that promotes the economic independence of disadvantaged women by providing professional attire, a network of support and career development tools.

"The experience at Dress for Success was powerful," Samantha said. "Not only did it provide one-on-one attention for my suiting, but it helped with a mock interview and constructive feedback. These things gave me the confidence to ace the interview and land my dream job. Dress for Success has continued to be a great support system for me and I really feel like I have the edge I need to succeed."

### Aspiration

By the end of 2016, train 200,000 women for their first jobs in retail in our emerging markets.

By the end of 2014, 13,295 women in eight countries received retail training. Pilot programs were completed this past year in Argentina, Chile, Mexico and South Africa. Using those results, the Walmart Foundation funded larger-scale programs in Nigeria, Ghana, Kenya, Argentina, India and Chile. Those grants, combined with existing programs, put us on track to reach approximately 71,000 women. We'll focus on scaling projects in China and Mexico in 2015.





## Aspiration

Help 60,000 women working in factories develop the skills they need to become more active decision-makers in their jobs and for their families by the end of 2016.

By the end of 2014, the Women in Factories program had trained 48,729 women in foundational training for life and work skills. Of those women, 2,546 completed advanced training. The training has been implemented in 82 factories in Bangladesh, China, El Salvador, Honduras and India. The Walmart Foundation provided a grant for \$1 million to Tufts University to evaluate the Women in Factories program in India, Bangladesh, El Salvador and Honduras. Business for Social Responsibility (BSR) publicly launched the China program in March 2014 and SWASTI held a national conference in India, raising the engagement of key stakeholders in the initiative. With the program fully funded and the evaluation under way, our focus in the coming year will be on sustaining it.



### Avani Bhadra: Empowered to change and help others

The eldest of five siblings growing up in Anhar, India, Avani Bhadra didn't have the financial resources to pursue higher education. But she did find a job as a machine operator at the Welspun Factory, where her mother worked. There, she was encouraged to join the Women in Factories Training Program, organized by Swasti and

made possible with funding from the Walmart Foundation.

Avani learned critical communication, leadership and budgeting skills, while immersing herself in women's equality issues through the program. Once shy, Avani developed the ambition and confidence necessary to earn a promotion to become a master trainer at Welspun, and she and her siblings are now actively pursuing higher education.

"In my village, an unmarried woman is typically not allowed to go outside the home to work, but because of my success at Welspun, young women are now able to work in the factory," she said. "I initially saw the training as a way to further my own studies, but I now see it as a chance to empower others."

Avani is one of the 48,729 women who have completed the Women in Factories Training Program under way in China, India, Bangladesh, Honduras and El Salvador.

## Aspiration

The Women's Economic Empowerment initiative will be supported by more than \$100 million in grants from the Walmart Foundation and donations from Walmart's international business.

Since the launch of the Women's Economic Empowerment initiative, we've been committed to supporting opportunity for women through our charitable giving. By the end of FY2015, the Walmart Foundation and our international business contributed \$110 million in grants and donations to support women's economic empowerment, and we exceeded our goal two years ahead of schedule. A significant portion of these grants have covered workforce and farmer training around the world, putting us in a position to meet our commitment of training 1 million women by the end of 2016.



Training

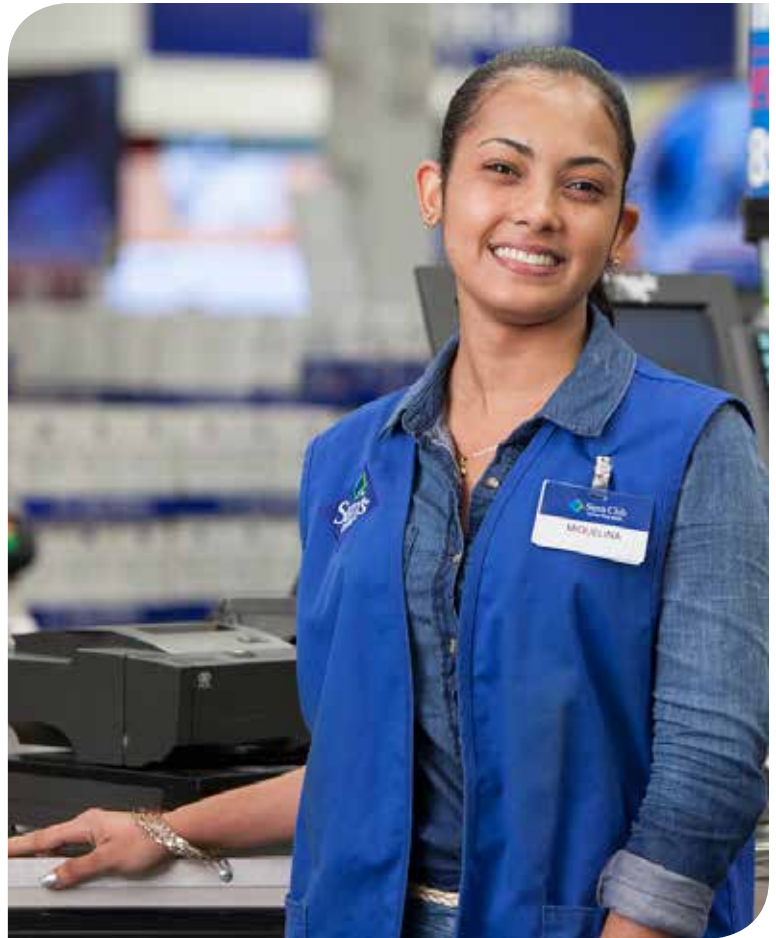
This year, we prioritized accelerating retail pre-employment training in emerging markets because we've already made so much progress in other parts of the Women's Economic Empowerment training program (e.g., agriculture, factories). We investigated where to focus our retail training efforts and determined that a demand-driven approach would be most effective. We examined the retail sector, identified the biggest needs and opportunities, and are now integrating the lessons from pilots to design scaled programs with impact.

# Workforce opportunity

## ► Retail opportunity

In addition to helping our own associates enter the workforce, build skills and move up in their careers, Walmart and the Walmart Foundation are investing in accelerating workforce mobility more broadly.

- Our Retail Opportunity initiative is focused on improving pathways for advancement in retail and adjacent sectors around the world, including in the U.S., where we recently announced a five-year, \$100 million philanthropic program.
- Our veterans reintegration initiative in the U.S. is focused on helping veterans successfully transition into civilian life, through a \$20 million philanthropic program and a commitment from Walmart U.S. to hire 100,000 veterans.



Around the world, Walmart and the Walmart Foundation are investing in training and advancement programs that increase the economic opportunity and mobility found in the retail sector. Through partnerships with NGOs like International Youth Foundation and the Self Employed Women's Association (SEWA), retail training programs are under way in Argentina, Chile, Ghana, India, Mexico and Nigeria. In February 2015, Walmart and the Walmart Foundation announced a five-year, \$100 million commitment in the U.S. to invest in increasing economic mobility in retail and related sectors. Through this commitment, we'll work to:

- Develop a detailed map of retail career pathways
- Improve the efficiency and effectiveness of pre-employment training and placement
- Help accelerate mobility from frontline to middle skills jobs
- Pilot this work in 6 to 8 local communities

## Aspiration

Walmart and the Walmart Foundation will commit \$100 million over the next five years (beginning in 2015) to increase the economic mobility among U.S. retail and related sector workers. Specifically, we aim to support retail training for more than 50,000 retail and related-sector workers, while helping 30,000 move from entry- to middle-skills jobs.

In February 2015, Walmart and the Walmart Foundation announced an initial investment of \$16 million in seven national nonprofit organizations. These grants will support career mapping and training for retail and related-sector workers, while also aligning retail employers with training providers.

### Achieving the Dream

**\$1 million**

Build the capacity of 4 community colleges to place students in training and secure middle-skills jobs in the retail sector, creating a framework that can be replicated at other colleges.

### The ACT Foundation

**\$2.265 million**

Develop a retail sector-wide competency model and interactive career maps to showcase the career paths of existing jobs in retail, logistics and customer service.

### Dress for Success

**\$2.58 million**

Provide 5,400 disadvantaged women from more than 30 states with pre-employment training that will help them obtain jobs and advance in their careers.

### Goodwill Industries

**\$3 million**

Build the capacity of 8 Goodwill affiliates to provide training and career pathways to advance people from entry-level to middle-skills jobs in retail, logistics and customer service (1,500 individuals served by grant).

### Jobs for the Future

**\$3 million**

Grow the capacity of 10 organizations to provide training needed for entry-level workers to access jobs in the transportation, distribution and logistics sectors (3,000 individuals served by grant).

### McKinsey Social Initiative

**\$3.2 million**

Develop an innovative retail training and job placement model, and pilot with 650 low-income youths.

### National Able Network

**\$1 million**

Build the capacity of 18 centers to train and provide job placement assistance for 1,000 individuals working in retail, logistics and manufacturing.



## ► Retail opportunity continued

### Jobs for the Future: Helping retail workers build long-term careers

The transportation, distribution and logistics (TDL) industry is a long-overlooked, but increasingly critical piece of the retail sector – and economic recovery in the U.S. The U.S. Department of Labor estimates that transportation and warehousing employment will grow by 20 percent over this decade, adding 856,000 jobs.

Jobs for the Future – one of the initial grant recipients of Walmart and the Walmart Foundation's commitment to increase economic mobility among U.S. retail and related sector workers – works to strengthen and expand career pathways that train underprepared workers to move into middle-skill positions in high-demand sectors. The organization will use the \$3 million grant to join workforce partnerships and employers in providing TDL job training, support and placement services to 300 people in each of 10 regional labor markets. Each program has committed to serving at least 25 percent female participants. To reach this goal, it will deliver targeted technical assistance to recruit women to learn truck driving, warehouse management and other TDL jobs.



*This support will go a long way in addressing a real issue across the industry. By helping entry-level workers move into these positions, we're giving them a leg up on long-term careers."*

**Maria Flynn**  
Senior vice president, Jobs for the Future

### Brazil: Creating opportunity through the Social School of Retail

Since 2010, Walmart Institute (Brazil's charitable foundation) has supported the Social School of Retail, committed to providing Brazilians ages 17 to 29 with the professional training they need to work in the retail industry. The program has been implemented in 7 Brazilian states and has reached nearly 6,000 young people to date. Walmart Institute recently began collaborating with the Brazilian government to incorporate this same training into the high school curriculum. In 2014, 160 teachers – mainly in the state of Ceará – were trained, impacting about 66,000 high school students.

### Japan: Empowering youth with hands-on retail training

In Japan, the number of young people who are not actively pursuing education, training or employment is on the rise. In an effort to empower this demographic, Walmart Japan recently began providing grants to NPO Sodateage Net to support skills-building programs and to facilitate short-term, hands-on retail experiences at our Seiyu stores. The collaboration began in 2014 with 13 participants. Twelve found jobs and the other enrolled in continuing education. Seiyu decided to continue support for Sodateage Net with a grant for 2015.



Retail  
workers

Retail is often perceived to lack career ladders. In order to promote economic mobility, the retail sector needs to better articulate competencies required to advance careers. Walmart and the Walmart Foundation are committed to working with educational institutions and programs to change this misperception.



## ► Veterans reintegration: U.S.

We're grateful for the sacrifice veterans have made and consider it an honor to support men and women in uniform. We believe they represent one of the largest, most diverse, talent-rich pools in the world, yet data from Pew Research Center suggests nearly 44 percent of U.S. veterans who have served over the past decade report difficulty re-entering civilian life. Through their service, veterans give us a land of freedom. Walmart and the Walmart Foundation are committed to providing them a land of possibility when they return by:

- Supporting the ongoing work of local government, nonprofit and business partners to provide veteran-specific transition help, job training and education
- Offering a job to any honorably discharged U.S. veteran within his or her first 12 months off active duty





### Candice Lovelace: Finding her future

Candice Lovelace, an operations manager at the Walmart distribution center in the Atlanta metro area is among the nearly 16,000 veterans we've hired as part of our Veterans Welcome Home Commitment.

Her love for the military began when she enrolled in ROTC in high school. That experience led to nearly 7 years of service in the U.S. Navy. Candice saw it as an opportunity to travel the world and build leadership experience. She sought that same level of camaraderie when she began her post-military job search last year and said she found it at Walmart.

"When I interviewed with Walmart, I sensed that camaraderie," Candice said. "Something instantly clicked and I saw a future with this company. I visited the distribution center (in Atlanta) the same day and knew it was right.

"I see lots of opportunities for advancement in the operational division at Walmart and I'm embracing this new role," she said. "I envision my post-military career to take that of a CEO path. The way Walmart promotes its own associates up the ranks, the opportunity is endless."

## Aspiration

Our Military Family Promise guarantees a job at a nearby store or club for all military personnel and military spouses employed at Walmart or Sam's Club who move because they, or their spouse, have been transferred by the U.S. military.

Regarded by the Military Spouse Employment Partnership as the largest employer of military spouses, Walmart continues to help turn jobs into career opportunities through the Military Family Promise.



### Heather Brice: Keeping our Military Family Promise

When Heather Brice, an assistant manager at Walmart, got married, she knew her husband's career in the military meant there was a good chance they would move far – and potentially often. But she was comforted when she learned from her Neighborhood Market manager in Beaverton, Ore., that Walmart was just as committed to military spouses as it

is to active service members and veterans.

A few months later, Walmart made good on that commitment when Heather's husband, Ryan, was assigned to Idaho to serve his first duty station as a pharmacy tech with the Air Force. The company promptly connected Heather with a position at a Walmart Supercenter in Jerome, Idaho, just 30 minutes from their new home.

"When we were waiting to find out where my husband would be transferred, he was worried about me keeping my job. But I wasn't. I've always known that my company would support me," Heather said.



Veterans

We've taken a hard look at the quantitative and qualitative data from the hourly and management population and believe we need to focus on the following areas:

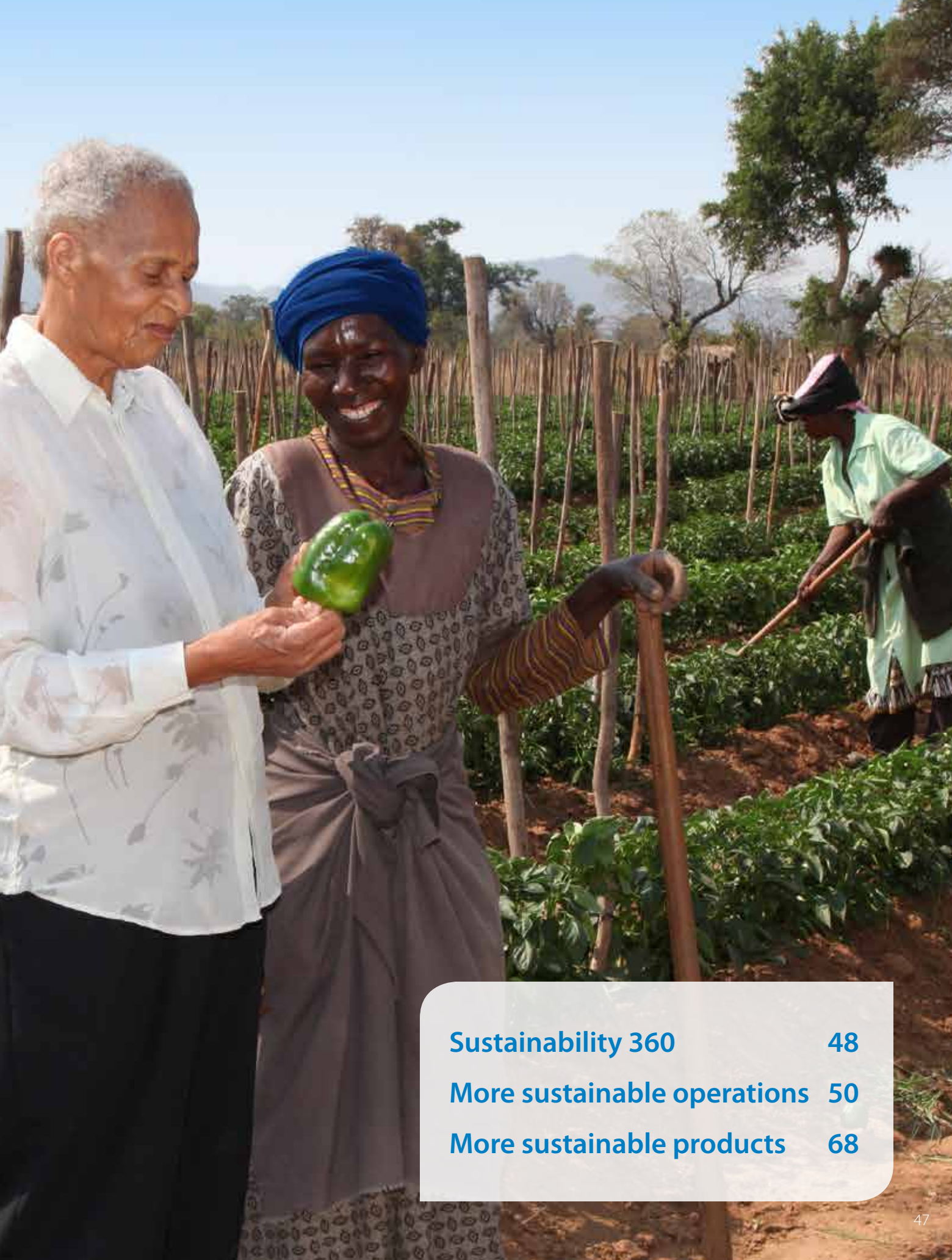
- Increasing awareness of the Veterans Welcome Home Commitment at the local level
- Educating store and department managers on matters that impact their military associates
- Assigning veteran champions to new veteran associates during the on-boarding process to ensure a smooth transition to the company
- Matching skill sets to jobs for better utilization of prior military training



# Sustainability







**Sustainability 360** 48

**More sustainable operations** 50

**More sustainable products** 68

# Sustainability 360

The United Nations projects that the world population could grow 30 percent by 2050, reaching 9 billion. Without innovation, increased demand for buildings, goods and services will strain natural resources, increase waste and elevate emissions. These factors negatively impact our air and water quality, which damages ecosystems, endangers our food supply and increases potential for severe weather disasters, drought and famine.

At Walmart, we're aiming to decouple business growth from environmental impact. By shifting toward renewable energy, driving energy and fuel efficiency, managing refrigerants, and diverting operational waste from landfills, we're proving business can prosper while reducing emissions. Recognizing that the footprint of our global supply chain is many times larger than our own, we're working directly with suppliers, farmers and factories to drive their energy efficiency and reduce emissions.

## These are some examples:

### 1 Leading in energy

In 2014, we operated with 9 percent less energy per square foot compared with our 2010 baseline. 26 percent of the electricity used by Walmart in 2014 was generated from solar, wind and other renewable sources.

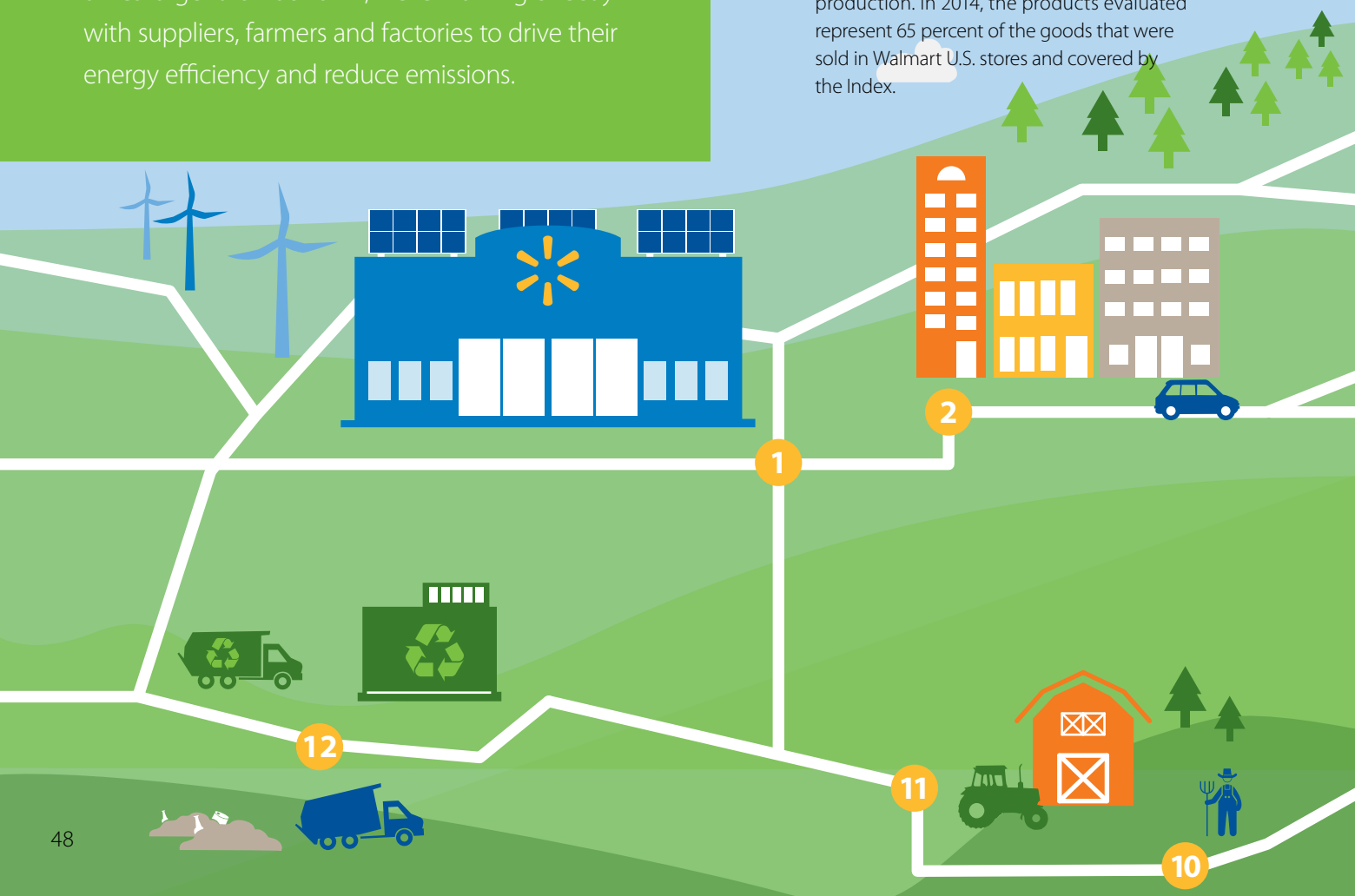
In 2014, we reduced our Scope 2 greenhouse gas (GHG) emissions from purchased energy by 1 percent compared with 2013, while continuing to grow the business. For eight consecutive years, our carbon intensity per retail area and per net sales has decreased.

### 2 Increasing recycled content supply

Walmart and the Walmart Foundation and several other organizations launched and invested in the \$100 million Closed Loop Fund in the U.S. It provides 0 percent interest loans to municipalities to develop local and recycling infrastructure to increase recycling rates.

