



2018 GLOBAL RESPONSIBILITY REPORT



WELCOME

- 2 Our business
- 3 A message from our CEO
- 4 A message from our CSO
- 5 Performance highlights
- 7 Shared value: Our approach to ESG
- 8 Defining our ESG priorities, commitments and targets
- 10 Stakeholder engagement
- 16 Our priorities

18 OPPORTUNITY

- 20 Providing great jobs and inclusive advancement in retail
- 41 Growing a local and inclusive supply base

ABOUT THIS REPORT

This report covers the global responsibility activities of Walmart and the Walmart Foundation, and information reported from grantees, suppliers and others, for fiscal year 2018, which ran from February 1, 2017, to January 31, 2018. For readers' convenience, we refer to this fiscal time period as FY2018 throughout the report, unless otherwise noted.

Grant funds reported as awarded or committed may not have been disbursed in FY2018, and full payment of those amounts may be subject to receipt of satisfactory impact reports.

51 SUSTAINABILITY

- 51 Enhancing sustainability in our operations
- 52 Enhancing sustainability in retail operations and value chains
- 53 Reducing greenhouse gas emissions
- 71 Reducing waste
- 83 Advancing water and land stewardship
- 95 Enhancing sustainability in our value chains
- 109 Promoting responsible sourcing
- 126 Reducing environmental impact
- 144 Providing access to affordable, safer, healthier food and products
- 161 Supporting measurement and transparency

169 COMMUNITY

- 170 Relieving hunger
- 177 Providing disaster relief
- 184 Supporting communities
- 192 Supporting veterans and military families

197 GOVERNANCE

- 197 Walmart Board
- 200 How we operate around the world
- 202 Ethics and compliance
- 211 Cybersecurity and data privacy
- 213 Public policy and political engagement

216 ESG COMMITMENTS AND PROGRESS

223 GLOBAL REPORTING INDEX

For more information regarding forward-looking statements, please refer to page 230.

Our business

OUR PURPOSE IS TO SAVE PEOPLE MONEY SO THEY CAN LIVE BETTER

Walmart aims to provide safe, affordable food and other products to people around the world. Doing so in a way that enhances economic opportunity, environmental and social sustainability, and local communities creates value for our business and for society.



Nearly
270 million
customers served every week with convenient access to affordable food, health and wellness products, and general merchandise



\$500+ billion
total revenue



More than
11,700 stores under **65 banners**
in **28 countries** and **eCommerce** websites

OUR VALUES

- Respect for the individual
- Service to the customer
- Strive for excellence
- Act with integrity

OUR PLAN TO WIN

- Make every day easier for busy families
- Change how we work
- Operate with discipline
- Be the most trusted retailer



To learn more, please read our full Annual Report and Form 10-K by visiting stock.walmart.com.



A message from our Chief Executive Officer

Since Sam Walton founded our company over 55 years ago, Walmart has helped hundreds of millions of customers save money and live better—providing them with convenient access to affordable items. His vision and passion transformed retail.

Today, we're leading a new transformation—one that combines our stores and clubs with eCommerce to make every day easier for busy families. At the same time, we know our transformation is about more than the shopping experience. Technology has created a new level of transparency and, increasingly, customers want to do business with companies they trust.

To become the most trusted company in a way that creates value for business and society, we not only have to transform our day-to-day operations, we have to work alongside our suppliers, NGOs, thought-leaders and elected officials to change entire systems. We want to lead on the environmental, social and governance issues that matter most to our customers, associates, shareholders and communities.

Our journey began over 10 years ago, when we set ambitious goals to be powered by 100 percent renewable energy, to create zero waste and to sell products that sustain people and the environment. Since then, we've deepened and broadened our aspirations to focus even more on our planet and on people—our associates who work at Walmart and the people who make the products we sell.

In 2016, we set our long-term aspirations in three broad areas: creating economic opportunity for our associates and the people in our supply chain, further enhancing the sustainability of our operations and the supply chain, and strengthening the communities where we operate.

I'm encouraged by the progress we've already made. We've invested in higher starting wages and training for Walmart associates. Earlier this year we also expanded maternity and parental leave for full-time hourly and salaried associates in the U.S. We were the first retailer to set science-based targets for greenhouse gas emissions reduction, including launching Project Gigaton™, which is an initiative to work with suppliers to remove 1 billion metric tons, a gigaton, of emissions from our supply chain by 2030. We're also collaborating with suppliers and others, including nonprofit organizations, to help combat forced labor in the global supply chain. We're proud of this progress, but we know we can do more to create shared value and earn the trust of all our stakeholders.

