

CHINA SUSTAINABILITY SUMMIT: FACT SHEET

On October 22, 2008 Wal-Mart Stores, Inc. took the next step in its sustainability journey by hosting an unprecedented gathering of more than 1,000 leading suppliers, Chinese officials and NGOs in Beijing, China and outlined a series of aggressive goals and expectations to build a more environmentally and socially responsible global supply chain. These efforts and others are helping Wal-Mart follow through on commitments the company made in January about China and our mission of saving people money so they can live better.

Building a More Environmentally and Socially Responsible Supply Chain

Wal-Mart believes that bringing sustainability in its operations and its supply chain -- selling and making products in an efficient, ethical and environmentally responsible way -- will be essential to meeting the expectations of customers in the future. Wal-Mart will work with its suppliers to become a more environmentally and socially responsible retailer in China and to set new standards for responsible sourcing throughout the global supply chain.

Required Demonstration of Compliance with Environmental Laws and Regulations

China's desire for a cleaner environment is clear, and the laws on the books reflect that. **Wal-Mart is taking a number of steps to further strengthen and enforce supplier compliance with environmental and social standards, including the creation of a new supplier agreement that will require factories to certify compliance with laws and regulations where they operate as well as rigorous social and environmental standards.**

Suppliers will need to take ownership of compliance in their factories and they will need to demonstrate that they are regularly and rigorously auditing their own factories. Wal-Mart will step-up and strengthen the company's own unannounced audits and will require suppliers to allow third-party audits.

Wal-Mart's audits will now include a focus on specific environmental criteria—including a factory's air emissions, its wastewater discharges, and its management of toxic substances and hazardous waste disposal. **The agreement will be phased in beginning with suppliers in China in January 2009 and expand to suppliers around the world by 2011.**

Over time, Wal-Mart expects to have stronger, closer and deeper relationships with suppliers who share Wal-Mart's commitment to being socially and environmentally responsible. And as part of that, those who share Wal-Mart's goals, who innovate, who become more efficient and who drive sustainable practices throughout their own businesses will be more likely to share in Wal-Mart's business growth.

Improved Supplier Energy Efficiency

Wal-Mart will partner with its suppliers to improve energy efficiency and use fewer natural resources. Over the last few years, Wal-Mart has worked to reduce the footprint of its stores and buildings and is now asking its suppliers' factories in China to do the same. **Wal-Mart's goal is for the top 200 factories it sources from to achieve a 20 percent improvement in energy efficiency by 2012.** The company will share information and best practices with all of the factories it sources from as well as its competitors.

Higher Standards of Product Safety and Quality

Wal-Mart customers trust that Wal-Mart is a place where they will find top-quality products. Wal-Mart is asking its suppliers to take safety and quality to an even higher level because paying more in the short term will mean paying less in the long term as a company. **Wal-Mart aims to drive returns on defective merchandise virtually out of existence by 2012.**

Greater Transparency and Ownership

An environmentally and socially responsible supply chain cannot be achieved without a system that promotes open communication and accountability. **By 2009, Wal-Mart will require all direct import suppliers plus all suppliers of private label and non-branded products to provide the name and location of every factory they use to make the products Wal-Mart sells.** This process will begin in the area of apparel and will then move forward with a phased-in approach for home, toys and other product categories. By the end of 2009, Wal-Mart expects that the roll-out will include all merchandise.

Wal-Mart will also require all suppliers it buys from directly to source 95 percent of their production from factories that receive the highest ratings in audits for environmental and social practices by 2012.

Applying Wal-Mart's Sustainability Vision to its China Operations

Few challenges in our world today are more pressing than protecting the environment and, in China, Wal-Mart has a unique opportunity to lead. With the largest population, and a robust manufacturing industry, no market presents a greater opportunity for environmental sustainability to take hold than China.

Making Stores More Energy Efficient

Wal-Mart China will design and open a new store prototype that uses 40 percent less energy and will reduce energy use by 30 percent in existing stores by 2010. By making our existing Wal-Mart China stores 30 percent more efficient over the next two years, the company can prevent the release of more than 310,000 tons of greenhouse gases per year.

Using Water More Responsibly

During the next two years, Wal-Mart China will aim to cut water use in all of its stores by half by investing in new hardware and systems and developing best practices that will help its associates and stores use water more efficiently.

Bringing More Environmentally Sustainable Products to Store Shelves

In the coming years, Wal-Mart China will stock its shelves with more environmentally responsible products. These items will require less energy to manufacture and use and will create less waste.

By working closely with the Ministry of Commerce, Wal-Mart China will expand the success of its Direct Farm Program by engaging as many as one million farmers, allowing Wal-Mart China to bring its customers better quality, sustainably-harvested produce, and better financial returns to farmers by 2011.

Wal-Mart China will also help its customers use less energy by ensuring that all **energy-intensive appliances it sells use 25 percent less energy than they do today by 2011**. This will eliminate 8,000 tons of coal from being burned for energy and save Wal-Mart China customers 16 million RMB on their power bills.

Wal-Mart China will reduce the hazardous substances in products sold in its stores by ensuring that **half of the electronics on its shelves will be RoHS compliant, a standard used globally for reducing hazardous substances in the manufacturing of electronics, by 2010**.

To sell products that create less waste and use less of our natural resources, **Wal-Mart China will work with suppliers to reduce packaging on all products by 5 percent by 2013**.

Working Closely with the Chinese Government and the NGO Community

On the environment, the Chinese government has set strong goals for sustainability and Wal-Mart is aligned with those goals. Wal-Mart and the Administrative Center for China's Agenda 21 of the Ministry of Science and Technology signed a Memorandum of Understanding that will serve as an example of a partnership that benefits both industry and government. Wal-Mart China will also reach beyond its own operations to engage customers and suppliers and form partnerships with government and NGOs.

Wal-Mart China will continue to rely on the expertise of NGOs to drive greater innovation in its stores and higher environmental standards in the supply chain.