### 3 Sustainability Index

Nearly 1,300 Walmart suppliers are using the Sustainability Index to drive more sustainable production. In 2014, the products evaluated represent 65 percent of the goods that were sold in Walmart U.S. stores and covered by the Index.



#### 4 Addressing deforestation

Currently, 54 percent of palm oil in our global private-brand products is certified sustainable – and we aim to push that to 100 percent by the end of 2015. In 2014, Walmart Brazil's beef suppliers began participating in our Beef Monitoring and Risk Management System, to help promote responsible ranching and sourcing.

#### 5 Acres for America

Since 2005, Walmart, in collaboration with the National Fish and Wildlife Foundation, has helped preserve and restore more than 1 million acres in 33 states, the District of Columbia and Puerto Rico through the Acres for America program. This 10-year, \$35-million commitment aims to permanently conserve at least 1 acre of priority wildlife habitat for every developed acre of our company's current and future footprint.

#### 6 Sustainable manufacturing

Factories that represent 70 percent of our business sourced in China will participate in our Factory Energy Efficiency Program by 2017.

#### 7 Promoting sustainable seafood

More than 90 percent of Walmart U.S., Sam's Club U.S., Asda and Walmart Canada's fresh and frozen, farmed and wild seafood is sustainably sourced in accordance with our seafood policy.

#### 8 Fleet efficiency

We've increased our private fleet efficiency by 3.2 percent in 2014, accounting for an 87.4 percent improvement over our 2005 baseline.

#### 9 Reducing greenhouse gas (GHG) emissions

Through our partnership with the Environmental Defense Fund, we helped our suppliers reduce GHG emissions by more than 17.4 million metric tons by the end of 2014 (2010 baseline).

#### 10 Training farmers

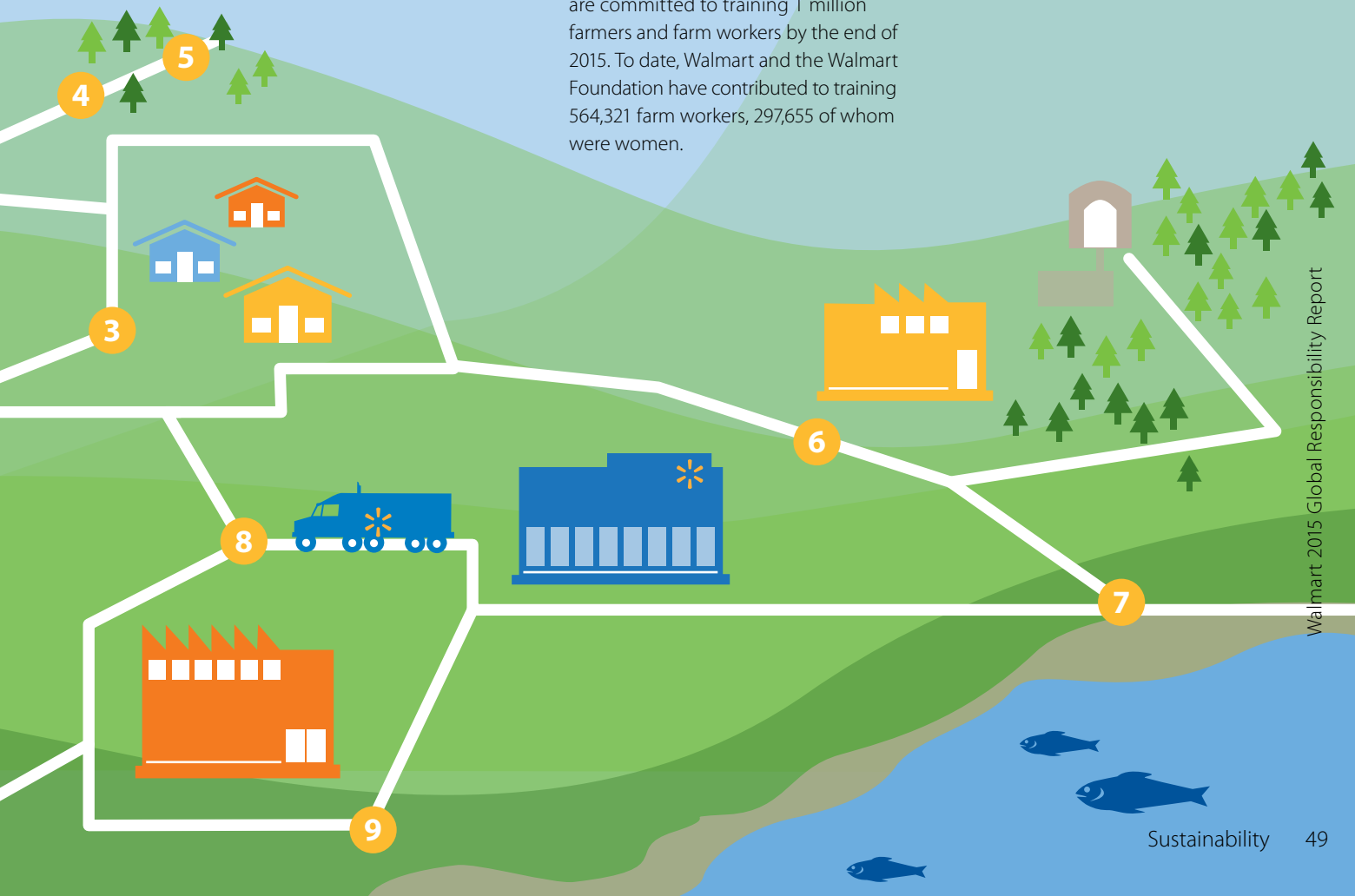
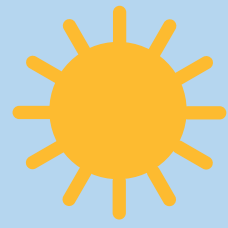
Walmart and the Walmart Foundation are committed to training 1 million farmers and farm workers by the end of 2015. To date, Walmart and the Walmart Foundation have contributed to training 564,321 farm workers, 297,655 of whom were women.

#### 11 Agriculture/food chain

At the U.N. Climate Summit in fall 2014, we committed to increasing visibility into key metrics regarding yields, water usage and GHG emissions in food supply chains. We've also pledged to provide 4 billion meals to those who need them in the U.S. over the next five years. In recent years, we opened 375 stores serving areas designated as food deserts.

#### 12 Drive to zero waste

Walmart U.S. operational waste diversion improved to 82.4 percent in 2014. Walmart International achieved 68 percent diversion across stores, clubs, distribution centers and other facilities.



# More sustainable operations

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From our buildings to our trucks, and everything in between, we aim to serve our customers in a way that’s safe, compliant and has the least amount of environmental impact. For 7 consecutive years, we’ve reduced our carbon intensity, and we’re on track to hold absolute emissions flat over this decade, despite our continued growth. Achievements like these are a testament to the collective actions our associates take to operate more efficiently, and more sustainably, worldwide. And, as it turns out, doing more with less is also good for business.

Safety and compliance	52
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Walmart 2015 Global Responsibility Report

# Safety and compliance

Creating a safe environment for our associates and customers remains a top priority. Developing programs and processes to help ensure compliance with safety laws and regulations helps us deliver on this. As we buy, move and sell products in stores in 27 countries, safety within our operations is central to how we do business. Through all of our activity around the world – whether in a store, distribution center, production facility, pickup point or on the road – we address safety and compliance by:

- Training associates
- Enforcing standards of operation
- Fostering continuous improvement and innovation



## ► Environmental compliance

We're committed to preserving our natural resources and achieving compliance with all applicable environmental laws and regulations. Our retail industry-leading environmental compliance programs help us manage wastewater, stormwater, waste, air emissions and recyclable materials at our facilities in a responsible manner. Around the world, our associates engage in extensive environmental compliance training, overseen by environmental subject matter experts in all markets.

Since 2010, Walmart has made a significant effort to recycle wherever legally possible. Compliance-related activities include the recycling of lead acid car batteries, lamps and bulbs, tires, automobile oil and spent cooking oils. These activities are great for the environment and make good business sense. In fact, automobile and cooking oil recycling alone have generated over \$140 million dollars in additional revenue for our business over the past 5 years.



Since 2010, we've recycled  
**100+ million**  
gallons\*

Saving in revenue  
**\$140+ million**



**2014**  
environmental  
inspections

Walmart U.S.\*\*  
**2,300**  
inspections

**97%**  
no significant findings

\* (used cooking and automotive oils).

\*\* In the U.S. alone, our facilities were inspected more than 2,300 times by environmental regulatory agencies in 2014, with regulators finding no major deficiencies in our environmental compliance practices 97 percent of the time.

## ► Health and wellness compliance – process and progress in our stores

The health and wellness industry is ever-changing and increasing in complexity. Operating in the health and wellness industry has given us another opportunity to serve the needs of our customers and build trust. Walmart Health and Wellness Compliance takes pride in ensuring that our pharmacies operate safely, while protecting our patients and our communities.

Last year, Health and Wellness Compliance enhanced our processes in protecting privacy and security, safeguarding against drug diversion and monitoring patient interactions. Specifically, Health and Wellness established goals to improve operational effectiveness. This was achieved by rebranding our Health Insurance Portability and Accountability Act (HIPAA) compliance program, making enhancements to closed-circuit cameras and redesigning the prescription flow processes.

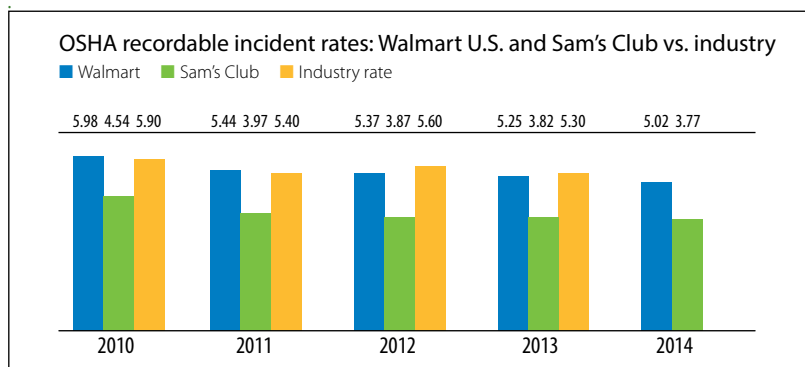
### The patient and pharmacist connection

In one of our stores, a pharmacy patient expressed they were experiencing a number of symptoms, including involuntary movements, high blood sugar, dizziness and frequent heartburn. Our pharmacist listened to the patient, reviewed the medication and determined the prescribed drugs might be the cause. To better understand the issue, our pharmacist contacted the prescriber and recommended alternative medication that could alleviate some of the side effects. A follow-up discussion between the patient and pharmacist revealed a significant improvement in health and a decrease of symptoms.

In addition to alleviating side effects, the new medication was also significantly less expensive. This was a positive outcome of counseling and action, and it's this kind of connection with our patients that helps set our pharmacies apart.

## ► OSHA compliance

This year, our OSHA Compliance Safety team improved corporate safety programs in critical areas. Our Compliance and Asset Protection teams also created a Compliance Champion program at every store in the U.S. to further enhance the safety culture in our facilities, among other initiatives.



## ► Licenses and permits

Each year, we secure and maintain thousands of licenses and permits to keep our doors open for business around the world. Before a single item is sold in our facilities, much work goes on behind the scenes to secure licenses and permits needed to operate our business the right way.

Licenses and permits affect the sale of many items such as food, prescription drugs, alcohol and tobacco. Obtaining the right licensure allows us to continue to sell the products that our customers need and want. We work hard to monitor legislative trends, evaluate our effectiveness and consistently update associate training to ensure we fulfill all legal requirements.



# Leading in energy

Fossil fuels – such as coal, petroleum and natural gas – account for roughly 80 percent of world energy consumption, and are a significant driver of greenhouse gas emissions in our operations. Renewable energy sources – such as hydro, wind, solar and biomass – offer a cleaner, more sustainable alternative. However, in many jurisdictions, renewable options cost more. Because Walmart envisions a world where people don't have to choose between energy they can afford and energy that's good for communities and the planet, we're focused on:

- Investing in cleaner, more affordable and reliable energy
- Scaling renewable energy
- Reducing our energy demand




Be supplied by 100 percent  
renewable energy



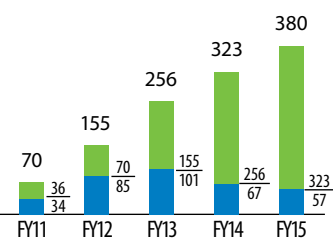


## ► Energy

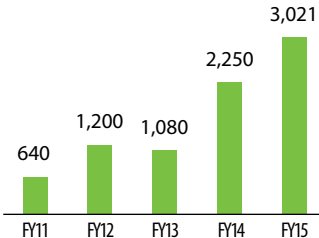
 **26%** of electricity used by Walmart is from renewable sources

### Onsite Renewable Projects

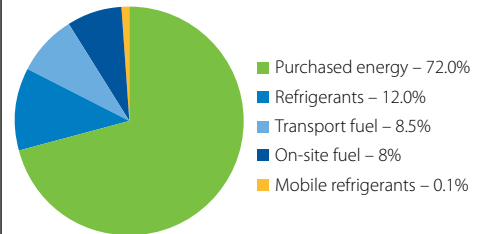
■ New projects installed during fiscal year  
■ Existing projects in operation



### Total Renewable Energy (GWh)

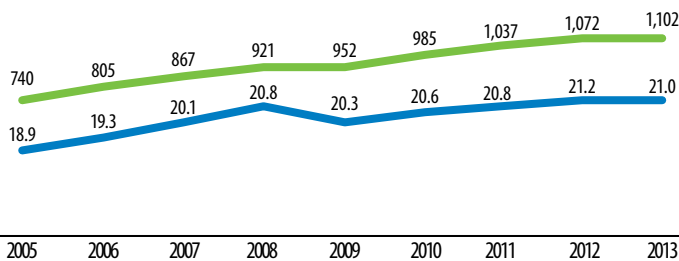


### GHG Emission Contribution by Source



### Carbon Emissions (Scope 1 and 2) vs. Retail Area

■ Carbon emissions (million tonnes CO<sub>2</sub>e)  
■ Retail area (million sq. ft.)



### Walmart Mexico renewable energy

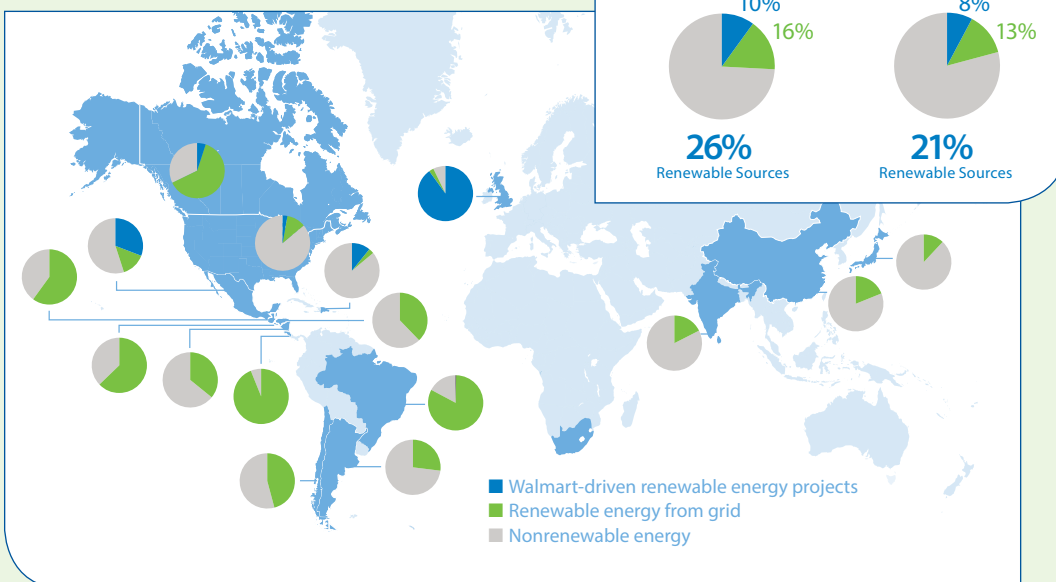
**Goal:** 3,000 million kWh by 2020

**Status:** 1,196 million kWh  
five renewable energy projects  
1,114 stores supplied

**Veracruz:** 1 mini-hydro plant

**Oaxaca:** 4 wind farms

### 2014 Global renewable energy use



## ► Energy continued

### Aspiration

Drive the production or procurement of 7 billion kilowatt hours (kWh) of renewable energy globally by Dec. 31, 2020 – an increase of more than 600 percent versus our 2010 baseline.

To achieve this aspiration, we're committed to expanding the development of on-site and off-site solar, wind, fuel cells and other technologies. In 2014, we procured more than 3,000 gigawatt hours (GWh) of Walmart-driven renewable energy globally, accounting for approximately 43 percent of our 2020 target. That's more than double our total from 3 years ago, with Mexico, the U.K. and the U.S. leading the way. Heading into 2015, we had more than 380 renewable energy projects in operation or under development in 5 countries and 16 U.S. states. Together with renewable electricity from the grid, 26 percent of our electricity needs globally are supplied by renewable sources.

*One of SolarCity's biggest challenges is that customers are still stuck with the stigma that clean energy is expensive. Walmart's scale, brand and leadership are sending the signal that solar is cost effective."*

Lyndon Rive  
CEO, SolarCity



### Doubling on-site solar

In May 2014, President Barack Obama visited our Mountain View, Calif. store to outline his plan for the U.S. to generate more clean energy. At that time, Walmart was already the No. 1 commercial solar energy user and the largest on-site renewable energy user in the U.S. But we supported the plan by committing to doubling the number of on-site solar energy projects at our U.S. stores, Sam's Clubs and distribution centers by 2020, compared to our 2013 baseline. That's more than 480 sites by 2020.

Our Mountain View store serves as one of several examples of that commitment at work. The facility currently generates 14.5 percent of its energy from solar systems built and installed by SolarCity, a local California business and one of our largest solar vendors. SolarCity estimates Walmart's commitment to solar alone has created 9,000 construction jobs in the U.S. and led to the California-based company's adding 5,000 permanent American jobs since 2010. The commitment of Walmart and other companies to solar creates more certainty in the marketplace and encourages others to invest, which helps lower the cost for everyone.

### Achieving our 2020 energy goals is equivalent to:



**100% energy**

consumption of Austin, Texas,  
households for one year



**9 million**

metric tons GHG emissions



**1.5 million**

passenger cars off the road



## Aspiration

By Dec. 31, 2020, reduce the total kWh-per-square-foot energy intensity required to power our buildings around the world by 20 percent versus our 2010 baseline.

As of the end of 2014, we were well on our way toward this new goal by operating with 9 percent less energy per square foot compared to our 2010 baseline. This represents a 2 percent improvement since the end of 2013.

As we expand our global operations to meet increasing demand for retail services, we work to leverage our global size and scale to invest in and implement technologies that reduce energy consumption and transform the retail industry.

We accelerate our efficiency worldwide by:

**Scaling technologies:** Continuing to scale and deploy market-ready efficiency technologies, leveraging our global demand to provide scale and certainty to our suppliers.

**Transferring technologies globally:** Piloting proven technologies in new geographies, store formats and customer demographics.

**Accelerating tomorrow's technologies:** Maintaining our focus on testing and experimenting with next-generation technologies to accelerate the future of energy efficiency.

In 2014, we completed and/or commenced implementation of numerous energy-efficiency initiatives around the globe as we continued to reduce the energy intensity (kWh/sq. ft.) of our facilities worldwide.

### International highlights from 2014:

**U.K.:** In 2014, we added sales floor LED lighting and Voltage Optimisation, in addition to migrating to a new energy monitoring system that provides daily energy alarms, analytical capabilities and reporting.

**Japan:** By the end of 2014, 99 of our stores were outfitted with ceramic tile flooring designed to reflect light and make our stores brighter by approximately 20 percent.

**Brazil:** In 2014, we retrofitted and replaced refrigeration equipment with doors at 35 stores and installed LED lighting at 15 units. These two projects delivered an 18 percent improvement in energy efficiency.

**Central America:** In 2014, we continued the installation of doors on open refrigerated equipment (except produce) in existing stores, achieving energy savings, quality and food safety for our customers. In addition, all of our new construction supercenters and supermarkets utilize 100 percent LED lighting.

**Argentina:** We recently imported lighting devices that are 38 percent more energy-efficient than the technology available in our market. Prior to 2014, importation restrictions in Argentina made this impossible.



### Energy

While attempting to scale renewables and accelerate our efficiency globally, several unique challenges prevent some markets from adopting and expanding renewable energy as quickly as others, including:

**Price:** In some markets, the price of renewables, like wind and solar, and off-grid generated energy is more than conventional energy.

**Availability:** The availability of renewable resources and suppliers doing business in various markets.

**Energy policy:** The absence of sound regulations and incentives that create a business environment where projects can be easily permitted, built, contracted for, financed and interconnected to the utility grid or customer facilities.

We will not make enough progress by working alone. Developers, suppliers, governments, utility companies, research agencies and consumers must align to create a market environment that supports adoption. That's why we actively participate in collaborative efforts to drive progress on these challenges. In 2014, Walmart contributed to the development of the *Corporate Renewable Energy Buyers' Principles*. This effort, co-facilitated by World Resources Institute (WRI) and World Wildlife Fund (WWF), helped frame the challenges and common needs faced by large renewable energy buyers to offer a new perspective on the future of U.S. energy and electricity. For more information, please see the *Corporate Renewable Energy Buyers' Principles*.

# Resource efficiency

Increasing the efficiency of our facilities and fleet worldwide, many of which are already more efficient than the applicable retail industry average, requires a new level of dedication and ingenuity from our associates and suppliers. By taking a leadership role in water consumption, reducing refrigeration emissions, fleet innovation and more, we're able to deliver low prices for our customers and help ensure a healthier environment for generations to come. We're accelerating our efficiency worldwide by scaling and deploying market-ready technology, piloting proven technology in new markets and testing next-generation innovation.

## ► Refrigeration

On average, refrigeration systems account for 30 to 50 percent of the energy consumption of our buildings. As demand for our retail services expands globally, especially for fresh and frozen food, the need for refrigerated equipment will grow. We look at refrigeration through a holistic lens and prioritize action based on potential to reduce environmental impacts. Our actions are focused on:

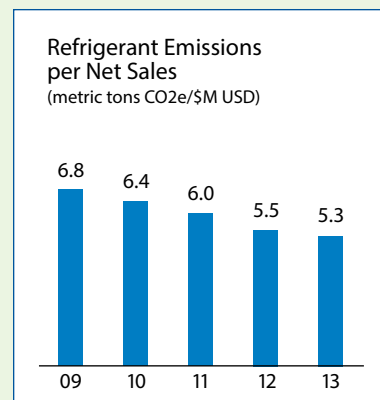
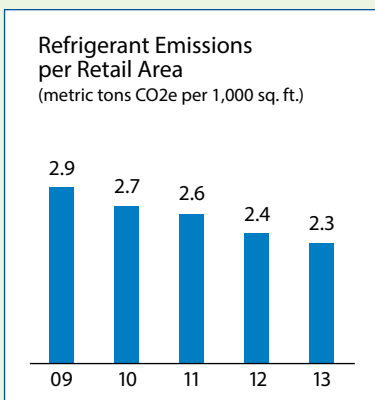
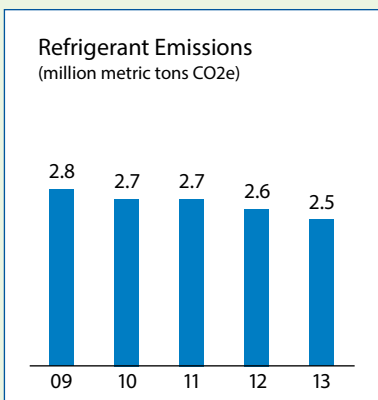
- Reducing energy use
- Preventing energy waste
- Transitioning to lower-impact refrigerant gases



## Aspiration

Begin phasing out hydrofluorocarbon (HFC) refrigerants by 2015 and replacing them with non-HFC refrigerants, where these are legally allowed and available for new installations.