In this report we share details about our progress and our aspirations for addressing the issues most important to society. We look forward to your feedback and collaboration as we work together to help the people we serve to live better today and for generations to come.

Doug McMillon
President and Chief Executive Officer
Walmart Inc.

A message from our Chief Sustainability Officer

Business exists to serve society. For Walmart, this is true in many ways. We're providing customers with convenient access to safe, affordable food and other products, creating job opportunities for our associates; helping suppliers grow their businesses that, in turn, employ others; and generating tax dollars that help support community life.



The most successful businesses do all these things but go one step further—they aim to strengthen the systems on which they rely, such as retail employment or food production. Why? Not only to build customer trust and maintain license to operate, but also to enhance supply security, manage evolution of cost structure, generate new revenue streams and attract talent. Strengthening societal systems is not only the responsible thing to do—it maximizes business value.

Today, as a society, we face significant challenges. While global prosperity has increased, so has inequality. Studies point to a growing skills gap that, if unaddressed, will prevent people from advancing economically. Meanwhile, growing consumption—compounded by increasing population—puts more pressure on the climate, natural resources and waste management.

That's why our approach to environmental, social and governance (ESG) issues goes beyond minimizing our own footprint or mitigating risk. We take a more assertive approach: sparking collective action to transform the retail sector for environmental, social and economic sustainability.

So in the case of retail associates, for example, we aim not only to help people enter the workforce with competitive wages, but also to help them build skills needed to advance, whether at Walmart or beyond. We want to build a skills-based employment system with ladders of opportunity, at scale, that include everyone—in numbers representative of our communities.

And when it comes to human rights in supply chains, we aim not only to source responsibly but also to work with others to rewire chains for social sustainability—for example, improving Bangladesh factory safety through our work with the Alliance, or fighting modern slavery in seafood through our work with the Seafood Task Force and Leadership Group for Responsible Recruitment.

And with respect to climate change, we aim not only to lower our own emissions, but to galvanize collective action across the retail supply chain to bend the curve on emissions—removing a gigaton through initiatives in energy, waste, agriculture, packaging, natural capital and product design.

In this report, you will find a summary of our aspirations, programs and commitments in our priority areas of increasing economic opportunity, enhancing sustainability of supply chains and strengthening communities. We welcome your feedback and collective action to help accelerate progress.

Kathleen McLaughlin
Chief Sustainability Officer, Walmart Inc.
and President, Walmart Foundation

Performance highlights



Opportunity

We aim to increase economic opportunity in retail and retail supply chains



Providing great jobs and inclusive advancement in retail

Bonuses for hourly Walmart U.S. associates totaled

\$625 million
in FY2018



230,000+
associates promoted
in Walmart U.S.

Fostering inclusion



Women make up to
30 percent
of corporate officers &
55 percent
of our total U.S.
workforce

Growing a local and inclusive supply base



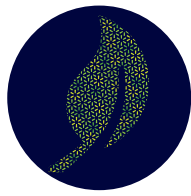
Walmart and the Walmart Foundation funded the training of more than
1 million
small- and medium-scale farmers, of whom more than half are women

GLOBAL GIVING

\$1.5 billion+

in-kind and in
cash giving





Sustainability

We aim to enhance the sustainability of operations and value chains

Reducing energy intensity and emissions

≈**28 percent** of electricity from renewable sources



Eliminating waste in our operations

By the end of 2017, **78 percent** of global waste diverted from landfill¹



Reducing environmental impacts

A reported **34 million** acres committed to fertilizer optimization programs



Advancing food safety

In 2016, Walmart and the Walmart Foundation announced that we will invest **\$25 million** over five years on food safety projects in China



Mango blockchain pilot project—able to trace origin of sliced mangoes from farm to our shelves in **2.2 seconds** compared to seven days previously

Supporting measurement and transparency in our supply chain

In FY2018, over **\$200 billion** in sales of our U.S. goods were from suppliers that participate in the Sustainability Index, in categories where the Index is available

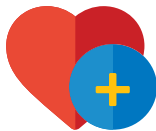


Community

We aim to help strengthen local communities

Disaster relief

In FY2018, Walmart and the Walmart Foundation gave more than **\$38 million** to hurricane relief



Relieving hunger

Since FY2015, Walmart donated **2.5 billion** pounds of food in the U.S. alone

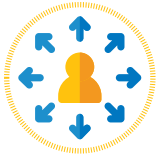
Supporting local communities

In FY2018, Walmart associates volunteered more than **850,000 hours** in the U.S.



¹ Based on review of material handling and waste diversion processes in Argentina, Brazil, Canada, Central America, Chile, Japan, Mexico, South Africa, U.K. and U.S., as 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.