In 2011, we began incorporating refrigeration and store designs that would enable the transition to less HFC-reliant systems. We continue to test HFC-free systems in several markets, which will allow us to validate system efficiency, total GHG impact and quality functionality.



### Creating a scalable, adaptable solution to sustainable refrigeration systems

Refrigeration equipment and parts make up a large portion of our capital spend. Inefficiencies within these systems push that annual spend even higher, while unnecessarily drawing from precious energy resources and emitting GHGs. For years, Walmart worked tirelessly across markets to identify efficient and sustainable solutions.

Conversations and collaboration with industry experts led to the development of new, energy-efficient refrigerant technology that we recently tested at an ASDA facility in the U.K. We're now trialing this technology at a select few stores in the U.S., Mexico and the U.K. Among the highlights, we've reduced the number of individual parts, potentially reducing energy consumption.

As we continue testing, we're looking for ways to align technical engineering to create a scalable solution across markets. We intend to increase standardization of our display refrigerant equipment while preserving flexibility to accommodate specific market needs. This would represent an important step forward for Walmart, as well as the retail and refrigeration industries in general.



Refrigeration

Two-thirds of the greenhouse gas emissions associated with refrigeration comes from the energy used to run the system itself. At this time, more energy is required to use "natural" refrigerants. Designing new systems that are less prone to leakage and consume less energy would be a faster, more affordable way to reduce associated greenhouse gas emissions. As the industry works toward the development of an optimal, long-term solution, we continue to work within and across the industry to focus on the entire life cycle.

In addition, we face gaps identifying properly trained and certified people to certify new refrigeration technology. Collaboration between manufacturers, service industry groups and system owners will help deliver a sustainable long-term solution.

## ► Water

As a retailer, our direct water intensity is relatively low when compared to mining, manufacturing or agribusiness. Still, we estimate that more than 20 percent of our operations around the world are, or will be, located in regions facing high levels of water stress. We are actively working to raise water-use efficiency in our operations around the world by:

- Improving facility design
- Addressing operational processes
- Collaborating with global subject experts

### Mexico

#### Aspiration

Reduce 7 percent water consumption in our operation by 2014 (2013 baseline).

Surpassed goal by reducing water consumption by 8 percent.

Recycle or reuse 60 percent of water in our stores and distribution centers by 2015.

34 percent of water is currently recycled in store operations.

#### Advanced wastewater plan

Walmart Mexico, one of our largest operations, is a leader in water stewardship in our company and has water initiatives in operation and under development in multiple locations. In 2014, we increased our number of on-site water treatment plants to 665. Those plants treat more than 2.5 million cubic meters of wastewater, 34 percent of which was reused for irrigation.

### Japan

#### Small steps make a big difference

Reduced water consumption by 29 percent compared to our 2010 baseline. This was achieved by adding low-flow water nozzles in our store kitchens, defrosting frozen items in the fridge, and better managing overflow and leakage.



### South Africa

#### Rainwater and condensation harvesting

In an effort to more accurately quantify water consumption, we transitioned from tracking by cost to kiloliters consumed in 2014 and installed independent water check meters at select Makro, Builders Warehouse and Cambridge stores. In addition, we estimate that the rainwater harvesting and condensation capturing initiatives at 75 of our Makro and Builders Warehouse stores has reduced water consumption by 7,750 kiloliters.

### U.S.

#### Efficient approach to water cooling

In 2008, Walmart U.S. partnered with Phigenics, an independent water management company, to develop a process that utilizes real-time monitoring and independent validation to ensure efficient water consumption across Walmart's portfolio of 403 utility water cooling systems at 227 stores. It consists of a standardized system for automatic sensor monitoring, secure wireless data communications and program oversight by experts in water management. Through the development and implementation of this approach, we've reduced water consumption by an average of 25 percent per open-recirculating system over the past six years. That's the equivalent of 660 million gallons of water saved.



Water

The significant underpricing of water in many geographies lowers the financial payback of water projects. In the coming years, as water rates are expected to increase and water regulations continue to grow tighter, Walmart is well-positioned to effectively manage costs and operational efficiencies. Further, our use of smart technology and industry best practices helps Walmart to reduce our water footprint today and adopt new measures that make sense for our operations going forward.

## ► Fleet

Walmart's U.S. private fleet operates approximately 6,000 trucks, pulling millions of loads each year. While the U.S. fleet accounts for the largest portion of company-owned trucks and trailers, we also maintain other private fleets around the world and work directly with third-party transportation providers to keep store and club shelves stocked. We recognize the opportunity to set the course for a sustainable future by driving fleet efficiency. Every gallon not burned means emissions avoided and dollars saved, which translate into a cleaner environment and lower prices for our customers. Safety, reliability and efficiency are the keys to a sustainable fleet, so we're focused on innovation in:

- Working with our vendors to rethink loading
- Improving routing and driving techniques
- Collaborating with tractor and trailer manufacturers on new technology

### Aspiration

Double U.S. fleet efficiency by the end of 2015.

We've increased our fleet efficiency by 3.2 percent in 2014, accounting for an 87.4 percent improvement over our 2005 baseline.

In terms of transportation as a whole, we delivered nearly 161 million more cases, while adding just 24 million new miles in 2014, as compared with 2013. Every mile not driven is fuel not burned. That efficiency saved the company nearly \$11 million, which has a direct impact on our ability to offer customers everyday low prices on the products and services we sell. The efficiency has helped us avoid more than 15,000 metric tons of CO<sub>2</sub>, the equivalent of removing more than 3,000 cars from the road.

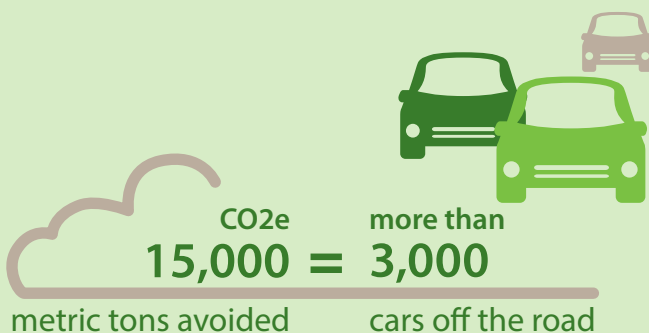
## 2014 U.S. fleet efficiencies

**161 million  
more cases  
of product delivered**



**Saved nearly \$11 million**

**CO<sub>2</sub>e  
15,000 = more than  
metric tons avoided      3,000  
cars off the road**



### Focus on technique

While miles per gallon serves as an indicator of effective driving, it doesn't tell the entire story. Factors such as weather, terrain and load can easily impact fuel economy by up to 30 percent. While the driver has very little control over these factors, the use of techniques such as avoiding unnecessary idling, limiting over-rev and increasing the use of top gear allows the drivers to increase their fuel economy.



Walmart 2015 Global Responsibility Report



### Walmart Advanced Vehicle Experience

Introduced in early 2014, the Walmart Advanced Vehicle Experience concept truck represents the latest in our fleet efficiency program. This one-of-a-kind prototype – built in the U.S. in collaboration with Peterbilt Motors and Great Dane Trailers – offered a package of firsts, ranging from the latest in aerodynamics and electrified auxiliaries to a microturbine-powered hybrid powertrain and lightweight composite materials. The trailer is made almost exclusively with carbon fiber, saving around 4,000 pounds in vehicle weight. Both projects showcased the possibilities and

benefits of advanced aerodynamics, and the large weight reduction achieved in the trailer proved that with advanced composites there is still room for lightweighting. We learned that the powertrain, although not ready for the demands of over-the-road applications, is prime for off-road operation like yard trucks. Walmart and our partners learned a great deal from the design, build and component integration of this bold prototype. And while there were many technical learnings, probably most importantly we learned that the trucking industry is eager for innovation, there is

potential for greater fuel efficiency and the supplier base has the ingenuity to deliver. The process of collaboration, testing new ideas, and pushing boundaries will be incorporated into our next generation prototype and will contribute to our ability to transition to alternative fuels. Every investment takes us multiple steps closer to unveiling a concept that will not only push Walmart forward, but will also improve the trucking and transportation field in general.

*Peterbilt's goals of producing the most fuel-efficient, aerodynamic and lightweight trucks in the industry mirror those of Walmart. Our combined efforts help build a business case for these technologies in the future, as well as support one of our best customers."*

**Bill Kahn**  
Principal engineer, Peterbilt Motors

### Increasing integration

In a company as large as Walmart and an industry as fast-paced as retail, we're often required to make quick decisions to meet customer needs. At times, however, quick solutions cause inefficiencies in merchandising, operations and logistics. Better coordination between the logistics and merchant teams, as well as better data utilization, improves the quality and speed of decisions. Supplier alignments are a great example. Buying decisions are based, in part, on the number of miles and cost to get a product from the supplier to the stores.



## ► Fleet safety

Each year, we move millions of products from manufacturers to Walmart distribution centers, and from distribution centers to the shelves in our stores. Our logistics network operates one of the largest and safest fleets in the U.S. and our drivers clock up thousands of miles to make millions of deliveries to our stores and clubs.

Walmart drivers were recognized at the 2014 American Trucking Association Safety and HR National Conference and Exhibition as the industry's safest fleet in its class for 2013. In 2014, seven Walmart drivers advanced to the finals at the American Trucking Association's National Truck Driving Championship (NTDC), where accident-free driving and safe driving are prerequisites for participation.

### A Hart for Excellence: Meet the 4-Million-Mile Man

George Hart isn't just a truck driver. He's a Walmart truck driver, and, since being hired in 1981, he has exemplified the company's commitment to safety on the road. In fact, Hart – who has been based in both Hopkinsville, Ky., and Bentonville, Ark., became the latest Walmart driver to reach 4 million consecutive safe miles earlier this year.



*The commitment to safety is part of our culture. This is absolutely the best company I've ever worked for. It's helped me to provide for my family, and since we get two days off per week, I know I'll always be able to spend time at home with them."*

**George Hart**  
Truck driver, Walmart



Fleet

Based on nearly 10 years of collaborating with stakeholders to improve the fuel efficiency of Walmart's U.S. fleet, we've identified several key success factors for driving greater efficiency across the industry.

**Policy:** Policies and regulations (like the Phase 2 GHG rule) can present key opportunities to improve efficiency across the industry in a coordinated, responsible and safe way.

**Finance and access:** Innovation depends on access to capital to develop, commercialize and scale ideas across large fleets.

**Academia:** Academia continues to play a critical role, fostering new ideas, developing new processes and training programs and creating new technologies.

**Alignment:** Supply and demand must be aligned to establish and maintain market-stimulating innovation and scale solutions.

# Waste reduction

The world generates an average of 3.5 million tons of solid waste per day. According to the World Bank Report, daily waste will climb to 6 million tons per day by 2025, and a staggering 11 million tons by 2100. What's more, a recent report by United Nations Environment Programme (UNEP) and the World Resources Institute found that about one-third of the food produced worldwide – worth about U.S. \$1 trillion annually – gets wasted in food production and at the point of consumption.

What if we could find a way to turn what we now refer to as waste into opportunities and solutions? Millions of tons of materials flow through Walmart facilities each year. We're finding ways to reduce, reuse, recycle and manage them more efficiently, resulting in significant environmental and business upside. Ten years ago, we set an aspirational goal to create zero waste across our global operations.

We get closer to achieving this goal by:

- Improving waste data management
- Reducing and diverting food and materials from being wasted
- Focusing on returns optimization and customer-facing programs



Create zero waste

## Canada

The expanded rollout of our Organics Recycling Program has contributed to a 25 percent increase in total tonnage of organic waste diverted from landfill. We also increased food donations by 64 percent over 2013 and redirected an additional 142,552 kg of products to people in need.

## Mexico

Our waste reduction campaign Reduce, Recycle and Win helped us reduce food waste by 6 percent in Mexico stores and increase the amount of recyclables (cardboard and stretch film), as compared with 2013. Additionally, a Committee of Freshness was created to help improve the delivery of fresh food to our customers and reduce food throwaways.

## U.S.

We collaborate with organizations to direct recyclable waste materials from our stores into the manufacturing of new products that come back to our shelves:

- We work with manufacturer Technimark to recycle our softlines hangers into new retail hangers for sale at our stores and clubs. In 2014, this program was responsible for 30 percent of the private-label hangers we sold.
- We collaborate with Pioneer Products to collect used icing buckets from our bakery departments and recycle them into 45-gallon trash cans. Last year, 215,793 icing buckets were recycled and incorporated into 351,130 trash cans.

## Central America

(Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua)

Through reverse logistics, we increased the total weight of materials collected for recycling by 10.8 percent in 2014, for a total of 21,388 metric tons. The categories of recyclable materials being collected has grown to include cardboard, paper, stretch film, plastic bags, rigid and PET plastics, metals, aluminum, pallets, glass, vegetable oil and electronics.

## Chile

In 2013, we collaborated with four multi-national organizations to create a network of five recycling points for the metropolitan region. From November 2013 to December 2014, the recycling points collected 166,328 kg of waste that was diverted from landfills.

## Walmart U.S.

Waste diversion:

**82.4%**

## Walmart International

Waste diversion:

**68%\***

### U.K.

With the opening of the ninth Asda Service Centre in 2014, all Asda stores in England, Scotland and Wales are returning recyclables and food waste via reverse logistics.

### India

Best Price stores in India offer customers available used cardboard boxes to pack merchandise they've purchased. This helps to significantly reduce the use of plastic bags.

### Japan

We expanded our food donation program to 30 new stores in 2014, bringing it to a total of 81 stores by the end of the year. In 2014, we donated more than 100,000 items through our partnership with Second Harvest Japan.

### Africa

Currently, Makro, in partnership with Samsung, facilitates South Africa's largest retail-led e-waste collection program. Makro-Samsung e-waste collection containers have been made available across 18 stores to assist customers with recycling and the safe disposal of e-waste. To date, the program has supported the collection of more than 596 tons of post-consumer e-waste.

### Brazil

To date, Walmart Brazil has more than 200 collection points to encourage customers to bring back their recyclables: glass, paper, cardboard, plastic and metal. In 2014, we also piloted the collection of expired medicines, batteries, light bulbs and used mobile phones. In cooperation with approved partners, Walmart Brazil collected and responsibly disposed of 850 kg of expired medicine and recycled 5752 kg of batteries and mobile phones last year.

### Argentina

In 2014, we donated 141,612 kilos of nonperishable food, hygiene and cleanliness products to food banks across the country. We also recycled 47,000 kilos of cardboard and 8,487 kilos of plastic through reverse logistics.

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

UL Environment, part of the UL family of companies, was commissioned by Wal-Mart Stores, Inc., to undertake verification of the company's global waste diversion results. The objective of the verification was to establish that the waste diversion information presented by the company is a reliable representation of Wal-Mart Stores, Inc.'s performance and programs, and that the data presented conforms to Walmart's own stated Waste Diversion Program. UL Environment reviewed material handling, diversion processes and select supporting data through discussions and interviews with our internal Walmart Zero Waste Global Sustainable Value Network, document reviews and analytic reviews of waste diversion procedures. Based on the assurance activities undertaken for the United States, UL Environment found no evidence to indicate that the diversion rates reported are materially inaccurate. Based on the assurance activities undertaken for U.K., Chile, Central America, South Africa and Japan, UL Environment found no evidence to indicate that the processes applied would result in material misstatements of diversion rates. Analysis of the diversion data for these markets is ongoing. UL Environment conducted the verification process in accordance with procedures adapted from the Greenhouse Gas international assurance standard, ISO 14064-3, and UL's Environmental Claim Validation Procedure 2799, Zero Waste to Landfill.

Mexico, Canada, Brazil and Argentina numbers are self-reported.





## Aspiration

Walmart will reduce food waste in emerging market stores by 15 percent and in our other markets by 10 percent by the end of 2015, compared to our 2009 baseline.

In emerging market stores (Argentina, Brazil, Central America, Chile and Mexico), we've reduced food throwaway by 11% percent.

While we continue to work toward reducing food waste in our developed markets (Canada, Japan, the U.K. and the U.S.), we're at risk of not meeting our goal of 10 percent reduction by 2015. As the demand for high-quality, fresh meat and produce has increased in developed markets such as Canada and the U.S., we've expanded our offering and our volume of food. But with more volume and better quality comes the potential for additional waste. We continue to work with our associates to improve our processes for managing our fresh food offering and drive results. Several success stories from our global markets are shared below.

### Central America

Our focus on waste prevention at every stage – from supply chain and transportation to our own distribution centers and stores – has contributed to a 20 percent reduction in our food throwaway rate compared to our 2010 baseline. Through the development of programs like Safe and Great Exhibition Basics and tools like the Perishables Damage Item Thermometer, we're making it easier for our associates to prevent food waste at the store level. In 2014, every operator tracked food waste reduction metrics and our stores assigned a food waste reduction champion to drive efficiency in perishable departments.

### Japan

By the end of 2014, we reduced operational food waste by 63 percent, compared to our 2009 baseline. Last year, we launched the Fresh Food Satisfaction Guarantee Program, where store associates performed more frequent freshness checks and timely markdowns. It helped to increase fresh food sales by approximately 8 percent year-over-year, while reducing food throwaway by 30 percent.

### U.S.

In September 2014, Walmart U.S. launched an internal food waste and damage reduction campaign that focuses on forecasting optimization, packaging improvement, optimization of displays and the activation of a Customer Value Program. In 2014, the campaign helped keep an estimated 30 million units of food from becoming waste relative to growth rate projections. In 2015, we'll conduct training on stocking, rotation, back stock, sales floor management and more.



Waste  
reduction

We're focused on three waste-related challenges:

- Providing standardized and consistent reporting through better processes and data to drive progress and results.
- Addressing fragmentation within the industry by building scale at the regional or country level to improve the economics and the sustainability of these commodity streams.
- Leveraging our own operations and developing partnerships to solve infrastructure needs that will lead to better outcomes.

# More sustainable products

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Ten years ago, Walmart made a commitment to enhance the sustainability of the products we sell. That means working with suppliers to foster more responsible and transparent production practices; improving the sustainability of product ingredients, materials and design; and making responsible product choices more affordable and transparent for customers.

Sustainability Index	70
Responsible sourcing	72
Sustainable food chain	76
Sustainable product design	92
Sustainable manufacturing	98



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# Sustainability Index

Walmart has worked with more than 100 suppliers, several leading NGOs and the scientists at The Sustainability Consortium (TSC) for the past several years to build the Sustainability Index. It's a tool that gathers and analyzes information about a supplier's approach to monitoring and managing social and environmental impact across the product life cycle – from sourcing, manufacturing and transporting to selling, customer usage and recycling.

We're putting this tool into the hands of our buyers and suppliers in the U.S., and piloting it in Chile and Mexico to drive continuous improvement and identify hot spots for special initiatives, such as factory energy efficiency and fertilizer optimization. For the first time, we're making information from the Index available to the public in the Sustainability Leaders shop at Walmart.com. The site describes the major hot spots affecting more than 80 product categories and showcases suppliers who score the highest on the Index in each category. The Sustainability Leaders badge does not make any representations about the environmental or social impact of an individual product. It means that a manufacturer is an industry leader in sustainability efforts in a product category.



Sell products that sustain people and the environment







## Aspiration

By the end of 2017, we'll buy 70 percent of the goods we sell in Walmart U.S. and Sam's Club U.S. units only from suppliers who use the Sustainability Index to evaluate and share the sustainability of their products if they produce goods in categories where the Index is available.

On the Walmart side, we're almost there. Nearly 1,300 Walmart suppliers are using the Sustainability Index to evaluate the sustainability performance of the full life cycle of their products, accounting for 65 percent of Walmart U.S. sales. We're rolling the Sustainability Index out for Sam's Club suppliers this year.

*Over the years, BISSELL has used Walmart's Sustainability Index as a source to help guide our sustainability efforts. For example, we've implemented energy, waste and water usage reporting for all our internal facilities, as well as our major Tier I suppliers. We've applied sustainability scorecard metrics to help us set goals and drive improvements throughout our supply chain for energy usage and greenhouse gas emissions."*

**Scott Boles**  
Director, Global Quality and Sustainability, BISSELL

## Sustainability Leaders shop

In February 2015, we unveiled our new Sustainability Leaders shop on Walmart.com. This dedicated area within our e-commerce site in the U.S. makes it easier for our customers to identify companies that are leading in product categories in efforts to improve sustainability. This is a big step in helping our customers see which participating brands and suppliers are leading the way in sustainability, so they can shop with a purpose.

## Aspiration

Each merchant will have sustainability goals tied to his or her performance objectives and we will use the Index as the primary tool to measure progress.

Nearly 70 percent of the buyers for Walmart U.S. stores have the Index tools they need to improve the sustainability performance of their suppliers and the products they buy from them.



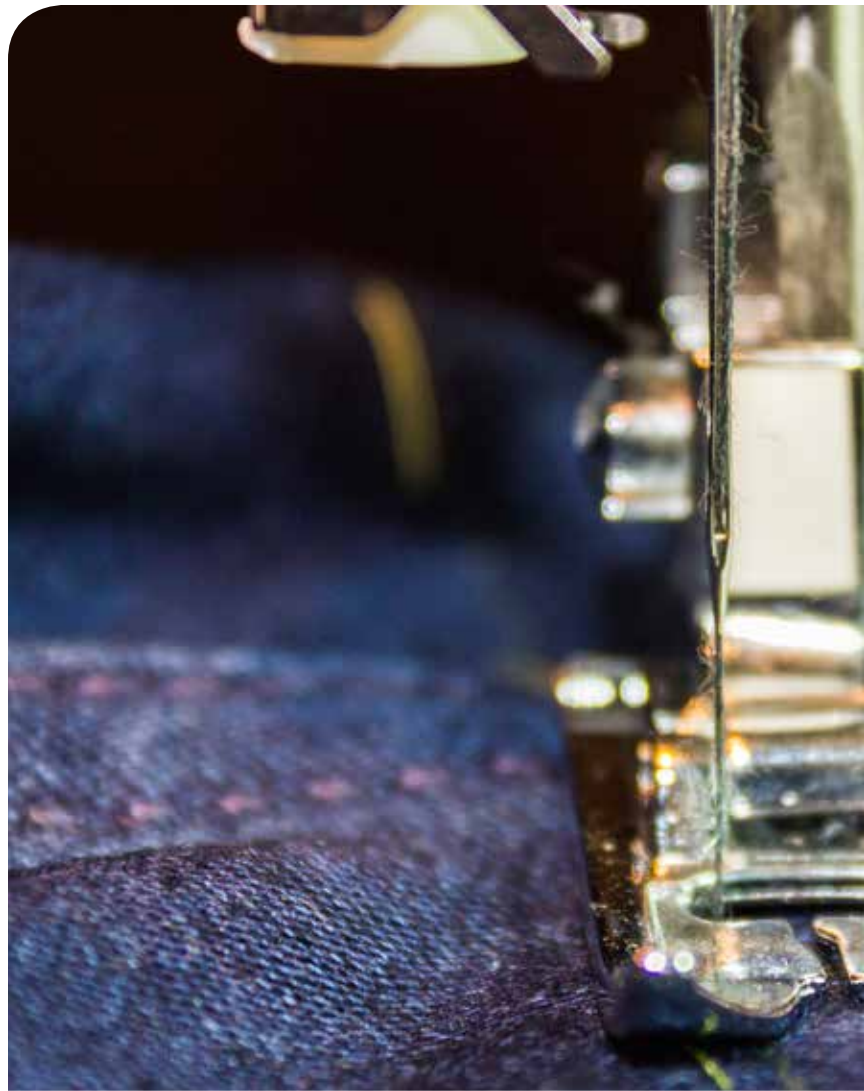
Sustainability  
Index

The Sustainability Index has proven to be a valuable tool for retailers and suppliers to deliver the most sustainable products possible for customers. While Walmart's size and scale enables us to drive significant change, we rely on our supplier partners to lead the way in working with Walmart to provide more sustainable products. The Index is robust, and when completing the Index questions, our suppliers may not have access to all of the answers. In some cases, it could take time to build the capability to understand complicated supply chains. We're working to continually improve, creating the most meaningful Index we can, while taking feasibility of completion into consideration.

# Responsible sourcing

Walmart values the men and women around the world who work to produce the products our customers love. We expect suppliers and factory management to provide them with a safe and healthy work environment and advancement opportunities. And we're committed to providing lasting solutions to the complex issues that are part of the global supply chain. We accomplish this by:

- Strengthening and communicating our expectations for suppliers
- Establishing accountability through audits and other tools
- Investing in programs that build supply chain capacity
- Collaborating with industry stakeholders to influence a sustainable future



## ► Strengthening and clarifying expectations

The safety and well-being of workers across our supply chain is a priority for us. We publish Standards for Suppliers to make clear our fundamental expectations for suppliers regarding the treatment and safety of workers and the suppliers' impact on the environment.

We've made several important updates to our standards, including:

**Factory visibility:** Strengthened our requirements for suppliers subject to audits to designate employees who are responsible for factory compliance with applicable laws and standards. The designated employees must have sufficient visibility into factory operations to ensure compliance at the facility level.

**Factory disclosure:** Clarified our requirements for suppliers subject to audits to proactively disclose facilities that produce products for sale at Walmart.



### Listening to our suppliers

In December 2013, we asked our suppliers to provide feedback on our fire safety standards. During this collaborative review, we received nearly 500 comments and suggestions from approximately 100 partners. We used that feedback, along with input from fire safety experts, internal partners and external auditors to develop the following resources published in April 2014:

**Fire Safety Checklist:** Allows suppliers and factories to conduct self-evaluations of their performance against our enhanced fire safety standards, in addition to our regular audits.

**Enhanced fire safety training module:** Provides step-by-step guidance on how to comply with the Fire Safety Checklist.

## ► Establishing accountability

We've invested in detailed social audits to help verify that the requirements outlined in our Standards for Suppliers are met. These audits strive to ensure:

- All labor is voluntary
- Producers comply with all child labor laws and standards
- Workers are properly paid for all labor hours
- Hours aren't excessive and are consistent with local laws or regulations
- Factories meet health and safety standards

The majority of our social audits are unannounced and conducted at facilities by independent and internationally recognized firms. Facilities are re-audited every six to 24 months, depending on the findings of their previous audit. The results are assigned a color rating, based on type and severity of issues found. We use these ratings to help make decisions regarding suppliers and factories.

In 2014, we developed a risk-based approach to auditing that allocates more of our auditing resources to higher-risk facilities based on the geography where they're located. Over time, we will evolve our risk-based approach to include additional factors, such as industry- or supplier-specific risks, to help ensure the greatest impact.

### Raising the bar at apparel factories in Bangladesh

As part of our commitment to transparency, Bureau Veritas, a third-party audit firm, conducted in-depth electrical and structural safety assessments for Bangladesh factories that produce ready-made garments directly for Walmart. The results show many factories have made substantial improvement over the past year, with electrical ratings climbing by more than 80 percent and building safety improvements by more than 60 percent. In addition, we've committed \$1.6 million (\$800,000 contributed through 2014) to improve safety training via the newly created Environmental Health & Safety Academy in Bangladesh. The purpose of EHS Academy is to provide a local, long-term platform for addressing challenges in the supply chain related to fire safety through technical training and engagement.

### Worker helpline

We believe the worker voice plays a key role in driving safety and well-being across the supply chain. That's why we require the factories that produce the finished goods we sell to display, with our Standards for Suppliers, a toll-free phone number, email address and website where workers can anonymously report concerns in their local language. All reports are collected by a third party and directed to our Global Ethics office for investigation.

## ► Building supply chain capacity

Through our Supply Chain Capacity Building program, we provide our suppliers with the following training opportunities aimed at influencing continuous and sustainable improvement:

**Factory Audit Orientation** is designed to provide new factories and suppliers with training in social and environmental compliance, enhanced fire safety, chemical and machine safety, dormitory and canteen standards, region-specific trends and more. In 2014 alone, 2,993 factories participated in our Factory Audit Orientation.

**Violation Correction Training** addresses common trends related to social and environmental compliance and ways to address those issues, with special focus on locally relevant topics. Through training in root-cause analysis, factories are able to develop corrective action plans to remedy potential violations. In 2014, we conducted 227 Violation Correction Training sessions attended by 3,163 factories.

**Orange School Program** provides one-on-one, hands-on training to select factories and suppliers. Using root-cause analysis methodology and procedures, we teach factory management to proactively identify noncompliance issues and develop a systematic approach to continuous improvement. In 2014, 51 factories completed the Orange School Program, and 46 additional factories are currently undergoing training.

**Supplier Development Program** consultants work with suppliers to conduct a thorough analysis of each area of business that impacts suppliers' ability to work in accordance with our Standards for Suppliers. We help them develop customized plans to work toward meaningful improvement.

**Supplier Round Table** is a forum for our suppliers, factories and stakeholders from similar sourcing regions to discuss concerns and share best practices. The sessions are focused on responsible sourcing goals, as well as objectives and current challenges across their region. In 2014, we held 60 global Supplier Round Table sessions, with 566 participating factories and 414 participating suppliers.



## ► Collaborating with stakeholders

While we leverage our size and scale to influence positive change in a variety of ways, driving long-term improvement across an industry as vast as the manufacturing industry requires collaboration. Through our ongoing collaboration with stakeholders, we're helping to strengthen the global supply chain at a much faster rate than would be possible on our own.

### Alliance for Bangladesh Worker Safety

Walmart is a founding member of the Alliance for Bangladesh Worker Safety, a group of brands and retailers seeking to drive safer working conditions for the men and women in the ready-made garment industry. According to the Alliance, over the past year, it has:

- Trained more than 1 million factory employees on basic fire safety
- Piloted a helpline where workers can anonymously report safety or other job-related concerns
- Provided, together with factory owners, wages for approximately 1,000 displaced workers
- Created a Board Labor Committee to focus exclusively on labor issues impacting workers' lives

### Coalition of Immokalee Workers and Fair Food Program

In 2014, Walmart was the first major retailer to join the Fair Foods program through a partnership with the Coalition of Immokalee Workers and Florida tomato suppliers. We're working with the CIW to:

- Expand the Fair Food program beyond Florida to the tomatoes we purchase from participating Florida-based growers with operations outside the state.
- Provide long-term purchasing commitments to suppliers who best reflect the principles of the Fair Food program.
- Explore how to expand the Fair Food program to other crops beyond tomatoes in our produce supply chain.

### Better Work Program

Together, the International Labour Organization (ILO) and the International Finance Corporation (IFC) launched the Better Work Program with the objective of improving factory working conditions in the garment sector. Program components include monitoring factories, conducting training modules and engaging with key stakeholders, including workers, factories, communities and governments. We've worked with the ILO/IFC in the Better Work Program, which currently operates in Cambodia, Haiti, Indonesia, Jordan, Lesotho, Nicaragua and Vietnam, with plans to expand into Bangladesh.



### Ethical Trading Initiative

Asda/George is a founding member of the Ethical Trading Initiative (ETI) and works within a multistakeholder environment on industry issues such as home workers, Sumangali workers, working-hours projects, fire safety, living wages and purchasing practices. ETI touches a wide spectrum of issues to help drive positive change through the supply base from which we source and to improve conditions for workers who make the clothes we sell.

### Global Social Compliance Program

The Global Social Compliance Program (GSCP) is a business-driven program created to promote the continuous improvement of working and environment conditions in global supply chains. The GSCP was created by five leading companies, including Walmart. Approximately 40 member brands and retailers are working to harmonize existing efforts and deliver a common, consistent and global approach for the continuous improvement of working and environmental conditions in the global supply chain.

# Sustainable food chain

Between now and 2050, global food supply must nearly double to meet the demands of a growing population. Meeting growing demand will require a more sustainable food system. As the world's largest food retailer, Walmart works with suppliers and many others along the food chain to strengthen sustainability – creating a food system that is more affordable for people and planet, more accessible for all, healthier, safer and more transparent.

## ► True cost affordability

Walmart is known for lowering the cost of food for our customers. We have been working hard to do it in a way that also lowers the true cost to society – meaning improving yields while reducing GHG emissions and preserving natural capital (oceans, forests, water, air quality, pollinator health), and enhancing farmer livelihoods. We are doing this by:

- Adoption of sustainable agriculture practices
- Supporting small holders through training and sourcing initiatives
- Promoting sustainable practices in key commodities (beef, soy, palm, seafood, among others)
- Reducing inefficiency and waste across the chain (see page 21 in this report for more information on waste reduction efforts)



## Sustainable agriculture practices

Feeding the world's growing population will require a 15 percent increase in food supply by 2025 and a 70 percent increase in food supply by 2050, based on most projections. Meanwhile, the IPCC climate targets suggest the U.S. corporate sector needs to reduce its average GHG emissions by 3 percent per year through 2020 and by more than 3 percent per year thereafter. As well, the 2030 Water Resource Group suggests a water gap of 30 percent by 2030. How will we significantly ramp up food supply, while reducing GHG emissions and conserving water?



### Aspiration

Gain increasing visibility over the next 10 years into key metrics regarding yields, water usage and GHG in food supply chains. Foster improvements in food yields, water efficiency and GHG emissions through special projects and continuous improvement.

After launching this goal at the United Nations Climate Summit in fall 2014, we collaborated with several organizations (The Sustainability Consortium, Field to Market, U.S. Dairy Innovation Center, Stewardship Index for Specialty Crops and others) on agriculture metrics and transparent reporting. Now, the Sustainability Index contains a robust set of quantitative field metrics that our suppliers use to track and report continuous improvement, including but not limited to GHG emissions, water efficiency and food yields. This is a capability-building journey with our supply chain partners but an important first step to begin Scope 3 measurement and improvement.



### Aspiration

Encourage suppliers to develop fertilizer optimization plans for 14 million acres of U.S. farmland by 2020.

In April 2014, CEOs from Campbell's, Cargill, Dairy Farmers of America, General Mills, Kellogg, Monsanto and PepsiCo joined our president and CEO, Doug McMillon, at the first Walmart Sustainable Product Expo. There, they made ambitious commitments related to commodity optimization and the protection of natural capital. In October 2014, Unilever and United Suppliers announced commitments at the Walmart Sustainability Milestone Meeting. In total, we've established joint agricultural partnerships with 17 suppliers, cooperatives and service providers on 23 million acres of land in the U.S. and Canada, with the potential to reduce 11 million metric tons (MMT) of GHG by 2020.



### Tim Richter: Optimizing fertilization, reducing environmental footprint and cost

Tim Richter, who supplies ingredients like corn and wheat to companies that make the groceries for Walmart, has been farming 7,000 acres in northeast Iowa and west central Missouri for many years. Nitrogen fertilizer is an essential ingredient to producing high yields in his fields, but Tim recognizes that

overfertilization acts as a pollutant. Hoping to understand, influence and facilitate the sustainability measurement needs of food processors and retailers while adding value to growers, Tim and 6 other farmers formed The Triple Bottom Line Commodities, a Tier-2 member of The Sustainability Consortium.

In 2011, Tim and The Triple Bottom Line Commodities began working with Adapt-N, a computer simulation, funded, in part, through grants from the Walmart Foundation and promoted by Walmart. It takes into account such factors as climate, temperature and water to determine precisely the nitrogen level in soil, which eliminates the guesswork associated with fertilization. Farmers like Tim now have the ability to be far more precise in how and when they apply fertilizer to produce their targeted yield, which enabled them to increase profitability by \$150/acre while only using the amount of nitrogen needed and applying it when the crops are able to absorb it.

## ► True cost affordability continued

### Aspiration

Double sales of locally sourced produce sold by the end of 2015 (2009 baseline).

By the end of 2014, we increased sales of locally sourced produce from \$404 million to \$749.6 million. We remain on track to reach our goal by the end of 2015.

## Training and sourcing from small holders

### Aspiration

Provide training to 1 million farmers and farm workers, of which half will be women, in emerging markets by the end of 2016.

By the end of FY2015, Walmart and the Walmart Foundation had contributed to training 564,321 farmers of which 297,655 were women. As of this date, funding was in place to reach a total of 837,449 farmers, including 475,537 women. During 2014, the Walmart Foundation funded four projects in Africa and Asia that will train 151,000 farmers, an estimated 79,967 being women.

Additionally, Walmart provides technical assistance to small and medium-sized growers in our supply chain through our various sourcing organizations, such as U.K.-based International Procurement and Logistics, U.S.-based Global Food Sourcing and Hortifruti in Central America.



### **Qiang BoPing: Improving yields for Chinese apple growers**

Qiang BoPing is one of 200,000 Chinese apple growers learning sustainable agricultural practices through a program made possible by a Walmart Foundation grant to Cornell University and the University of California, Davis. Smallholder apple farmers in China face many production problems, including low productivity and poor fruit quality due to wide use of seedling rootstocks, overuse of fertilizers and rising labor costs. This training program addresses these and other key issues through a partnership with the provincial extension system and agricultural universities in both Shandong and Shaanxi Provinces. To date, 149,233 Chinese apple farmers have received training through the program. This training program has enabled apple farmers to adopt high-density planting systems on dwarfing rootstocks and associated sustainable management practices to improve yield, fruit quality and income on their family orchards while reducing the environmental impact of apple farming in China.



## Sustainable commodities

### Aspiration

Require 100 percent of the palm oil in Walmart's global private brands to be sourced sustainably by the end of 2015.

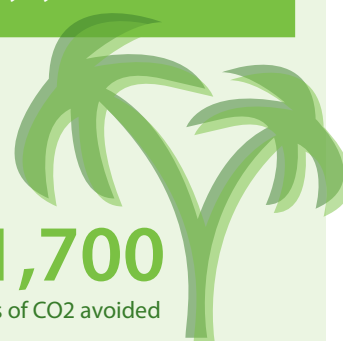
We're on track to meet our goal of sourcing 100 percent sustainable palm oil, supporting RSPO-certified palm oil. In FY2015, 54 percent of our palm oil was sourced through a mix of segregated (15 percent), mass balance (50 percent) and GreenPalm certificates (35 percent). Currently, we accept all forms of RSPO-certified sustainable palm oil, with the expectation that our markets and suppliers will move to more mass balance and segregated palm oil as it becomes accessible across the industry.

Our commitment currently relates to our private brands. We ask all branded and private-label suppliers that participate in our Sustainability Index (nearly 70 percent of Walmart U.S. product base) to track and report progress on a range of environmental and social indicators related to palm oil. The Consumer Goods Forum, which includes several leading retailers and consumer goods companies, has committed to achieve zero net deforestation in product sourcing by 2020. We're a member of CGF and are active in its palm, beef and soy working groups.

#### Benefits

**761,700**  
metric tons of CO2 avoided

**7,448**  
forest acres protected



### Aspiration

Require 100 percent of fresh, frozen, farmed and wild seafood to be third-party certified by Marine Stewardship Council (MSC) or Best Aquaculture Practices (BAP), or managing a program in accordance with the Principles of Credible Sustainability Programs developed by The Sustainability Consortium, or actively working toward certification, involved in a Fishery Improvement Project or Aquaculture Improvement Project in the U.S., U.K., Canada and Sam's Club U.S.

More than 90 percent of Walmart U.S., Sam's Club U.S., Asda and Walmart Canada's fresh and frozen, farmed and wild seafood is sustainably sourced in accordance with Walmart's Seafood Policy. Of this offering, 69 percent is certified by MSC and 95 percent of our farmed supply chain is certified by BAP. Additionally, 15 percent of our supply is involved in Fishery Improvement Projects, with plans in place to achieve sustainable certification. Our Latin American markets have made great strides to support and expand our sustainable seafood efforts, as they're forming policies and working with suppliers to gain more transparency into their seafood sourcing. We continue to engage with our business in Africa and Asia to expand the scale of our sustainable seafood initiative.

#### Helping independent fisheries address industry issues

Walmart's commitment to sourcing sustainable seafood promotes collaborative efforts that bring together farmers, processors, importers, local governments, NGOs and manufacturers to develop region-specific fishery and aquaculture improvement projects.

For example, National Fish & Seafood Inc., a Walmart supplier, has collaborated with the Sustainable Fisheries Partnership and Global Aquaculture Alliance to make it feasible for small farmers to become certified to globally recognized sustainability standards. Together, they've created the Small Farm Aquaculture Improvement Project (AIP), which assists scores of independent farmers in addressing important issues and achieving BAP certification.

"A very large percentage of cultivated shrimp is produced by small or independent farmers," said Jeff Sedacca, president of Shrimp and Aquaculture, National Fish & Seafood. "This group must be engaged if we're to make a significant impact on environmental sustainability. In applying environmental standards, we must help ensure small farmers have an economically viable mechanism to achieve compliance, thereby not impairing their continued access to international markets."

## ► True cost affordability – Sustainable commodities continued



### Aspiration

Source only sustainable beef that is free of Amazon deforestation by the end of 2015.

In 2014, Walmart Brazil's beef suppliers began participating in our Beef Monitoring and Risk Management System, which tracks, monitors and promotes responsible ranching and sourcing of Brazilian beef. In 2015, Walmart Brazil will use this monitoring program in its purchase orders to only source beef that doesn't contribute to deforestation. We're on track to reach this goal by the end of 2015.



#### **Helping cattle ranchers implement sustainable practices**

When Lazir Soares de Castro became a cattle rancher in Brazil in 1979, he remembers being encouraged to clear forest for additional pasture. In late 2013, however, he was invited to participate in Project Sustainable Beef: From Field to Fork, a conservation program led by Walmart, The Nature Conservancy and Marfrig. Through continued involvement, his ranch has increased efficiency by approximately 1.6 cattle per hectare annually.

"Our cattle management is much improved and the adoption of rotational grazing has already brought about a promising increase in productivity," Lazir said. "The results are obvious."

Economic incentives, training and mapping services to better understand the forest code are being provided to ranches like his. The work has already brought about a paradigm shift that includes environmental policy and forest conservation.



## Aspiration

In the U.S., endorse Beef Quality Assurance Program and partner with NCBA to deliver environmental Best Management Practices in beef supply chain.

In 2014, Walmart worked with several key stakeholders to launch the U.S. Roundtable for Sustainable Beef (USRSB). This partnership is a key step toward defining sustainable beef in the U.S. and guiding procurement policies for sustainable beef. USRSB is an independent, multistakeholder, transparent effort focused on shaping the sustainability framework for the U.S. beef value chain. USRSB encourages and promotes continuous improvement in the U.S. beef value chain through several actions, including:

- Identifying sustainability indicators
- Establishing verification methodologies
- Generating field project data to test sustainability concepts



## Aspiration

In the U.S., align with packers, feed yards and ranchers to develop a transparency pilot for 15 percent of the U.S. supply by 2023 to ensure environmental best practices and quality standards for customers.

From 2013 through 2014, we partnered with Brathelless Ranch in Montana – a past recipient of the Environmental Stewardship Award from the National Cattlemen’s Beef Association – and Cargill’s feed yards and processing facility in Colorado to conduct a beef sourcing pilot. It was designed to examine supply chain transparency from farm to fork and assess whether standards identified at each segment could be optimized for sustainable practices. We gathered valuable insight and recognize the significance of having conversations with the cow/calf operators regarding herd genetics and feeding regimens. These learnings will help us deliver against our goal to have 15 percent of our beef supply sourced with environmental criteria by 2023.



Sustainable commodities

As a retailer, Walmart is very removed from the production of many farmed commodities. To have an impact on the farm requires working with our suppliers, commodity traders, producer associations and, in some instances, the growers themselves. Global supply and demand flowing around the world with limited traceability makes it difficult to pinpoint what’s going on. These are hurdles that will take time to overcome, but we’re working to understand challenges, share best practices and help align organizations throughout segments of the food chain (retail, restaurant, manufacturing, farming) on the desired outcomes and sourcing procedures.

## ► Increase access

Hunger remains a persistent worldwide challenge, even in developed countries. For example, nearly 50 million Americans, at some point last year, struggled with hunger, according to the United States Department of Agriculture (USDA). In fact, one in seven Americans – including 12 million children – turn to Feeding America, a nationwide network of member food banks, for food assistance annually. In addition to economic factors, many families struggle to access food because of geographic barriers. According to the USDA, more than 23 million people in the U.S. are in areas designated as food deserts – meaning more than one-third of the population lives at least one mile from the nearest grocery store in urban areas and 10 miles in rural areas. That's unacceptable. In countries around the world, including the U.S., Walmart and the Walmart Foundation are working to change those statistics by:

- Opening stores in food deserts
- Supporting food banks/hunger relief organizations
- Increasing market access for small holders

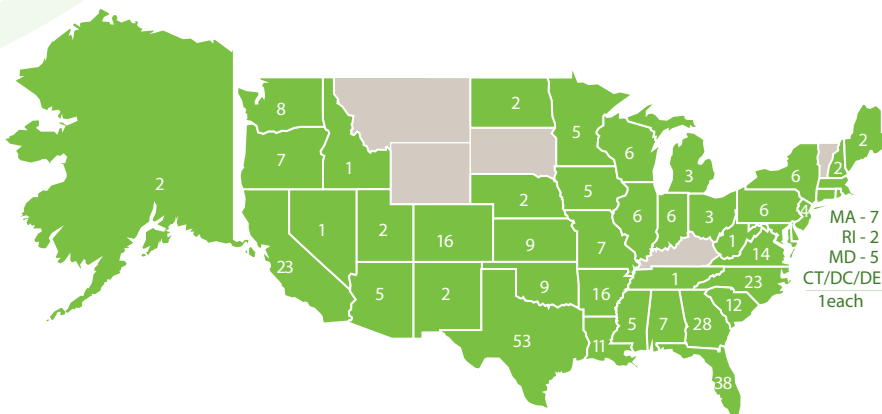


## Food deserts



Open 275–300 stores serving designated food desert areas in the U.S. by 2016 (beginning in 2012).