Shared value: Our approach to ESG

Our approach to environmental, social and governance (ESG) topics is rooted in our company purpose to save people money so they can live better. Embedded in that purpose is the principle of shared value: we maximize business value by helping to address important needs in society and, conversely, we can transform society through our business. Delivering on our purpose in a way that creates economic opportunity, sustains the environment and strengthens local community not only mitigates risk—it can generate significant, lasting value for our business and for society.

Key elements of our approach:

- **Creating shared value.** Good ESG practices go beyond risk management or corporate responsibility—they can generate additional value for business and for society. For example, better ESG practices can enhance customer trust, catalyze new product lines, increase productivity, reduce costs and secure future supply, while simultaneously improving livelihoods, advancing economic mobility and opportunity, reducing emissions and waste, and restoring natural capital.
- **Salient issues.** We set ESG priorities based on relevance for our company purpose, key categories and markets; the potential impact on Walmart's business and relative importance to our customers and other stakeholders; and Walmart's ability to make a difference through strengths such as our associates around the world, supplier relationships, jobs and purchase orders, or capabilities such as in logistics and technology.
- **Whole-system change.** To maximize shared value, we aim not only to run a good retail business but also to make large-scale and lasting improvements to the ecosystems most salient to our business. In this report we will discuss several of these, including human-capital development in the retail sector, human rights in seafood, and science-based emissions reductions across the entire consumer goods chain. That means beyond managing our own footprint, we work to accelerate transformation of broader systems.
- **Business leadership.** We establish, drive and track performance against our social and environmental priorities through our everyday business activities. For example, we track performance toward our diversity goals through our human resource activities and renewable-energy goals through our real estate and operations activities. Business ownership and accountability for ESG execution starts with the Walmart Board of Directors and leadership engagement, and is embedded throughout our business in the business planning and performance management cycle, our operating policies, organization roles and coordinating mechanisms, project governance, and systems and tools (e.g., Sustainability Index).
- **Aligned philanthropy.** Our corporate giving and the Walmart Foundation programs complement Walmart's business initiatives to help accelerate social and environmental transformation. In FY2018, through a combination of in-kind and cash gifts, Walmart and the Walmart Foundation gave over \$1 billion to projects that create opportunity, enhance sustainability and strengthen community.
- **Collective action.** Since we believe that collective action is essential to transforming systems, we shape our ESG programs in collaboration with other leaders and stakeholders. Project Gigaton™, the Retail Opportunity Network and the Sustainability Index are just a few examples of large-scale, system-wide collaborations we have helped create.



Defining our ESG priorities, commitments and targets



Walmart's ESG priorities help us focus on the most salient opportunities inherent in shared value creation. Our commitments and targets help us aim high, be accountable and move at pace.

When we make a public ESG commitment, this galvanizes action across our business through senior-level oversight; standards, programs and practices; and metrics and reporting for accountability, including the annual publication of our Global Responsibility Report.

In late 2014, we conducted our first major materiality review since setting out our 2005 sustainability goals regarding renewable energy, waste and sustainable products. This review included discussions with our top 20 institutional investors, listening tours and engagement

surveys of thousands of Walmart associates from frontline to the C-Suite, surveys of over 2,000 customers, interviews with 50 leaders of grassroots organizations and international NGOs, sustainability reviews with our top 20 suppliers and a literature review. It confirmed a broadening of priorities that Walmart had already begun to more strongly emphasize issues affecting people—issues such as economic opportunity for Walmart associates, the safety and livelihoods of workers in value chains and climate change.

In particular, for social issues in the value chain, we have evaluated the global value chain using our own research, risk analyses and consultations with industry experts and NGOs. We wanted to better understand where risks were most likely to occur, including the nature and severity of the risk, region of the world and specific chain.



To date, we've prioritized produce in the United States and Mexico, seafood in Thailand, apparel in Bangladesh and electronics in Malaysia and China as areas of focus, and in 2016, we committed to collaborating with others to address major risks to the dignity of workers in a minimum of 10 retail supply chains by 2025.

We validated and refined our agenda in 2016, articulating three major priorities: economic opportunity; social and environmental sustainability; and local communities—and a set of related commitments and targets for 2025, which Doug McMillon, Walmart CEO, announced at Net Impact in November, 2016. Once again, we engaged stakeholders extensively and are grateful for their useful feedback. We also considered the Walmart business strategy and transformation, analyzed the implications of environmental and social trends for our business and stakeholders, engaged with leaders and reviewed the principles of the following perspectives and movements, including the United Nations (U.N.) Sustainable Development Goals, the Paris Agreement, the U.N. Global Compact, the U.N. Guiding Principles for Business and Human Rights, ILO's 1998 Declaration on Fundamental Principles and Rights at Work, and we stress-tested our own theories of change against alternative approaches.