By the end of FY2015, we'd opened 375 stores serving food deserts across the U.S. We exceeded our goal a year ahead of schedule.



### One store, two food deserts

When store manager Alvin Robinson opened Walmart #5968 in Washington, D.C., in 2013, he fully realized it wasn't going to be just any store. The new facility would serve not one, but two USDA-designated food deserts, bringing a wide assortment of fresh produce and meats at affordable prices to two communities that had limited access. From opening day, Robinson and his team of associates have gone above and beyond to become an asset to the community, holding a Feed the Children event that served hundreds of families in April 2014, working with the District of Columbia Central Kitchen to promote healthier food choices and more. It's one of many examples of our stores increasing access and support in the communities we serve.

## Hunger relief



### Aspiration

Provide 4 billion meals to those who need them in the U.S. from 2015 to 2020 via grants from the Walmart Foundation and food donations from our Walmart stores, Sam's Clubs and distribution centers.

Since FY2015, Walmart and the Walmart Foundation have donated 1.1 billion meals through our stores and clubs and through philanthropic investments in charitable and federal meal programs. In FY2015, Walmart and the Walmart Foundation contributed more than \$61 million in funding to organizations.

*Walmart and the Walmart Foundation are true leading partners with Feeding America in the fight to end hunger in the United States. The critical support we receive from Walmart allows us to build and strengthen our vital programs that foster a more food-secure future for our nation. We're tremendously grateful for its ongoing commitment. //*

**Bob Aiken**  
CEO, Feeding America

### Engaging with Feeding America to grow capacity, efficiency

For years, Walmart and the Walmart Foundation have supported Feeding America's mission – *Feed America's hungry through a nationwide network of member food banks and engage our country in the fight to end hunger.* But since 2009, we've committed to walking side by side with Feeding America to help grow its capacity to rescue and distribute more perishable food across the U.S. in a sustainable, cost-effective way.

### Japan: Second Harvest

Since 2009, Walmart Japan has donated food from our stores to Second Harvest, the oldest food bank NGO in the country. In 2014 alone, we donated more than 100,000 food items and expanded the program to 81 participating stores. We plan to grow the program to more than 130 stores in the greater Tokyo area by the end of 2016.

## Feeding America Network investments

**2.3 billion**  
total lbs since 2009

**\$75+ million**

### Our investment helps to:



Increase staff to manage retail store food donation program



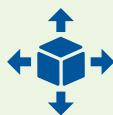
Support access to Supplemental Nutrition Assistance Program (SNAP), formerly Food Stamp Program



Support best practices exchange at annual National Anti-Hunger Policy Conference



225+ refrigerated trucks and mobile pantries purchased to distribute food across national food bank network



Provide skills-based volunteerism through Logistics department to help develop and implement efficiencies



Raise hunger awareness in U.S. communities via in-store campaigns and online activations

## ► Increase access – Hunger relief continued



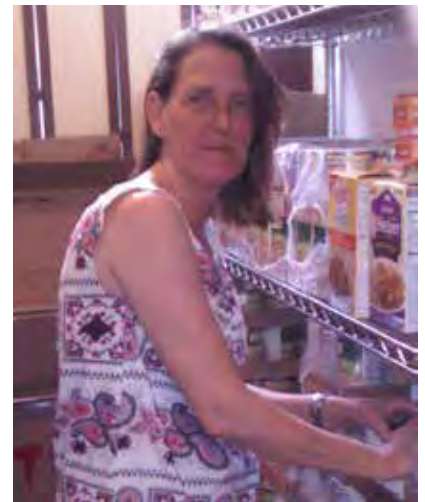
### Aspiration

Engage associates and customers in supporting hunger relief efforts.

In FY2015, our associates volunteered more than 159,000 hours to hunger relief causes and organizations, raising more than \$1.4 million through Volunteerism Always Pays – our corporate volunteerism program.

#### **Susan Montgomery: Going beyond to serve**

Some in Jefferson County, N.Y., know Susan Montgomery as an associate at the Walmart store in LeRay. But, with volunteer and financial support through Walmart's Volunteerism Always Pays (VAP) program, she's also responsible for serving up more than 1,000 meals per month to local families in need at the nearby Antwerp Food Pantry. Montgomery stepped in to run the pantry in April 2012 when she learned it was in danger of closing, and has been doing it ever since. She organizes volunteers to serve meals, coordinates deliveries to those who physically can't get to the pantry and plans multiple fundraisers annually.



*"The opportunity Walmart has given me to better serve my community is a blessing."*

Susan Montgomery  
Associate, Walmart #5497, LeRay, N.Y.



Hunger relief

While we've already exceeded our public commitment related to opening stores in food deserts, we continue to work toward providing access to fresher, healthier, more affordable food options in communities across the country. Our work in this area is ongoing. As we work toward our goal of providing 4 billion meals to families in need, one key challenge has been balancing the need for interventions at scale with the unique needs of local communities. This has required diversification of investments beyond direct program delivery, sometimes to address a system-level issue – or sometimes to invest in building nonprofit capacity to help ensure organizations have the infrastructure, food, staff and training to assist families in need.

## ► Healthier foods

Around the world, communities are increasingly challenged by rising obesity and other nutrition-related illnesses. Since 2011, we've been delivering on a series of public commitments aimed at making healthier food options both accessible and affordable in the U.S. We envision a world where nobody has to choose between products that are better for them and ones they can afford by:

- Improving the nutritional quality of the food we sell
- Making healthier food choices more affordable
- Making it easy for customers to find healthier options
- Providing tools to make planning and eating healthier meals a reality
- Strengthening nutrition education

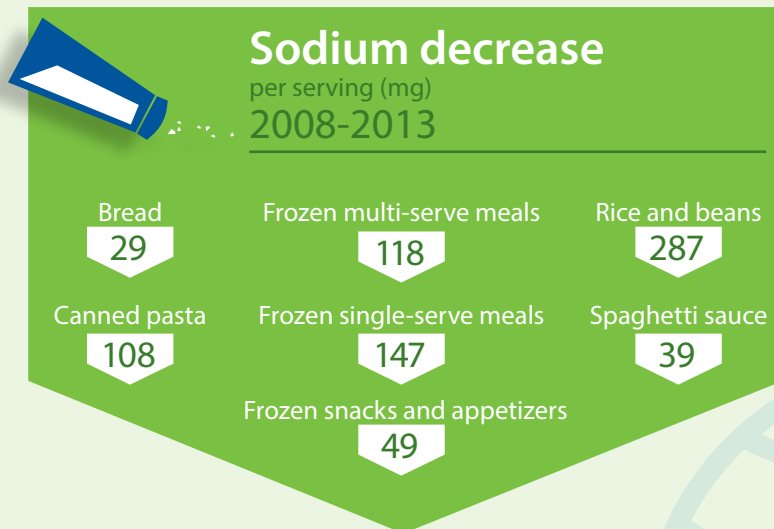
### Nutritional quality



#### Aspiration

Improve the nutritional quality of our Great Value brand and national food brands in the U.S. Reduce sodium by 25 percent and added sugars by 10 percent, as well as removing all industrially produced trans fats by the end of 2015 (FY2016), compared to our 2008 baseline.

By the end of FY2014, we reduced sodium by more than 16 percent, and we continue to exceed our goal for sugar reduction. At the end of FY2014, fewer than 6 percent of products in our U.S. stores contained partially hydrogenated oils.



### Great For You™ labeling



#### Aspiration

Develop a Great for You label, a front-of-pack seal to help customers quickly identify more nutritious choices.

More than 30 percent of qualifying items, including fresh produce, Great Value and Marketside private brands now carry the Great For You icon. This year, more than 60 lean meat and poultry items have been submitted to the USDA for icon approval. The nutrition standards were developed with experts and are based on recommendations in recent scientific and government reports.



## ► Healthier foods continued

### Nutrition education



#### Aspiration

Invest in programs to help educate families about healthier food choices by providing nutrition education to 4 million people over the next 5 years (through 2020).

We're focused on encouraging meals prepared at home and fruit and vegetable consumption, both of which lead to behavior change. This includes classes on cooking, building shopping skills or helping families make the most of healthy food resources. In October 2014, the Walmart Foundation broadened its existing commitment to increase charitable support for nutrition education to target a specific number of people reached rather than a dollar amount. In FY2015, the Walmart Foundation contributed \$10 million to nutrition education efforts, for a total of \$51 million since 2011. That translated into more than 929,659 people reached.



#### **Faith Trotter: Changing eating habits, one family at a time**

Faith Trotter is a young single mother, studying supply chain and logistics at the University of Houston. To help get through school, she substitute teaches at her local middle and high schools during the week, in addition to being an active military reservist.

With her busy schedule, Faith found it difficult to put quick, healthy meals on the table for her family. That changed when she found Taste of African Heritage, a cooking class series created by Oldways – a nonprofit food and nutrition education organization that guides people to good health through heritage. Funded through a grant from the Walmart Foundation, the series has empowered participants like Faith to build healthier lifestyles.

"I used to make excuses for not cooking – fast food drive-thrus had become the easier option," Faith explained. "Now, we eat more plant-based meals and think about the nutritional value of what we eat. My shopping has changed for the better, and my daughter enjoys helping me cook. It's so rewarding to pass my newfound love of cooking and healthy foods down to my daughter."

#### **Walmart Canada: Half Your Plate**

In October, Walmart Canada was the first retailer to partner with the Canadian Produce Marketing Association on its healthy eating campaign, Half Your Plate. Designed to help Canadians of all ages live healthier lives by incorporating more fruit and vegetables into their diets.

Statistics indicate the average Canadian consumes only 3.5 to 4.5 servings of fruit and vegetables per day, well short of the recommended seven to 10 servings. Half Your Plate encourages customers to take it one meal at a time, analyzing the make-up of their plate – aiming for a minimum of 50 percent fruit and vegetables – rather than specific servings that can be confusing to many. Walmart Canada won the 2015 CPMA Fresh Health Award. This recognition is presented to the company or organization that best supports and promotes the consumption of fresh fruit and vegetables using the Half Your Plate program to improve population health and industry prosperity.





## Affordability of fresh food

### Aspiration

Save customers approximately \$1 billion per year on fresh fruits and vegetables. Reduce or eliminate price premiums on key better-for-you items.

In FY2015, we saved customers \$1.09 billion on fresh produce, taking us to \$3.5 billion since 2012, and our freshness continues to improve year over year. Based on Walmart U.S. pricing data, in 2011, a Walmart-selected better-for-you item, on average, cost 5.7 percent more than the traditional version. But in 2014, that average annual differential was reduced to 5.1 percent. As of FY2015, the average annual differential was further reduced to 4.5 percent.



Healthier food

Sometimes it's challenging to find food substitutes or processes to make the desired advances without compromising taste, convenience, texture and other important qualities. We're committed to finding solutions for healthier foods without sacrificing the characteristics our customers expect, and that takes time.

In addition, fad diets and conflicting nutritional advice have left many consumers confused and even intimidated. As the world's largest grocer, we aim to take a leadership role by becoming a trusted source for clear and relevant information related to healthy living. We're also working with nonprofit organizations across the U.S. to help empower people to make healthier choices.

## ► Increase food safety and transparency



As we expand our food sales across our retail markets, our goal is to bring affordable food to our customers while continuously raising the bar on food safety. In addition, customers are increasingly interested in understanding where their food comes from, what's in it and how it's made. GMOs, antibiotics, animal welfare and farm labor within the food supply chain are more than buzzwords. They're critical issues that play into our ability to influence a sustainable future for people and the planet.

We're working to increase food safety and transparency by:

- Collaborating within the supply chain
- Communicating policies and standards
- Creating accountability through metrics
- Establishing consistency within global requirements and audit protocol

# GFSI certification journey

Prior to 2000, the industry lacked a way to ensure all food safety audits contained the same core requirements, which resulted in inconsistencies and inefficiencies around the world. The food industry took a significant step forward with the creation of the Global Food Safety Initiative (GFSI) – a collaboration of the world’s leading food safety experts from retail, manufacturing and food service companies, as well as international organizations, governments, academia and service providers – to gain alignment and credibility.

Companies can now move forward with confidence, knowing GFSI certification included a consistent set of global requirements and an audit protocol. In 2008, Walmart became the first U.S. grocer to require all private-brand suppliers and select categories of national brand suppliers to be certified against one of the GFSI-recognized schemes. In 2010, we expanded our commitment to align all private-brand suppliers and company-owned food production facilities in our international markets with GFSI. This continues to be our driving force, oftentimes raising our food safety standards even higher than those required in the individual markets we serve.

## U.S.

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- In 2014 alone, nearly 900 private-brand suppliers and Walmart-owned food production facilities earned GFSI certification.
- Since the initial roll out in 2008, more than 4,000 such facilities providing products to Walmart U.S. and Sam’s Club U.S. have achieved certification.

## International

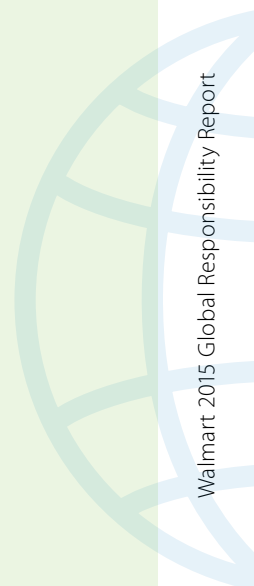
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- When our international GFSI journey began in 2010, none of our company-owned facilities were certified. Of our certified private-brand suppliers, more than 93 percent were located in the U.K.
- The number of international private-brand suppliers certified against a GFSI standard more than doubled between 2010 and 2014, from about 1,000 in February 2010 to nearly 2,100 in December 2014.
- More than half of all company-owned manufacturing facilities are now GFSI certified, and the remaining locations are on track to earn certification in the next few years.

### MWD Farms: ‘Stair stepping’ for small and developing suppliers

Recognizing that small and developing suppliers don’t always have the expertise, capacity or financial resources to follow the traditional route to GFSI certification, Walmart created a Global Markets Program in 2011. By working directly with these suppliers, we offer a stair-step approach toward certification. To date, Walmart U.S. has helped develop more than 150 suppliers using this program.

Dave Sargent, owner of MDW Farms in Arkansas, is one of those suppliers. Dave began farming a ¼-acre plot in 2001, supplying one Walmart store with a single produce item. Over the years, he’s grown his operation to more than 1,400 acres, supplying bell peppers, cucumbers, green beans, okra and squash to Walmart distribution centers in Arkansas, Mississippi, Oklahoma and Texas. Dave enrolled in the Global Markets Program in 2011, stair stepping MDW Farms to a GFSI-recognized certification by August 2013.



## ► Increase food safety and transparency continued



### Leading in poultry safety

According to the Centers for Disease Control and Prevention (CDC), 19 percent of foodborne illness deaths are linked to poultry, and more than 25 percent of those are directly tied to Salmonella. While the industry has significantly reduced the risk of Salmonella contamination on whole chickens, the contamination rate in the U.S. increases as chicken is further processed into parts.

In December 2014, Walmart took a leadership role by implementing enhanced poultry safety measures for suppliers designed to further protect customers against foodborne illnesses. The new guidelines – created in collaboration with the CDC – are in addition to our food safety program that requires poultry suppliers to achieve prevention-based certification against one of the Global Food Safety Initiative (GFSI) internationally recognized standards. According to CDC, these additional requirements represent a significant step toward reducing cases of Salmonella by 2020.

The new program requires Walmart and Sam's Club U.S. poultry suppliers to implement holistic controls from farm to fork designed to significantly reduce potential contamination levels, including chicken parts. It also requires suppliers to undergo specialized testing to validate that the measures they have implemented are effective. Several stakeholder groups, including regulators, academicians and poultry industry associations, reviewed protocol, and all suppliers must be in compliance by June 2016.

*CDC, along with Walmart, recognizes that reducing Salmonella and other pathogen contamination in poultry products is a crucial step toward decreasing the burden of foodborne illnesses. Walmart and CDC working together to protect public health and advance food safety is a great example of a public-private partnership that benefits everyone.//*

**Dr. Chris Braden, director, Centers for Disease Control and Prevention, Division of Foodborne, Waterborne and Environmental Diseases**

## Measurement and access to information

### Aspiration

Use the Sustainability Index to track sustainability improvements in food supply, and for 70 percent of goods sold in Walmart U.S. stores, if those goods are covered by the Index.

We use the Index to measure and advance continuous improvement across the world's largest assortment of food. It enables us to work hot-spot issues in various food categories, such as pesticides, water, labor or fertilizer. Our buyers use it to work with suppliers to agree on improvement opportunities. In 2014, nearly 60 percent of food sales in the U.S. were tracked by the Sustainability Index.



#### HarvestMark Traceability

Sam's Club is committed to bringing more transparency to the member shopping experience through a produce QR code program in collaboration with HarvestMark. Once live in clubs, members will be able to scan the QR codes and instantly connect to more information about products, such as where they are grown, nutrition

facts, selection tips and recipes. Members will also be able to submit feedback about their experience with the products through the HarvestMark platform, providing valuable insight that will help Sam's Club optimize freshness and quality.

In January 2014, Sam's Club began designing the program and collaborating with suppliers. By the end of the year, 137 suppliers had signed on with HarvestMark and began developing their QR codes. The program is expected to launch in clubs in 2015.

#### U.K. video image analysis project

Many national beef carcass-grading schemes are based on visual assessment against country-specific grids. These, while described as market-related, don't accurately reflect the retail value of the carcass. Our Asda business in the U.K. has collaborated with ABP Food Group to introduce Video Image Analysis to provide farmers with information that helps determine payment for strip loin or fillet without having to physically butcher the carcass. We've implemented the system in Perth and, in the coming years, plan to roll it out across factories that supply Asda with beef.

#### U.S. pork monitoring

We hold our suppliers to high standards and do not tolerate animal mistreatment. We recently began the rollout of a comprehensive auditing and tracking program for pork that includes the installation of video monitoring in U.S. barns. This will help ensure that we purchase only from farms that meet the standards of the National Pork Board's Pork Quality Assurance Plus Program.



Food safety and transparency

The food system is very global, and products are often moved several times before they reach our customers. In many cases, we're several tiers removed from the site of original production, and it's not common industry practice to have traceability of ingredients throughout the supply chain. So much of what we're aspiring to – and the level of transparency our customers want – isn't required by law in most countries. So we're asking the supply chain to go above and beyond for the customer. We're experimenting with ways to increase direct relationships and to increase information sharing and traceability in categories, such as dry grocery.

# Sustainable product design

As we examine the life cycle of products through the lens of the Sustainability Index, we begin to understand the many possible characteristics and opportunities for improvements in the products we sell are interdependent. Many times, a decision made during a product's design stage has sustainability implications later in the development, use or disposal of a product. By the time a product reaches our shelves, it's often too late to positively impact the product's life cycle characteristics in a meaningful way. While the primary responsibility rests with our suppliers to design and manufacture sustainable and compliant products, we work to engage our stakeholders on the front end. Engaging early increases our opportunity to support and encourage our stakeholders to consider everything, from product safety and sustainable chemistry to recyclable content and packaging.



## ► Sustainable materials

From recycled content to packaging optimization, our attention to the materials that go into the products we sell helps deliver value to our customers, from both an economic and environmental perspective. By stepping back to rethink what – in many cases – has always been, we hope to create a more circular economy. In the U.S. alone, cities spend billions of dollars annually throwing away materials that are worth billions more. Every ton of trash recycled rather than landfilled not only raises the availability of materials we need, but saves money, creates local jobs and reduces greenhouse gas emissions. Our customers expect the products they buy to be safe, affordable and sustainable, and we're working to deliver on those expectations by:

- Optimizing packaging
- Raising availability of recyclable materials
- Promoting sustainable chemistry

### Packaging

#### Aspiration

Walmart will incorporate the learnings and successes of the Packaging Scorecard into the Sustainability Index.

We've incorporated key packaging-related sustainability practices into the Sustainability Index. For categories that rely on a lot of packaging, the Index includes specific packaging KPIs so that we can consistently measure progress across key metrics. For example, the Index now tracks use of sustainable design principles and recycled content. By integrating relevant packaging questions into the sustainability surveys for all categories, we can more easily work with suppliers to improve.

#### Aspiration

Increase recycled content in plastic packaging and products.

In 2014, we surveyed approximately 100 suppliers using plastic packaging about their current postconsumer resin level by type and asked for forecasts for increasing by 2020. We plan to encourage suppliers to strive for more and hold them accountable to those forecasts through our merchandising organization and estimate it will increase the amount of recycled content in our packaging by 1 billion pounds.

#### Aspiration

Increase the recyclability of plastic packaging.

We published packaging recyclability guidelines to prioritize packaging optimization opportunities. We're tracking progress through key performance indicators in the Sustainability Index and can use this tool with suppliers who need help finding and prioritizing improvement opportunities.

## ► Sustainable materials

### Recycled content



#### Aspiration

Sustainably increase the supply of recycled content.

Walmart and the Walmart Foundation helped launch the Closed Loop Fund and the first investments will be made this year. We will be tracking tons diverted and money saved.

#### CleanPath™

Many water-based consumable products – from surface cleaner to hand soap – contain 90 percent water and a small amount of active ingredients, resulting in high distribution costs, as well as unnecessary environmental consequences. After two years of collaboration with senior retail executives at Walmart and leading manufacturers, Replenish Bottling LLC recently launched a new sustainable product line exclusively at Walmart that has the potential to forever change the way water-based consumer products are designed, manufactured and sold.

Harnessing Replenish's patented Refill System™, the CleanPath™ line of product, available at Walmart.com, allows consumers to easily mix concentrates with water at home using a reusable bottle. This translates into a CO2 emissions and plastic waste reduction of more than 80 percent.



#### Closed Loop Fund

As a result of our Product Sustainability Expo in April, Walmart and the Walmart Foundation joined 3M, Coca-Cola, Colgate-Palmolive, Goldman Sachs, Green Mountain, Johnson & Johnson Family of Consumer Companies, Keurig, PepsiCo and the PepsiCo Foundation, Procter & Gamble and Unilever to launch and invest in the Closed Loop Fund in the U.S. By providing 0 percent interest loans to municipalities and below-market interest loans to private companies to develop local recycling infrastructure, the Fund is creating economic value by increasing recycling rates. The Fund aims to invest \$100 million over the next five years, boosting recycled materials available for manufacturing and helping ensure food waste is used for beneficial purposes. The Walmart Foundation committed the first investment – \$10 million over five years – to attract additional investors to the project.





### Sustainable materials

Since 2005, Walmart has challenged suppliers to make packaging more sustainable by optimizing packaging and/or using recyclable, renewable and recycled materials. Many of the easy sustainability improvements have already been accomplished. Now, more complex issues are impacting the sustainability of packaging, including:

**Price:** Cost of postconsumer recycled resin (PCR) fluctuates, often being more expensive than virgin resin.

**Consistency:** Availability and quality of materials may impact performance and price.

**End of Life:** New packaging materials can outpace industry's ability to cost-effectively collect, sort and develop markets to recycle/recover materials.

Walmart and the Walmart Foundation are attempting to address these and other challenges by helping to launch the Closed Loop Fund, described above. In addition, while Walmart aims to incorporate recycled materials into packaging and products, we never want to sacrifice quality. Using recycled resin isn't a good fit for all products.

## ► Sustainable materials continued

### Chemicals

Walmart U.S. and Sam's Club have worked with the Environmental Defense Fund, other NGOs, suppliers, academics, government and industry stakeholders to develop a company policy on sustainable chemistry for the consumables products that we sell. Our customers expect that the products they buy are safe, affordable and sustainable, and this is one way we're delivering on those expectations. We're working to transition to more sustainable substitutes for priority chemicals in household cleaning, personal care, beauty and cosmetic products by:

- Setting expectations with suppliers regarding sustainable chemistry
- Collaborating with stakeholders to identify solutions and share best practices

### Aspiration

#### Catalyze sustainable chemistry

In 2013, we developed a Sustainable Chemistry Policy, focused on establishing transparency, safer formulation and DfE Certification. We will begin publicly reporting progress on this commitment in January 2016.

#### Walmart and Target co-host Beauty and Personal Care Products Sustainability Summit

While many of the stakeholders within the beauty and personal care industry want to embrace sustainability issues, they are often coming from different starting points and not collaborating. In September 2014, Walmart joined with Target to co-host a Beauty and Personal Care Products Sustainability Summit in Chicago. The one-day event brought together CVS, Walgreens and some of the largest stakeholders to explore common concerns. Transparency, criteria evaluation and pre-competitive funding for new preservation systems were among the leading opportunities identified. As each idea is developed and taken forward, the ambition is that it will be adopted and driven by different players in the supply chain in order to drive sustainable innovation and benefit all the players and customers.

#### Working with suppliers on DfE certification

While we're just beginning to collaborate with suppliers in the sustainable chemistry arena, Jelmar's commitment to more sustainable cleaning products serves as an example of where we're headed.

The maker of CLR, a popular product used to remove calcium, lime and rust deposits from tubs, sinks and glass, Jelmar has aligned with the U.S. Environmental Protection Agency's DfE (Design for the Environment) formula for safer chemistry. According to Jelmar, its formulas for CLR, CLR Bath & Kitchen Cleaner, CLR Mold & Mildew Remover and more meet DfE criteria by utilizing a proprietary blend of preferred ingredients. We will be piloting expansion of DfE certification to our private-label products as part of our policy.

#### Ingredients now disclosed online

As we dig deeper into our focus on sustainable chemistry, we cataloged and disclosed the ingredients in the products from all of our private-brand suppliers at Walmart.com and Samsclub.com. This is a significant step, as customers have a direct line of sight into these products as never before. We're now encouraging the suppliers of our national brands in the U.S. to fully disclose ingredients online and track progress through the Index.



#### Chemicals

Progress requires alignment of objectives and the sharing of pre-competitive information across the value chain. Sometimes that's challenging. Our collaboration with Target on the BPC Summit served as a step toward bringing stakeholders together to catalyze innovation across the industry. Additionally, our sustainable chemistry policy fosters communication between our business and the supply chain. We're asking the safety- and transparency-related questions that are on the minds of our customers, learning which factors impede progress and developing solutions together.

## ► Product Safety

According to the U.S. Consumer Product Safety Commission (CPSC), deaths, injuries and property damage from consumer product incidents cost the nation more than \$1 trillion annually. As the world's largest retailer, in 2014 we worked to positively impact these numbers through our world-class product compliance program.

### Product compliance

We are committed to selling products that comply with all applicable safety laws and regulations. Existing laws and regulations are the minimum level of safety we require, however, and in some instances we create our own Walmart- and Sam's Club-specific requirements that exceed all otherwise applicable regulations. In 2014, we focused on expanding our ability to identify and monitor supplier and product compliance and to hold suppliers accountable for adhering to our standards. Our focused attention on product compliance and quality assurance across the supply chain gives our customers trust in the items we sell.

### Customer engagement

Compliance with applicable requirements is only part of the product safety equation. That's why, in 2014, we participated in several national consumer education campaigns in collaboration with the United States government on areas of concern for federal agencies, including:

- Infant Sleep Safety
- Swimming Pool Safety
- Car Seat Safety
- Liquid Laundry Packets Safety

We value the trust of our customers. We work to preserve that trust by raising our customers' and members' awareness of product risks and by sourcing safe and affordable merchandise to help our customers save money and live better.

### Product recalls

From October 2013 through September 2014, the CPSC conducted 387 consumer product recalls involving approximately 119 million units across the United States. When a recall involving a product sold at Walmart or Sam's Club was announced, we worked to remove the product, implement sales blocks at the register and notify our customers and members as appropriate.

If a customer or member has purchased a product they feel is unsafe or defective, they should stop using the item and call us at 1-800-Walmart (1-800-925-6278) for Walmart, and 1-888-746-7726 for Sam's Club. Customers and members can also email us by visiting [walmartstores.com](http://walmartstores.com) and clicking "contact us" at the bottom of the page. Your concerns are important to us, and we appreciate the time you invest in sharing them with us.

### Look ahead

In 2015, we will further expand our ability to monitor supplier and product compliance with safety requirements. We will also continue to leverage our product safety subject-matter expertise across our supply chain to identify and monitor product risks and to increase the engagement of our suppliers.



# Sustainable manufacturing

Sustainable manufacturing extends well beyond regulatory compliance. It's about taking on social and environmental issues to strengthen the supply chain for the long term. We're raising the bar for worker safety and well-being, while investing in training opportunities to build capacity and create opportunity around the world. At the same time, we're working directly with our suppliers to lower operating costs, reduce GHG emissions and preserve natural resources.





## ► Empowering and developing workers

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We believe all workers, no matter where they live, have the right to a safe working environment and the opportunity to grow. As part of our commitment to sourcing responsibly, we continue to address important social issues by empowering the people who produce the products we sell. We do so by:

- Offering capacity building/training opportunities
- Championing worker safety and well-being

### Capacity building

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#### Women in Factories training

Launched in 2011, as a five-year initiative, Walmart and the Walmart Foundation worked with NGOs in Bangladesh, China, El Salvador, Honduras and India toward the goal of providing life and work skills training to at least 60,000 women in the supply chain. Of those, 8,000 high-potential women are offered advanced training, with a focus on management and leadership skills, as well as in-depth instruction on work and life skills. For additional information and a progress update on this initiative, see the Training portion of Women's Economic Empowerment in the Opportunity section of this report.

#### Supplier Round Table

The Supplier Round Table is a forum for our suppliers, factories and stakeholders from similar sourcing regions to come together and discuss concerns and share best practices. The sessions are focused on responsible sourcing goals, as well as objectives and current challenges across their region. For a progress update, see the Responsible Sourcing portion of the Sustainability section in this report.

### Worker safety and well-being

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#### Addressing human trafficking

Human trafficking remains a challenge in global supply chains both in developed and developing economies. This problem demands not only short-term action to address sector-specific issues, but a long-term collective commitment from industry stakeholders and governments. To make progress on this critical issue, we support initiatives like Stronger Together and Project Issara, as well as other industry and government best practices.

#### U.K: Stronger Together

Walmart is a member of Stronger Together, a multistakeholder initiative aiming to reduce human trafficking, forced labor and other hidden third-party exploitation of workers in supply chains in the U.K. Stronger Together provides downloadable resources for employers, labor providers, workers and worker representatives.

#### Thailand: Project Issara

In Thailand, Project Issara, an industry initiative, works with private-sector partners on an ongoing basis to assess and address risks in labor recruitment and management processes in the supply chain. Its multilingual migrant worker hotline and migrant community networks incorporate worker feedback into improvement plans. The project also includes resources for medical, psychological, legal, educational and economic support.



## ► Factory energy efficiency

Just as Walmart is working to drive efficiency and sustainability across our own operations, we recognize the significance of addressing these same issues across our global supply chain is far greater. In fact, 90 percent of our environmental impact exists beyond the footprint of our internal operations. That's why we're engaging directly with suppliers and investing in energy efficiency worldwide, creating more impact at a far greater rate than would have been possible on our own. Together, we're:

- Improving energy efficiency among our suppliers in China
- Reducing GHG emissions across our supplier base



### Aspiration

Suppliers and factories that represent 70 percent of our business sourced in China will participate in Walmart's Factory Efficiency Program by 2017.

Since we announced this initiative in August 2014, more than 200 factories in China have signed on to the Resource Efficiency Deployment Engine (RedE), a Web-based tool that guides the identification of energy-efficiency improvement initiatives. We're pleased with the positive momentum and we anticipate those numbers will grow significantly in the years ahead.

### RedE

Through RedE, suppliers can:

- Identify specific levers and impact estimates to help determine which projects to consider
- Prioritize what levers to pursue, focusing on projects with less than a two-year payback
- Track implementation of projects from identification to booked savings
- Utilize a dashboard to manage performance, track impact and view peer performance

## Aspiration

Eliminate 20 million metric tons (MMT) of GHG emissions from Walmart's global supply chain by the end of 2015.

Through our partnership with the Environmental Defense Fund, we've worked on projects that cumulatively reduced more than 17.4 million metric tons (MMT) of GHG emissions from our supply chain by the end of 2014. We're on track to exceed our 2015 goal of eliminating 20MMT, compared with our 2010 baseline.



### Collaborating with CDP to drive supplier greenhouse gas reduction

We're actively engaged with Carbon Disclosure Project (CDP) – an international organization working to transform the way the world does business to protect our natural resources – through its supply chain program. This relationship offers our suppliers a global platform for reporting climate strategies and data, which drives continued improvement toward the Sustainability Index and transparency into our supply chain.

- In 2014, more than 700 suppliers submitted responses to our request. Of those, 68 percent reported more than 1,900 greenhouse gas emission-reduction activities.
- As an example, one key supplier, Stanley Black & Decker – a Connecticut-based manufacturer of industrial tools and household hardware – reports that it has taken steps to reduce its energy consumption, waste generation and water consumption by 50 percent since 2009. The company recently earned the highest possible score on CDP's Climate Performance Leadership Index.



Sustainable manufacturing

Like several other areas where Walmart has made public commitments, there's no existing road map to follow. By leveraging our size and scale, we work across industries to make a big impact in the supply chain. But when taking on big targets, there are specific challenges that exist, such as:

- Limited internal expertise for identifying and prioritizing potential improvements
- Diverse production processes that impede standardized scale-up
- Lack of company-wide systems for managing progress across a network
- Limited on-site resources to invest in tools, training and monitoring

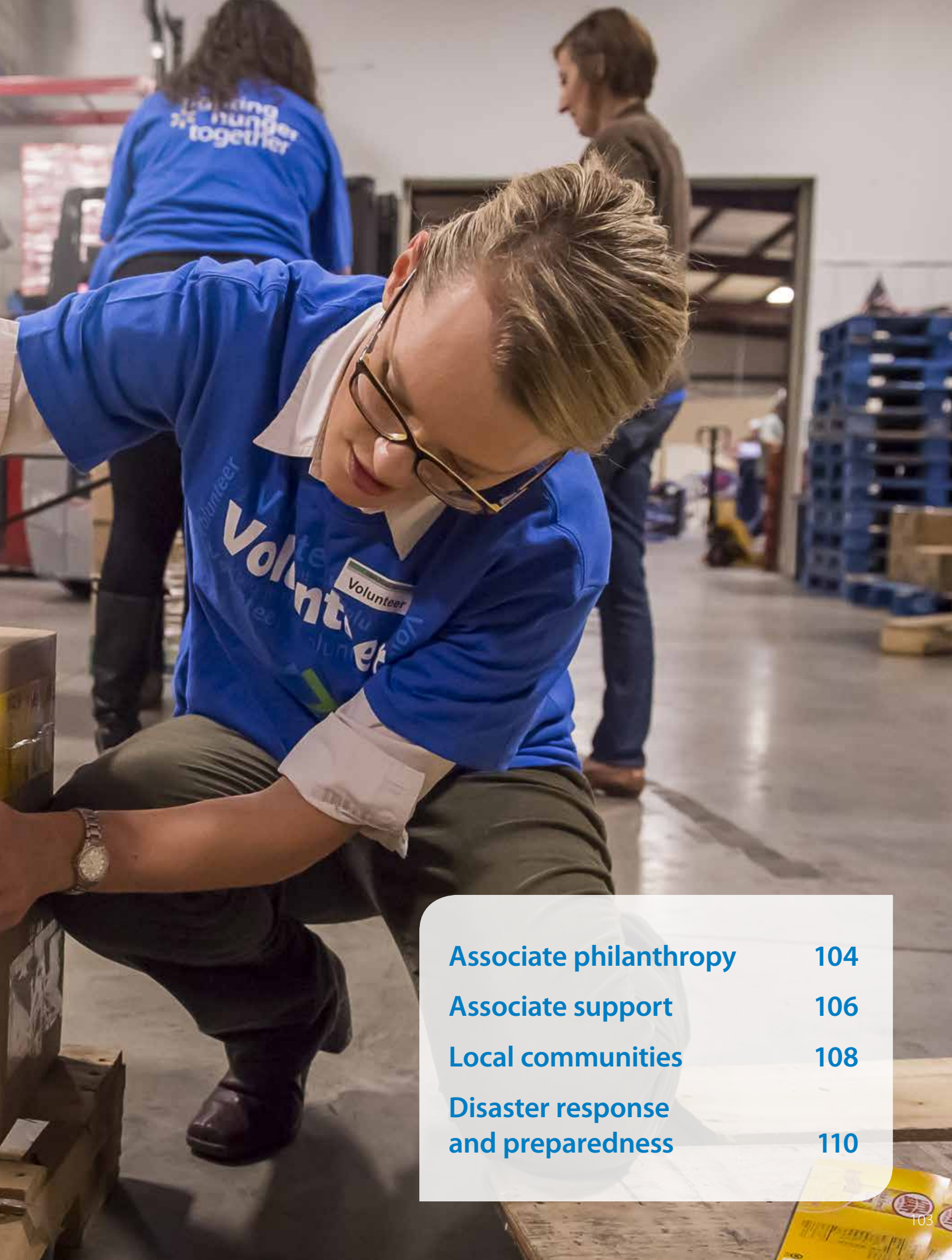
Walmart can't do this alone. That's why we've collaborated with CDP, McKinsey & Co., EDF and others to work through reducing supply chain inefficiencies together.



# Community







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# Associate philanthropy

At Walmart, our people make the difference – not only in providing customers great service, but also by generously giving their time and money to the causes they care most about. Walmart and the Walmart Foundation encourage Walmart associates to help others by:

- Encouraging associates to volunteer
- Supporting local nonprofits with grants made on behalf of volunteer hours completed by associates
- Matching associate payroll contributions to any of 11 participating nonprofit organizations
- Matching corporate officer charitable contributions to nonprofit organizations in their local communities



## Aspiration

Provide matching donations to encourage associates to donate to charitable organizations.

Walmart enables U.S. associates to give to any of 11 participating nonprofit organizations through payroll deduction as part of the Associate Giving Program. The Walmart Foundation matches those contributions dollar for dollar ranging from \$1 million to \$8 million per charity. Through this program in FY2015, associates raised nearly \$12 million. Walmart and the Walmart Foundation matched more than \$8.4 million. Participating organizations include:

Associate Giving Program (AGP) organizations:

- Associate in Critical Need Trust (ACNT)
- United Way
- American Cancer Society
- American Diabetes Association
- American Heart Association
- American Indian College Fund
- Asian & Pacific Islander American Scholarship Fund
- Hispanic Scholarship Fund
- United Negro College Fund
- Feeding America
- EarthShare

Encourage associates to volunteer for causes they care most about.

In FY2015, our associates volunteered more than 1.5 million hours to organizations in the areas of education, environmental sustainability, health and wellness, hunger relief, workforce development and more. Associates may apply for a Volunteerism Always Pays (VAP) grant on behalf of their volunteer hours at eligible organizations. Once associates as individuals or as a group reach a threshold of 25 hours volunteered, individuals may apply for a \$250 grant and groups may apply for grants up to \$5,000 to the charity, generating \$14 million in “dollar-for-doer” grants in FY2015.



### Sreekumar Gopinathan: Making volunteerism a way of life

When it comes to involvement in his community, Sreekumar Gopinathan has always been at or near the front of the line – regardless of where his career has taken him. But when he moved from Atlanta to north-west Arkansas to become a senior engineer in Walmart’s Information Systems Division, he was delighted to discover he had the support of an entire organization behind him.

“Community work has been my passion ever since my childhood, and that’s part of the culture here at Walmart,” Sreekumar said. “I really do appreciate how Walmart encour-

ages and stands behind its associates in that way. It’s inspiring.”

Sreekumar’s community involvement since joining the Walmart family has been nothing short of inspiring. In 2013, he logged more than 200 volunteer hours at 35 community events, and surpassed that in 2014 with more than 240 volunteer hours as part of 42 local events, committees and initiatives. The Volunteerism Always Pays program matched Sreekumar’s contribution of time with charitable donations – \$250 for the first 25 hours he volunteered and additional contributions for time volunteered beyond that – all directed to the nonprofits where he volunteered. Examples include transporting snacks from a local nonprofit to four elementary schools, computer and networking installations for the Dress for Success organization, lawn maintenance and house cleaning for several elderly residents, and more.

### U.K.

Maxine Green, a Community Life Champion at our Morley store, was awarded the Leading Light Award by Prime Minister David Cameron for her ongoing community and charity work.

### Central America

In 2014, 7,507 associates contributed more than 39,000 volunteer hours to more than 800,000 community beneficiaries.

### Argentina

In 2014, more than 400 associates working at our corporate office in Argentina invested more than 2,500 volunteer hours in local community projects and initiatives.



Associate philanthropy

With such a large associate base and activities happening all over the world, we face two challenges with our volunteerism programs:

- Matching skills to needs: Nonprofits increasingly need volunteers with specific skills (e.g., legal, logistics, finance, marketing, operations) to address specific needs. Finding associates with the relevant skills – out of 2.2 million associates – and matching them to the needs of thousands of organizations is a significant challenge.
- Accounting for all hours volunteered: We’ve found that some associates volunteer but don’t submit a VAP application allowing us to track hours and contribute to the organization.

We’re looking at our programs to help make them easier to utilize and finding more ways to connect those who want to contribute specific skills to nonprofits in need.

# Associate support

Since the day Sam Walton opened his first Walmart store, he and others fostered a culture of caring, compassion and opportunity among all associates. Two of the ways Walmart continues to demonstrate that commitment include:

- Supporting the Associates in Critical Need Trust, which provides financial support to U.S. associates undergoing a crisis
- Providing scholarships in the U.S. through the Walmart Foundation for higher education

## Aspiration

Provide financial support to associates in crisis.

When people face an unexpected tragedy – a fire, a flood or the death of a loved one – it can be overwhelming for them and their families. The Associates in Critical Need Trust (ACNT), a public charity created in 2001, provides grants to U.S. associates experiencing economic hardship as a result of an unforeseen crisis. Walmart contributes to the Trust, as do the Walmart Foundation, the Walton Family Foundation, associates and Walmart alumni. Since 2001, the Trust has provided more than 125,000 grants totaling more than \$100 million to associates in need. In FY2015 alone, ACNT helped 342 associates impacted by natural disasters who needed food, clothing or shelter; and 3,849 associates impacted by loss of household income due to circumstances such as a death in the family or a spouse losing their job.



### LaKisha Bowman: Hope after a fire

Blouses, jeans, shoes, pictures, furniture, a home and a sense of security – these are all things that LaKisha Bowman, a Walmart associate in Garland, Texas, for 14 years, lost when the home she was renting went up in flames in 2009. “Associates were coming to me and saying, ‘I think your

house is on fire,’” she said. Her home was within walking distance of the store, and the sound of fire truck sirens was unmistakably close.

By the time LaKisha made it to what was left of her home, there was nothing salvageable. But the support she received from her store manager and fellow associates nearly made her forget all of that. “They raised money for me to stay at a hotel; they helped me get clothes and then I applied for the Associates in Critical Need Trust (ACNT),” LaKisha said. “The support I received from fellow associates and ACNT really helped me get back on my feet. If there’s anything you can do to help somebody, do it, because you never know when you’ll be in a similar situation.”

## Aspiration

Provide scholarships for associates and their dependents to earn a post-secondary degree or certificate.

For more than three decades, the Walmart Foundation has committed to making resources available to help U.S. associates or their dependents who are high school seniors fulfill their educational goals through the Associate Scholarship Program. The funds can be used toward a two- or four-year college degree, or a trade or technical school certificate. Since FY2012, the Walmart Foundation has given \$22.4 million to organizations that award scholarships to our associates and their dependents. Rather than one-time payouts, we require each scholarship recipient to maintain a minimum 2.0 grade point

average and either 12 credit hours per semester for dependents or three credit hours per quarter for associates. Those who meet the criteria are eligible to renew their scholarship for further assistance with a total contribution of up to \$16,000 for associates or up to \$13,000 for dependents. The percentage of recipients is regulated by the IRS.

Dear Scholarship Committee,

*I would like to thank you from the bottom of my heart for choosing me as one of your recipients for the Walmart Dependent Scholarship. Before this scholarship, I would spend many sleepless nights worrying about how I was going to financially support my education. I'm so honored and grateful for this scholarship and for people like you who have contributed so much of their time and financial efforts to making this scholarship available.*

*This scholarship will greatly help with tuition, textbooks and housing as I pursue my Bachelor's degree in Psychology at the University of Texas at Austin. I can't wait to embark on my next journey and to take you all along with me! I assure you I will work my hardest in order to one day be successful enough to be on a scholarship committee, like you.*

Thank you,  
Sahur Augsteen

Daughter of George Augsteen,  
associate, Walmart Supercenter,  
Garland, Texas



Associate  
support

Under IRS regulations, the Walmart Foundation is only able to award scholarships to approximately 10 percent of U.S. associates and 25 percent of dependents who apply. Walmart is working to spread awareness of the program among associates and communicate how higher education can translate to more career options. The higher the number of applicants, the more scholarships the Foundation can award.

# Local communities

We're proud to live and work in more than 10,000 neighborhoods around the world. Since the days of Sam Walton, we've worked hard to improve the quality of life in our communities by building local strengths and addressing local issues. Walmart combines philanthropic and business initiatives to increase our positive impact on communities. Specifically, we:

- Empower facility managers and Walmart associates to directly fund local nonprofits and institutions in need
- Invest in local causes
- Engage Walmart customers in local charitable initiatives

## Aspiration

Empower Walmart associates to support local charitable organizations.

In many markets, Walmart provides grants to local community organizations. In 2014, Walmart facilities in the U.S. and Puerto Rico made more than 46,000 grants to community organizations, totaling more than \$47 million. In addition, the Walmart Foundation awarded \$37 million to organizations addressing hunger, workforce development, veterans programs and many other causes through the State Giving Program, based on recommendations of committees of Walmart associates in each state.



## Community Grant Program

Walmart’s Community Grant Program supports organizations such as local food banks, schools, police and fire departments, and other nonprofit organizations to help meet the needs of the communities we serve.



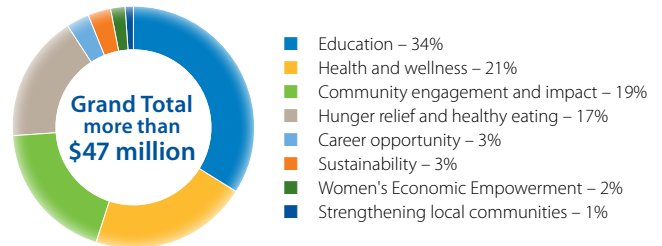
## Supporting CMN Hospitals

Walmart and its associates in the U.S., Puerto Rico and Canada, and Sam’s Club are longtime supporters of Children’s Miracle Network (CMN) Hospitals. In addition to the annual CMN Hospitals campaign – which collects donations from associates and customers at store registers, many associates also volunteer their time sewing newborn hats, hosting carnivals for patients and making personal contributions. Since 1987, our customers and associates have worked to help raise more than \$750 million, which has contributed to critical improvements in children’s health care.

Soon after birth, Belle was diagnosed with a serious kidney disorder. At age five, her kidneys began to fail and dialysis was administered. Belle’s mother, Michelle, was to donate her kidney, pending a full-body examination. Doctors discovered just in time that Michelle had two malignant breast tumors, and intense radiation and chemotherapy led to remission. Belle’s father, Kyle, stepped in as the donor, and today the entire family is thriving.

“It’s difficult to put into words how much the support of these dedicated men and women means to the kids and their families our hospitals treat,” John Lauck, president and CEO, CMN Hospitals. “I’ve been able to meet many associates who passionately do all they can to help kids when they need it most.”

## Community Grants in the U. S., FY2015



## Africa

Since 2011, Massmart’s Builders Warehouse has worked with Ripples for Good, to help maintain 205 schools and Early Childhood Development (ECD) centers around South Africa. Makro provided funding to HOPE Worldwide to help support 41 ECD centers in disadvantaged communities. In 2014, the project directly benefited 3,274 children below the age of five.

## U.K.

As part of the Community Life program, Asda stores have dedicated colleagues working to improve their area by supporting local charities and volunteering. In 2014, colleagues raised more than \$13.3 million and volunteered 148,332 hours. The program helps to tackle the social issues that matter most to each community, which helps support the long-term sustainability and success of the area, our customers and colleagues.



Local communities

- Measuring impact across 46,000 varied and diverse grants across thousands of local communities.
- Encouraging local grantees to cultivate a broad range of supporters to ensure sustainability over time.

# Disaster response and preparedness

Walmart and the Walmart Foundation have played an increasing role in disaster relief, ever since Hurricane Katrina, the deadliest and most destructive hurricane of the 2005 Atlantic hurricane season. At that time, Walmart and the Walmart Foundation provided 1,500 truckloads of merchandise, more than 100,000 meals and guaranteed jobs for our displaced workers. Since then, we've contributed more than \$43 million in cash donations in response to events such as typhoons in Mexico and the Philippines, tsunamis in Asia, floods in the U.K. and Canada, tornadoes in the U.S., Africa's Ebola epidemic and many other tragedies.

We also invest in efforts to improve disaster preparedness in communities. Walmart and the Walmart Foundation work together in complementary ways to contribute business and philanthropic assets to the field, including logistics and operations expertise, use of physical assets such as buildings and trucks, and cash and in-kind donations.

## ► Disaster response







## Aspiration

Support local communities following disasters by leveraging retail presence, logistics and operations to provide life-saving and life-sustaining items.

Over the past 10 years, Walmart and the Walmart Foundation have provided more than \$43 million in cash to various countries burdened by disasters.

### Disaster spending FY06–FY15

Type	Amount
Hurricanes & Tropical Events	\$22,982,708.61
Earthquake	\$ 7,156,163.80
Flood	\$4,767,964.76
Severe Weather	\$4,720,192.65
Wildfire	\$1,438,520.41
Winter Storm	\$1,414,745.89
Drought & Famine	\$350,000.00
Humanitarian Causes	\$200,000.00
Tsunami	\$25,000.00
Community Events	\$22,491.28
<b>Total</b>	<b>\$43,077,787.40</b>

### Responding to tornado outbreak in central and southern U.S.

Over a span of just 48 hours in late April 2014, there was an outbreak of more than 100 tornadoes across the central and southern U.S., claiming 35 lives. Sixteen of those were caused when an EF4 tornado touched down in the towns of Vilonia and Mayflower in central Arkansas on the evening of April 27.

Walmart associates immediately took action by volunteering and donating supplies to first responders. Within hours, our stores in nearby Conway, Beebe and Maumelle had donated flashlights, batteries, tarps, snacks and more to help with search and rescue efforts. Kevin Stephens, our store manager in Conway, loaded his personal truck with water and supplies to take to the devastated areas the following morning, and several other associates followed his lead until Walmart trucks arrived later that day with bottled water.

In the days to follow, 18 Walmart stores and offices across northwest Arkansas and neighboring southwest Missouri donated more than 2,500 items, ranging from small appliances to clothes, which a Walmart truck delivered to the Faulkner County Disaster Relief Center.



Disaster relief

Technology has advanced to the point where it can help predict some disasters, but not all of them – and not the devastation they can leave behind. Working with a large network of agencies, Walmart and the Walmart Foundation are investing in technology to improve the efficiency and effectiveness of disaster response across the industry.





## Aspiration

Strengthen community preparedness and the ability to recover from disaster.

Over the past 10 years, Walmart and the Walmart Foundation have invested more than \$7.2 million in community resiliency. In FY2015, Walmart and the Walmart Foundation invested more than \$1.5 million to: convene leaders in disaster relief to share best practices; strengthen technological infrastructure for disaster response and resiliency; and build capacity to facilitate skills-based volunteerism during disasters.

### Making philanthropic investments in preparedness

#### **Team Rubicon: Developing organizational curriculum and response modules**

Walmart is funding a project with Team Rubicon (TR) – an organization that rapidly deploys military veterans along with first responders as emergency response teams – to develop a curriculum for how companies can use skills-based volunteerism in disaster preparedness and response. This funding also allows TR to create internal modules for advanced disaster relief that include leadership, culture, history, community cost recovery, technology systems and emergency management position cross-training.

#### **DisasterRecovery360: Transforming the way people respond to disaster relief**

According to United Nations International Strategy for Disaster Reduction (UNISDR), from 2000 to 2012, nearly 2.9 billion people (more than 40 percent of the world's population) were affected by a disaster. Unfortunately, research suggests that 50 percent of physical goods donated during disasters over the past 25 years have ended up in landfills. Unsolicited donations can actually hinder relief efforts by clogging critical supply routes and diverting needed staff and financial resources.

That's why Walmart made a grant to Good360 in 2014 to support the development of DisasterRecovery360, a platform that essentially crowd-sources funding in the wake of disasters – and directs it to specific needs outlined by recovery agencies. The platform will be designed to also track and report the impact of donations.

#### **R!SE Project Forum: Fostering collaboration and best practice sharing**

In September 2014, Walmart and the Walmart Foundation co-hosted a two-day United Nations global project forum on disaster resiliency at Crystal Bridges Museum of American Art in Bentonville, Ark. Walmart and the Walmart Foundation continue to search for opportunities to share best practices to help communities build resiliency. From that meeting, multiple work streams were identified and are in the process of being developed around supporting community resilience campaigns and to identify key challenges.



Disaster  
preparedness

According to the Federal Emergency Management Agency (FEMA), research suggests that a \$1 investment in preparedness saves \$4 on relief expenditures; as a result, we believe the world needs to invest more in preparedness. Walmart and the Walmart Foundation are working with a broad coalition to engage more people and increase financial resources in preparedness initiatives, including encouraging private- and public-sector partnerships to proactively equip communities before a disaster strikes.



# Governance and engagement





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# Corporate profile

**“Save money. Live better.”** Sam Walton created Walmart to bring affordable household products to people in small towns. He put the customer first, and he created a strong company with dedicated associates and deeply held values of service, excellence, respect for the individual and integrity.

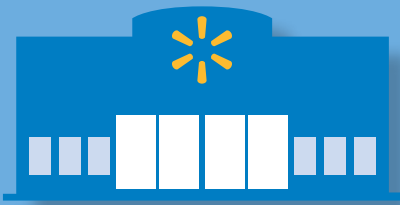
Fifty years later, hundreds of millions of customers in 27 countries around the world trust Walmart to bring them food, apparel, household goods and other general merchandise at an everyday low price – not just through stores, but through e-commerce as well, anywhere, anytime, anyplace. Because of our heritage and our values, we aim to use our strengths to help others. We want to lower the true cost of living for people and for the planet.

**2.2**  
**million**  
associates globally



## Walmart U.S.

Today, there are more than 4,000 total stores in 50 states and Puerto Rico offering a convenient shopping experience across the U.S. Walmart offers low prices on the broadest assortment of grocery and general merchandise through a variety of formats, ranging from Supercenters and Neighborhood Markets to smaller formats. We also offer the convenience of online shopping at [walmart.com](http://walmart.com).



**\$482**  
**billion**  
fiscal 2015  
net sales

more than  
**11,000**  
retail units

Serving customers  
**260**  
**million**  
times per week

eCommerce  
websites  
**11**  
countries

## Walmart International

In 1991, Walmart became an international company when we opened a Sam's Club near Mexico City. Just two years later, Walmart International was created. We operate retail units with many different formats and leverage our global resources to meet local needs. Today, Walmart International is the fastest-growing part of our overall business, with more than 6,100 retail units and more than 800,000 associates in 26 countries outside the U.S. and Puerto Rico.

**71 banners**  
**27 countries**

## Sam's Club

The first Sam's Club opened in Midwest City, Okla., in 1983, and has grown to include more than 600 locations nationwide. Our warehouse membership format leverages insights to deliver value and quality on a broad selection of name-brand merchandise and large-volume items. On average, our clubs are approximately 133,000 square feet and employ about 175 associates. We also offer the convenience of online shopping at [samsclub.com](http://samsclub.com).

## eCommerce

In addition to being the world's largest retailer, Walmart is also one of the world's largest, fastest-growing and most dynamic eCommerce organizations, operating websites in Argentina, Brazil, Canada, Chile, China, Japan, Mexico, South Africa, the U.K. and the U.S. Based in California's Silicon Valley – with operations in Bangalore, India, and São Paulo, Brazil – Walmart Global eCommerce leads all online and mobile innovation for Walmart. With some of the best and brightest technologists, including @WalmartLabs, we're creating a seamless experience that lets customers shop anytime and anywhere using online, mobile, social media and stores.

# Approach to serving society

For Walmart, leading on social and environmental issues is an “entire company” undertaking that we pursue in collaboration with customers, suppliers, nonprofit organizations and governments around the world. For us, it’s more than just a matter of philanthropy. It’s woven into our day-to-day business activities, which helps us accelerate progress on the issues that matter most to our business, customers, communities and other stakeholders we serve.

We believe the following approaches help us accelerate progress on social and environmental challenges:

**Lead through the business:** We work to integrate the social and environmental agenda into our day-to-day business activities, including our leadership practices; our organization roles and structure; and our incentives, tools and processes.

**Seek business as well as societal benefits:** We believe the company will be most successful at, and able to sustain, social and environmental initiatives that create business value. For example, our energy efficiency and renewables projects help us reduce GHG and lower utility costs.

## Use philanthropy to complement business initiatives:

We extend our impact on social and environmental issues through philanthropy. During FY2015, Walmart and the Walmart Foundation contributed approximately \$1.4 billion worldwide through cash and in-kind giving – drawing on our expertise in food, logistics and emergency operations to further our impact.

## Prioritize actions that draw on Walmart capabilities:

We focus on issues where we have a relative advantage in making a difference because of our particular capabilities. This includes our 2.2 million associates globally; supplier relationships; buying power in categories like food and apparel; physical assets; and capabilities in logistics, marketing, operations and merchandising.

**Partner with others:** Walmart and the Walmart Foundation search for organizations around the world that already have some relevant capabilities to accomplish one of our goals, and work with them to provide the funding, resources or expertise they need to be successful.

We believe that every healthy, high-performing organization has an obligation to use its strengths to help society. In the long term, the business interests of a company and the interests of society converge. Governments, companies, communities and individuals – we’re all interdependent and stronger together.



# Giving

Walmart uses philanthropy to extend the positive social and environmental impact of our business initiatives. The Walmart Foundation, a registered 501(c)3 based in the U.S., provides cash grants that complement Walmart’s corporate cash and in-kind giving (as well as associate volunteerism) in the arenas of opportunity, sustainability and community around the world. Together Walmart and the Walmart Foundation use their strengths to address large societal issues in a systemic way. Below we describe the priority programs of the Walmart Foundation and Walmart corporate giving around the world:

- Helping create economic **opportunity** for individuals and fostering economic growth
- Enhancing the **sustainability** of global supply chains in food, apparel and general merchandise
- Strengthening the resilience and cohesion of local **communities** and inspiring associates to give back

## Opportunity

**Increase economic mobility and foster economic growth by awarding grants and sharing expertise.**

**Retail opportunity:** Accelerate economic mobility of workers in the retail and related industry sectors through more relevant training, clearer career paths and supporting services (including a philanthropic commitment of \$100 million in the U.S. over five years).

**Women’s economic empowerment:** Train 1 million women in agriculture, factories and retail around the world. By the end of 2014, funding was in place to train more than 800,000 women.

**U.S. veterans:** Accelerate the reintegration of veterans into civilian life, helping governments, employers and nonprofits coordinate services through a \$20 million philanthropic investment by Walmart and the Walmart Foundation over the next five years.

**Small businesses:** Educate small business borrowers and increase access to affordable capital by scaling up high-performing, mission-driven lenders.

**Local manufacturing:** Inspire a manufacturing comeback. As part of Walmart and the Walmart Foundation \$10 million U.S. Manufacturing Innovation Fund, we awarded \$4 million in grants to seven leading research and development institutions to solve manufacturing challenges related to small motor assembly, plastic injection molding and advanced textiles.





<h2>Sustainability</h2>	<h2>Community</h2>
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**Enhance the sustainability of global supply chains in food, apparel and general merchandise.**

**Hunger relief:** Strengthen the hunger relief system, including support for food banks and increasing access to meal programs. In FY2014, Walmart and the Walmart Foundation delivered (one year early) on a previous commitment to donate \$2 billion in the U.S., including food donations and \$250 million in grants. In FY2015, Walmart and the Walmart Foundation committed to donate another 4 billion meals over the next five years.

**Nutrition:** Teach people how to shop for and cook more nutritious food on a budget. In FY2015, the Walmart Foundation contributed \$10 million to nutrition education.

**Sustainable product design and manufacturing:** Lower the environmental and social cost of producing products for our customers. For example, the Walmart Foundation helped create and launch the Closed Loop Fund, which will provide \$100 million in low-interest loans to municipalities and companies to build out recycling infrastructure.

**Strengthen local communities and inspire associates to give back.**

**Disaster response and preparedness:** Help provide our associates and communities with resources they need during and after a disaster; strengthen community preparedness and ability to recover from a disaster. Over the past 10 years, Walmart and the Walmart Foundation have provided more than \$43 million in cash to various countries burdened by disasters.

**Community grants and volunteerism:** Support our local communities and our associates' efforts to make a difference in their communities. In FY2015, Walmart, the Walmart Foundation and local giving teams such as the Asda Foundation and Fondation de Mexico provided more than \$100 million in grants to organizations through community and regional grants programs. We also encourage associate giving and volunteerism through matching donations programs in many Walmart markets.

**Associate support:** The Walmart Foundation also provides a limited number of scholarships for associates and their dependents. Since FY2012, the Walmart Foundation has given \$22.4 million to organizations that award scholarships to our associates and their dependents. Walmart (along with others, such as the Walmart Foundation, ASDA Foundation) also supports programs that make grants to associates struggling with crises, such as natural disasters or a death in the family.



# Culture

As diverse as we are, we're bound together by a common way of doing business that serves our customers, drives performance and creates a positive place for us to work. Our beliefs are at the heart of our culture and guide us on how we do our jobs.

## Service to our customers

We're here to serve customers, support each other and give to our local communities.

## Respect for the individual

We value every associate, own the work we do and communicate by listening and sharing ideas.

## Strive for excellence

We work as a team and model positive examples while we innovate and improve every day.

## Act with integrity

We act with the highest level of integrity by being honest, fair and objective, while operating in compliance with all laws and our policies.

These principles – as relevant today as they were when our first store opened in 1962 – help define the Walmart culture and empower us to save people money so they can live better.

## ► Ethics and integrity

Our culture of ethics and integrity – the attitudes and conduct that create an honest, fair and compliant workplace – has been a constant throughout our history. It defines who we are as a company, and how we as associates treat one another, our suppliers and our customers.

We manage training and awareness programs regarding our Statement of Ethics in every market globally, and training is provided to every new associate within 90 days of joining the company. We work to ensure the tools and resources provided to our associates throughout their careers remain relevant, while promoting and recognizing ethical decision-making across our operations.

Our governance is driven by the following:

**Global helpline:** Available where we source and in all operating markets, with additional local helplines.

**Walmartethics.com:** Website available in 14 languages and accessible globally, where stakeholders can ask questions, read our Statement of Ethics, submit ethics concerns and follow up on a previously reported concern.

**Global case management system:** A repository and a system to manage our cases.

**Consistent case management process:** Our ethics associates are trained to follow the same procedures globally. This policy is designed to establish consistency in the handling of any concerns raised by stakeholders.

## Learning: Establishing consistency across our international markets

In 2014, our Global Ethics and International Compliance teams implemented a learning management system in seven of our international retail markets. Designed to deliver a consistent training experience while reducing risk, this new platform has resulted in more than 44,000 individual training sessions through e-Learning modules or instructor-led training sessions since inception.

## Recognizing 'Integrity in Action'

It's important to recognize our associates when they make extraordinary ethical decisions so their example will inspire others. Our global recognition program, Integrity in Action, celebrates associates who model integrity or encourage others to do so. Associates nominate and vote for candidates. The company recognizes the award winners at the annual Shareholders meeting. Recipients in 2014 included:



**Elize Steenkamp**  
Sales associate, South Africa

Elize goes the extra mile to make sure the job is done right. She models everyday integrity to build trust with customers and motivate fellow associates.

**Eliana Toledo**  
Sales associate, Argentina

Eliana found a wallet in a parking lot. Even though no one was watching, she turned it in to asset protection.

**Arnaldo Marques Silva**  
Hypermarket, Brazil

Arnaldo found an expensive phone on the ground while leaving work. He went through great lengths to find the owner of the phone and personally returned it.

**Edgar Pineda**  
Department manager, Canada

Edgar witnessed an associate take valuables from a lost wallet before turning it in. He spoke up for good to ensure the wallet was returned with all of its contents.

**Meixia Zhang**  
Front-end associate, China

Mei witnessed associates not ringing up items for friends and family at checkout. She spoke up to ensure the issue was addressed.

**Ram Sharam**  
Operations manager, India

Ram's facility received an energy bill for 10 times the amount it should have been. He influenced management to revisit the bill, which led to the replacement of faulty meters to correct the issue.

**Tiffany Nelson**  
Cash office team lead, U.S.

While researching a request, Tiffany discovered misuse of credit card data. Tiffany spoke up and company assets were recovered.

**Zahidul Haque**  
Manager, Global Sourcing, Bangladesh

During a routine factory visit, Zahidul found Walmart boxes ready for shipping. He noticed the location printed on the boxes and investigated further to find that the boxes were going to be shipped to an unauthorized location. Zahidul discovered that the supplier was using part of the Walmart order and labels to ship to another customer and reported the incident.

**Masami Tanaka**  
Sales associate, Japan

Masami-san knows it is not always enough to tell associates what to do. Masami-san takes the extra time to demonstrate how the job should be done and treats all associates with dignity and respect while doing so.

**Maricela Rodriguez**  
Item file coordinator, Costa Rica

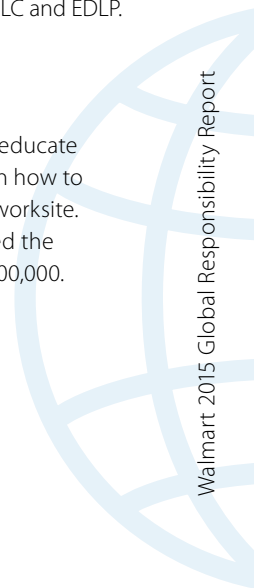
Maricela speaks up for fairness and objectivity. She applies policies to all associates – regardless of title. By speaking up for integrity, consistency and fairness, she protects the reputation of the company.

**Nector Ruiz**  
Lead security manager, Chile

Nector routinely educates associates on how to do the job right, every time. He knows "just get it done" isn't the right way to communicate to associates. By communicating clearly, associates work more efficiently and we can better deliver on EDLC and EDLP.

**Neil Sheehan**  
Head of safety, U.K.

Neil leads with integrity to educate colleagues and suppliers on how to operate a safe and ethical worksite. By doing this, Neil has saved the company approximately £200,000.





# Compliance



Over the past several years, the global retail landscape has continued to evolve in line with changing customer demands. Around the world, online shopping is fast becoming a popular addition to the traditional in-store experience. Walmart's growing eCommerce business – made up of 11 e-commerce websites – sells an ever-increasing assortment of products, reaching more customers every day. This unprecedented growth makes for an exciting time for our business, but also presents its own compliance challenges. We've responded with the development of a world-class compliance program focused on 14 key areas, listed on the right. Throughout this report, we have provided examples of what we implemented in these areas; here we highlight five of them.

**Anti-corruption** **Anti-money laundering**  
**Antitrust** **Consumer protection** **Data privacy**  
**Environment** **Food safety** **Health and safety**  
**Health and wellness** **Labor and employment**  
**License and permits** **Product safety**  
**Responsible sourcing** **Trade**

**Anti-corruption**

We continue to put processes and systems in place to prevent the use of improper payments, or anything of value, including gifts, hospitality or travel, to secure any improper business advantage from an official or commercial party. Last year, we delivered anti-corruption training to more than 75,000 associates from all levels of the company around the world, prioritizing those who are most likely to interact directly or indirectly with government officials. This training was conducted in local language where appropriate and was delivered in a number of ways, including via live, instructor-led training to more than 21,000 associates. We also extended our training program to third-party intermediaries and business partners.

**Financial services compliance**

We updated our Global Anti-Money Laundering Policy, which reaffirms our commitment to comply with all anti-money laundering laws. We also invested in human and technology resources to strengthen the compliance program, including adding to the anti-money laundering (AML) team. In addition, we expanded our monitoring capabilities to improve identification and reporting of financial activity to regulators and improved governance of the program by creating an AML oversight committee, which developed a formalized risk assessment process and revised program policies and procedures. By strengthening our team, the systems we use and the governance of our AML program, we have been able to increase the number of products offered to customers.

**Antitrust**

We adopted a Global Antitrust & Competition Policy to include risk-based, antitrust training to associates around the world, to help our associates identify and avoid areas of potential antitrust risk. We also implemented consistent antitrust standards and controls that apply to our global business. Looking forward, our priority is to increase associate antitrust awareness to further foster conditions that help protect competition, enable open markets, and enhance productivity, innovation and value for customers.

**Consumer Protection**

As we expand our business to serve customers in new and more convenient ways, we're adapting to better protect consumers. For example, in the U.K., our Asda business collaborated with government regulators to develop a way for customers to pick up groceries through our "Click and Collect" service that's in compliance with legislation on Sunday trading hours. In South Africa, our Massmart business was acknowledged by the Consumer Goods and Services Ombud for its quick resolution of customer complaints.

**Data privacy**

Over the past year, we've taken a number of steps to better protect the privacy of our associates and customers. For example, our Privacy team created a new way to digitize reports received in our U.S. stores. By eliminating the production and storage of hard copies of the reports, we reduced our paper and ink usage, as well as reduced fuel required for the transport of hard-copy versions of these documents. We enhanced storage security and will look for more opportunities to digitize and store documents in this way.

Learn more about all of our compliance areas at our corporate website.



# Stakeholder engagement

At Walmart, we engage customers, associates, suppliers, nonprofits, governments, investors and others to understand their perspectives, improve the effectiveness and relevance of our initiatives, increase transparency and trust, and collaborate on addressing societal challenges. Over the past year, we began our first formal materiality review (with Sustainalytics) and will incorporate the findings into our agenda.

## ▶ Examples of how we engage stakeholders

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### Customers

- Daily engagement with customers in our stores and clubs, and through select social media outlets, including our corporate blog
- Customer service hotlines (phone and online), where customers provide us specific suggestions to serve them better
- Formal research, including quantitative needs and perception surveys, focus groups, accompanied shopping trips, pulse surveys, and diary analysis
- Regular customer satisfaction surveys, assessing all aspects of the Walmart retail proposition and also seeking feedback on social and environmental programs
- Frequent reviews of studies commissioned by others, such as the Consumer Goods Forum, suppliers, NGOs and academic institutions on consumer needs, beliefs and trends

### Associates

- Regular communications and engagement via channels that include our **WalmartOne.com** site, monthly associate magazine and associate engagement surveys
- The Walmart Open Door Policy, which encourages our associates to bring suggestions, observations and concerns forward to their management
- Talent development and performance management processes, which facilitate open, transparent and ongoing conversation among associates regarding performance expectations, learning and development opportunities
- Mentoring programs, including mentoring circles, associate resource groups and mentoring sessions with executives

### Suppliers

- Cohesive business planning, performance reviews, supplier onboarding and other development forums
- Supplier summits, so that suppliers can learn about relevant business, social and environmental initiatives and engage with merchants about category opportunities
- Industry forums and multistakeholder platforms, such as The Sustainability Consortium, Consumer Goods Forum, Clinton Global Initiative, Partnership for a Healthier America, Retail Industry Leaders Association, National Retail Federation, Roundtable on Sustainable Palm Oil, and the U.S. and Global Roundtables for Sustainable Beef
- Special projects for pre-competitive collaboration on social and environmental issues (for example, the Closed Loop Fund; the chemicals initiative)
- Sustainability Milestone Meetings to discuss progress on social and environmental commitments; workshops on specific issues, and 1:1 dialogue about supplier progress by category

Stakeholders are encouraged to learn more about our corporate responsibility by going to our website. In addition, we encourage people to contact us at [cassr@wal-mart.com](mailto:cassr@wal-mart.com).



### Nonprofits and civil society

- Advisory groups formed for Walmart major initiatives, such as Live Greener Working Group, Women-Owned Business Advisory Council and the Opportunity Advisory Council
- Multilateral/bilateral forums for joint problem-solving, such as USAID Global Development Lab
- Associates focused on corporate giving, such as the Committee to Encourage Corporate Philanthropy and Council on Foundations
- Sustainable Value Networks: Teams of associates, suppliers, academic leaders, government, NGOs and others who help us better understand sustainability challenges and create market-based solutions
- Projects and dialogues conducted on sustainability topics with NGOs such as: CI, EDF, TNC, WWF, Humane Society, CDP, WRI, Feeding America, Share our Strength, Better Work, Food Research Action Council and Partnership for a Healthier America
- Projects and dialogues conducted on opportunity topics with NGOs such as: CARE, World Vision, BSR, Swasti, Goodwill, Jobs for the Future, Accion, Black Enterprise, National Minority Supplier Development Council, Women's Business Enterprise National Council, U.S. Pan Asian American Chamber of Commerce and USLBN Disability Supplier Diversity Program
- Projects and dialogues conducted on community topics with organizations such as: American Red Cross, Team Rubicon, Good360, United Nations, United Way, Children's Miracle Network, La Raza, NAACP and National Urban League

### Governments

- International, federal, state and local government relations outreach
- Forums such as the Conference of Mayors, Chambers of Commerce, Asia-Pacific Economic Cooperation (APEC), Summit of the Americas and the World Economic Forum
- Participation on advisory councils such as the Business Council for International Understanding, U.S. China Business Council, U.S. India Business Council and President's Council on Doing Business in Africa

### Investors and investment community

- Quarterly and annual financial reporting
- Annual shareholders' meeting
- Periodic individualized mailings and conference calls among senior management, investors and/or analysts and rating firms
- Three full-day interactive meetings with the investment community each year to discuss company strategies



# Stakeholder engagement continued

## ▶ Example results of stakeholder engagement

### **Sustainability Leaders Shop\***

To help customers identify and purchase products from participating suppliers that are leading in sustainability, we launched the Sustainability Leaders Shop in February 2015. The shop is an outcome of a collaboration between Walmart and The Sustainability Consortium (TSC). Over the past several years, Walmart and TSC have worked with suppliers and several leading nonprofit organizations to build the infrastructure that drives the shop.

### **U.S. Manufacturing Commitment**

Walmart U.S. customers have told us they care about fostering U.S. manufacturing jobs, and believe Walmart can play a role by sourcing more products from the U.S. We engaged with many, including mayors, entrepreneurs, suppliers, financial institutions and manufacturing experts to come up with our commitment to source an incremental \$250 billion in U.S. products over 10 years.

### **Healthier Food Options**

Customers have let us know they care deeply about what they eat and want better options at the prices they've come to expect from Walmart. So Wild Oats relaunched at Walmart in April with a new, more affordable price point on quality organic products covering a broad variety of categories – from salsa and pasta sauce to quinoa and chicken broth. We have also saved our customers \$1.09 billion in FY2015 by offering low prices on fruits and vegetables.

### **Opportunity Initiative**

In addition to creating outstanding development and advancement opportunities for Walmart associates, Walmart and the Walmart Foundation made a \$100 million commitment to help increase the economic mobility of entry-level workers in the retail and adjacent sectors. We're collaborating with many education providers, employers, nonprofits, government organizations, and retail workers in this effort.

### **RISE Project Forum**

In September 2014, Walmart and the Walmart Foundation co-hosted a two-day United Nations global project forum on disaster resiliency at Crystal Bridges Museum of American Art in Bentonville, Ark. The event engaged practitioners from the private sector, public sector and civil society from around the world in discussions about how communities can become more resilient.

### **Customer Savings**

Walmart worked with the Canadian government and the European Union to reduce the interchange fees that banks charge retailers when customers use credit cards. In the agreement reached in Canada and under the legislation adopted in the European Union, retailers will pay millions of dollars less in fees and be able to pass savings directly on to customers.

\*The Sustainability Leaders badge does not make any representations about the environmental or social impact of an individual product. It means that a manufacturer is an industry leader in sustainability efforts in a product category.



### U.S. Manufacturing Summit

In August, Walmart hosted the U.S. Manufacturing Summit in Denver. In addition to hearing from Walmart executives, government leaders and industry experts, we provided a forum for meetings between suppliers and various state representatives and economic development organizations. There was also an opportunity for meetings between suppliers and raw material and component providers, as well as investors and financial institutions.

### Renewable Energy Buyers' Principles

We've come a long way since our first on-site solar project in the U.S. in 2005 and our first large-scale wind power agreement in Mexico in 2006. But there's more we can do to help others access renewable energy, too. For the second year, we contributed to the development of the Corporate Renewable Energy Buyers' Principles. This effort, co-facilitated by the World Resources Institute (WRI) and the World Wildlife Fund (WWF), helps frame the challenges and common needs faced by large renewable energy buyers to offer a new perspective on the future of energy and electricity.

### Closed Loop Fund

To help improve recycling rates across the U.S., at our Product Sustainability Expo in April 2014, Walmart and the Walmart Foundation joined 3M, Coca-Cola, Colgate-Palmolive, Goldman Sachs, Green Mountain, Johnson & Johnson Family of Consumer Companies, Keurig, PepsiCo and the PepsiCo Foundation, Procter & Gamble and Unilever to launch the Closed Loop Fund. By providing zero-percent-interest loans to private companies, the Closed Loop Fund will encourage investments in the infrastructure required to increase recycling.

### CDP tools for suppliers

Through our work with CDP – an international organization working to prevent climate change and protect natural resources – our suppliers have access to a global platform for reporting climate strategies and data. This continues to drive improvement on the Sustainability Index and transparency into our supply chain.

### Bangladesh Worker Safety

Through the Alliance for Bangladesh Worker Safety, we have worked with other companies and organizations to improve conditions in factories in Bangladesh. Over the past year, the Alliance provided fire safety training to over 1 million factory employees and management, piloted a worker helpline, and provided compensation for approximately 1,000 displaced workers.

### U.S.-Africa engagement

With a retail footprint of almost 400 Massmart stores in 12 countries in Africa, Walmart is a member of the subcommittee on Trade and Supply Chain Development for President Obama's Doing Business in Africa Council, making recommendations to the U.S. government on how to improve efficiencies on the continent and increase U.S.-Africa commercial engagement.





# Governance

We continually benchmark ourselves against other companies and across industries, consult with corporate governance experts and engage with key stakeholders to ensure world-class processes at Walmart. We're proud of our corporate governance policies and continue to strengthen our practices where appropriate. In addition, the Compensation, Nominating and Governance Committee (CNGC) oversees an annual evaluation process that is used as a tool for promoting the effectiveness of the Board and Board committees.

In our governance structure, the CEO is responsible for the general management, supervision and control of the business and affairs of our company, including the execution of all Board directives and resolutions. Our chairman presides over all meetings of the Board and Shareholders, and advises and counsels the CEO and other officers regarding our business and operations. In addition, our lead independent director actively participates in the review of Board and committee agendas, presides over the meetings of our outside and independent directors, and performs additional duties described in our Corporate Governance Guidelines. The vice chairman of the Board also participates in agenda review, as well as the Board's efforts in evaluating Board effectiveness and succession planning.

*From the beginning, our values – integrity, opportunity, family and community, purpose and responsibility – have served as our core strengths and will continue to drive our success moving forward.*

We believe our separate CEO/chairman structure is the most effective leadership structure for Walmart Shareholders. It allows our CEO to focus on managing our complex daily operations and our chairman to address matters related to the responsibilities of the Board. Our Board met a total of 5 times in FY2015 to perform its oversight functions and to address matters relating to the creation of long-term value for Shareholders.

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

- (1) Audit Committee;
- (2) Compensation, Nominating and Governance Committee;
- (3) Executive Committee;
- (4) Global Compensation Committee;
- (5) Strategic Planning and Finance Committee; and/or
- (6) Technology and eCommerce Committee.

Each committee is governed by a written charter that outlines its specific roles in our company's governance and achieving our company's business objectives.

Consistent with our commitment to participating in the political process in a thoughtful and compliant manner, in FY2014, the Board amended the charter of the CNGC, requiring the committee to review and advise management regarding the company's legislative affairs and public policy engagement strategy. Similarly, pursuant to its charter, the CNGC is further responsible for reviewing and advising management regarding the company's charitable giving strategy and the company's social, community and sustainability initiatives.

Our Board regularly reviews our corporate governance policies and practices to identify areas in which we can enhance our company's corporate governance profile. For example, in 2013, our Board increased the stock ownership guidelines applicable to our CEO and certain other executive officers of the company to further align the long-term interests of our executives and our Shareholders. In addition, the Board recently amended our bylaws to allow Shareholders owning 10 percent or more of Walmart common stock to call a special Shareholders' meeting. The Board also amended our Corporate

Governance Guidelines to more fully articulate (and, in some instances, expand) the role of the independent director who presides over executive sessions of our outside directors and independent directors.

## Board and committee oversight

The CNGC is responsible for reviewing and advising management regarding the company's charitable giving strategy and the company's social, community and sustainability initiatives.

For more information go to:  
[stock.walmart.com/corporate-governance](http://stock.walmart.com/corporate-governance)



# Political engagement

We take seriously our commitment to provide additional transparency into our political engagement. As a result, we included this important issue in our 2013 and 2014 Global Responsibility Reports. In FY2014, the Walmart Board of Directors voted to amend the charter of the Compensation, Nominating and Governance Committee, adding to its responsibilities and obligations the review and oversight of the Company's legislative affairs and public policy engagement strategy. Walmart's Executive Vice President of Corporate Affairs provides the committee with regular updates, at least annually, concerning the company's strategy and support of key U.S. policy objectives. The briefing includes information related to stakeholder relationships, elected official outreach, lobbying, political giving and our commitment to governance compliance.

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

In addition, we have policies and oversight in place to comply with federal, state and local laws and regulations relating to the reporting requirements of corporate political contributions made in the United States. We frequently review our process to help ensure that we are accurately and appropriately filing public reports. Links to other publicly available information concerning our federal policy-oriented activities in the United States, such as federal lobbying disclosure reports, can be found at [lobbyingdisclosure.house.gov](http://lobbyingdisclosure.house.gov) and [senate.gov/legislative/Public\\_Disclosure/LDA\\_reports](http://senate.gov/legislative/Public_Disclosure/LDA_reports), which are maintained by the U.S. House of Representatives and the United States Senate.

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



# Public policy

Customers trust Walmart to help them **Save Money** so they can **Live Better** in 27 countries around the world. We pursue this mission by creating economic opportunity for our customers and associates, while growing our suppliers, partners and the economy more broadly. Through our store and e-commerce growth and presence in 27 countries, we work to help strengthen local communities in a way that is sustainable for the planet and people.

As it relates to public policy, Walmart takes a global approach through our government relations teams, business leaders and internal subject matter experts supporting our international, federal, state and local markets. Walmart works with government, NGOs and various stakeholders to shape public policy that helps improve the lives of our customers, associates, workers in our supply chain and communities we serve. Walmart has shown that we can be part of the solution when it comes to job creation, economic development and improved access to healthier, affordable food. Walmart will continue to advocate for our customers while leading on issues that support industry efforts and our mission to create growth and opportunity for our customers and associates.

# Global Reporting Index

GRI indicator      Description      Reported

## General Standards Disclosures

### Strategy and analysis

G4-1	CEO Letter	CEO Message, page 1
G4-2	Key impacts, risks and opportunities	CEO Message, page 1 Leading in Society, pages 2-7 Form 10-K

### Organizational profile

G4-3	Organization name	Wal-Mart Stores, Inc.
G4-4	Primary brands, products and services	Form 10-K
G4-5	Headquarters location	Bentonville, Ark.
G4-6	Where the organization operates	Annual Report Corporate profile, pages 116-117
G4-7	Nature of ownership and legal form	Form 10-K
G4-8	Markets served	Corporate profile, pages 116-117 Annual Report Form 10-K
G4-9	Scale of the organization	Corporate profile, pages 116-117 Annual Report Form 10-K
G4-11	Collective bargaining agreements	Form 10-K
G4-12	Supply chain description	Sustainability - Responsible sourcing Opportunity - Women's Economic Empowerment Sustainability - 360 Form 10-K Standards for suppliers
G4-13	Organizational changes during the reporting period	Form 10-K
G4-15	External charters, principles or other initiatives	Opportunity - Women's Economic Empowerment Sustainability - Chemicals, Closed Loop Fund, TSC, CDP Stakeholder engagement
G4-16	Membership organizations	Stakeholder engagement Responsible sourcing
G4-17	Entities included in financial statements	Corporate profile, pages 116-117 Annual Report Form 10-K
G4-18	Process for defining report boundaries and content	Stakeholder engagement
G4-23	Significant changes from previous reporting periods	None
G4-24	Stakeholder groups	Stakeholder engagement
G4-25	Stakeholder identification	Stakeholder engagement
G4-26	Approach to stakeholder engagement	Stakeholder engagement
G4-27	Topics raised during stakeholder engagements	Stakeholder engagement Sustainability Leading in society, page 2 Approach to serving society, page 118

GRI indicator	Description	Reported
G4-28	Reporting period	FY2015 (February 1, 2014 through January 31, 2015) Limited inclusion of 2015 (January - April)
G4-29	Date of most recent previous report	April, 2014
G4-30	Reporting cycle	Annually
G4-31	Point of contact for questions	CASSR@wal-mart.com
G4-32	"In accordance" option, GRI Index and report assurance	This report contains Standard Disclosures from the GRI Sustainability Report Guidelines
G4-34	Governance structure	Governance, page 128 Proxy statement CNGC Charter
G4-35	Process for delegating authority for sustainability topics from the board to senior executives and other employees.	CNGC Charter
G4-36	High-level accountability for sustainability topics	Governance, page 128 CNGC Charter
G4-37	Process for consultation between stakeholders and highest governance body	Proxy statement Corporate governance guidelines
G4-38	Composition of the board and its committees	Proxy statement Corporate governance guidelines Form 10-K
G4-39	Whether board chair is also an executive officer	Governance, page 128
G4-40	Nomination and selection process for the board and its committees	Proxy statement CNGC Charter
G4-41	Board conflicts of interest	Proxy statement Statement of ethics
G4-42	Board and executives' roles in the organization's mission statements, strategies, policies and roles related to sustainability impacts	Governance, page 128 CNGC Charter
G4-43	Board knowledge of sustainability topics	Governance, page 128
G4-45	Board role in the identification and management of sustainability impacts, risks and opportunities	Proxy statement
G4-46	Board role in reviewing risk management processes for sustainability topics	Proxy statement CNGC Charter
G4-47	Frequency of the board's review of sustainability impacts, risks and opportunities	Governance, page 128
G4-49	Process for communicating critical concerns to the board	Statement of ethics Proxy statement
G4-51	Remuneration policies for the board and senior executives	Proxy statement
G4-52	Process for determining remuneration	Proxy statement
G4-53	Stakeholders' views on remunerations	Proxy statement
G4-56	Ethics policy	Statement of ethics
G4-57	Help lines or advise lines for ethical and lawful behavior guidance	Statement of ethics
G4-58	Mechanisms for reporting concerns about unethical or unlawful behavior	Statement of ethics



# Global Reporting Index

GRI indicator	Description	Reported
<b>Specific Disclosures</b>		
<b>Economic performance</b>		
G4-DMA	Disclosures on management approach (DMA)	Form 10-K
G4-EC1	Economic value	Form 10-K Leading in society, page 2 Community, pages 102 - 113
G4-EC2	Climate change risks	Form 10-K Sustainability, pages 46-101
G4-EC3	Benefit plan coverage	Form 10-K Opportunity at Walmart, pages 16-24
<b>Indirect economic impacts</b>		
G4-EC7	Development and impact of infrastructure investments and services supported	Sustainability, pages 72-75, 94 Opportunity beyond Walmart, pages 26-45 Community, pages 102-113
G4-EN3	Energy consumption within the organization	Leading in energy, pages 54-57 CDP Climate Filing
<b>Environmental</b>		
G4-DMA	Disclosures on management approach (DMA)	Leading in society, pages 2-7 Sustainability, pages 46-101
G4-EN4	Energy consumption outside of the organization	Sustainability, pages 100-101
G4-EN8	Total water withdrawal by source	CDP Water Filing Sustainability, page 60
G4-EN9	Water sources significantly affected by withdrawal of water	CDP Water Filing Sustainability, page 60
G4-EN10	Percentage and total volume of water recycled and reused	CDP Water Filing Sustainability, page 60
G4-EN13	Habitats protected and restored	Acres for America, pages 48-49
G4-EN15	Direct Greenhouse Gas (GHG) Emissions (Scope 1)	CDP Climate Filing Sustainability, pages 48, 55
G4-EN16	Energy Indirect GHG Emissions (Scope 2)	CDP Climate Filing Sustainability, pages 48, 55
G4-EN17	Other indirect GHG Emissions (Scope 3)	CDP Climate Filing
G4-EN18	GHG Emissions intensity	CDP Climate Filing
G4-EN19	Reduction of GHG Emissions	CDP Climate Filing
G4-EN22	Total water discharge by quality and destination	CDP Water Filing
<b>Social</b>		
G4-DMA	Disclosures on management approach (DMA)	Statement of Ethics Supplier standards
<b>Occupational health and safety</b>		
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism	Safety and compliance – health and safety, page 53

GRI indicator Description Reported

Training and education		
<b>G4-LA10</b>	Programs and skills management and lifelong learning that support the continued employability of employees	Opportunity, pages 20-21, 40-42
<b>G4-LA11</b>	Percentage of employees receiving regular performance and career development reviews	Stakeholder engagement, page 124
Diversity and equal opportunity		
<b>G4-LA12</b>	Composition of governance bodies and breakdown of employees	Diversity and inclusion, pages 12-15 Form 10-K
Society		
<b>G4-DMA</b>	Disclosures on management approach (DMA)	Leading in society, pages 2-7 Community, pages 102-113







## Our sustainable, next-generation report

The minimized environmental footprint of this report is the result of an extensive, collaborative effort of Walmart and our supply chain partners. The environmental and social impact continues to be an important consideration. While the majority of our audience views this report online, the printed version is on paper from well-managed forests containing recycled PCW fiber that is Elementally Chlorine Free (ECF). It is printed using 100 percent renewable wind power (RECs), along with environmental manufacturing principles that were utilized in the printing process. These practices include environmentally responsible procurement, lean manufacturing, green chemistry principles, the recycling of residual materials and reduced volatile organic compound inks and coatings.



4.65 acre

of forestland preserved via managed forestry



894 fewer

trees consumed via recycling



117,618 kWh

less energy – the same used by 5 homes for a year



426 metric tons

of greenhouse gas offset – the equivalent of taking 85.5 cars off the road for a year



45,573 kWh

converted to clean renewable sources (printing plant using RECs)



417,714 fewer

gallons of water consumed

*Savings baselines were developed using the national averages of similar coated papers and printing practices by EarthColor Printing. FSC® is not responsible for any calculations on saving resources by choosing this paper.*



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