Our priorities reflect

- Relevance to Walmart's purpose, key categories and markets
- Shared value: potential impact on our business and society, including both risk and potential upside, based on our analysis and the relative importance to our customers and other stakeholders
- Walmart's ability to make a difference through our strengths, including our 2.3 million associates around the world, supplier relationships, jobs and purchase orders, expertise in food and other categories, or capabilities such as logistics and technology



2.3 million
associates around
the world



Stakeholder engagement

As a retailer, our company performance depends on direct and frequent engagement with customers, associates, community leaders and the people who supply products we sell, hold our stock and evaluate our performance. With respect to ESG issues, we engage stakeholders formally in periodic materiality reviews, and on an ongoing basis through numerous mechanisms outlined below. Stakeholder perspectives and feedback improve the relevance and effectiveness of our products, services and initiatives.



STAKEHOLDERS AND THEIR ESG PRIORITIES

Shareholders and research analysts	<ul style="list-style-type: none"> • Financial performance and competitive strategy • Social: associate training and wages; responsible sourcing • Governance: ethics and compliance; data privacy and security; board and compensation • Environment: climate; waste
Customer	<ul style="list-style-type: none"> • EDLP: affordable food and products • Associate training, wages and benefits • Healthy, environmentally friendly products • Local sourcing; responsible sourcing • Community: hunger; disaster; veterans • Transparency
Associates	<ul style="list-style-type: none"> • Job stability and mobility: wages, benefits, training and promotions • Inclusive workplace • Community: local giving; hunger; disaster
Suppliers	<ul style="list-style-type: none"> • Understanding Walmart's standards • Responsible sourcing • Emissions; deforestation; water; waste • Safe and healthy products • Opportunity for diverse suppliers
Communities	<ul style="list-style-type: none"> • Local economic impact: jobs; sourcing; affordable products • Support for local organizations • Disaster response and resilience • Food security • Emissions; waste; natural capital
NGO's, grantees and advisory councils	<ul style="list-style-type: none"> • All issues—varies by group • Associate opportunity • Inclusion • Emissions; waste; natural capital • Responsible sourcing • Disaster response and resilience • Hunger relief



At Walmart, our
**open door
philosophy**
is an integral part
of our culture.

Shareholders

We communicate with our shareholders through regular calls with members of the investment community, as well as quarterly earnings materials, SEC filings, investor conferences, investment community meetings, our annual report, our proxy statement and website disclosures. In each of these channels we provide timely and robust data on financial performance and other key concerns.

We also conduct formal shareholder outreach programs focused on corporate governance and matters related to the proxy statement. During these engagements, we have open dialogue with key institutional shareholders and provide updates on corporate strategy, Board composition and oversight, executive compensation and corporate responsibility initiatives. We hear diverse perspectives from investors on board governance, and we provide this shareholder feedback to our Board.

In addition, we communicate with current and prospective shareholders through phone calls, which enable us to answer questions about our strategy, recent financial results and the competitive landscape. Through our website and hotline, we offer ways for new investors to connect with us.

Associates

We communicate with our associates in a variety of ways, including: personal one-on-one interaction, team meetings, cascaded leadership communications, company intranet, Facebook Workplace and other social media, as well as traditional digital communications such as email. Walmart conducts anonymous Associate Engagement surveys, at a minimum annually, to gather feedback. From our FY2018 U.S. associate engagement results, we see our training investment reflected in the response from the vast majority of associates who agreed with the statement, "I have the training necessary to perform my job well." We are seeing additional benefits from our investments, as the majority of our associates also agreed with the statement, "I am aware of the career opportunities available to me." Finally, the survey also confirms that more than three-quarters of our associates would recommend friends or family to Walmart for employment, in line with scores found across companies in retail and other sectors for similar questions.

Walmart’s unique “Open Door” process is another resource that allows any associate—from entry level to the C-suite—to share ideas and raise an issue at any time with any other associate at any level without fear of reprisal. As noted in our Walmart U.S. Open Door policy:

At Walmart, our open door philosophy is an integral part of our culture, reflecting a tradition of open communication and a culture of listening to our associates. We encourage and expect all associates to actively participate in making the company a better place to work and shop. The open door process offers each associate an opportunity to bring suggestions, observations, or concerns to the attention of any supervisor or manager without fear of retaliation. We also welcome early identification of opportunities and challenges and mutual resolution of complaints.

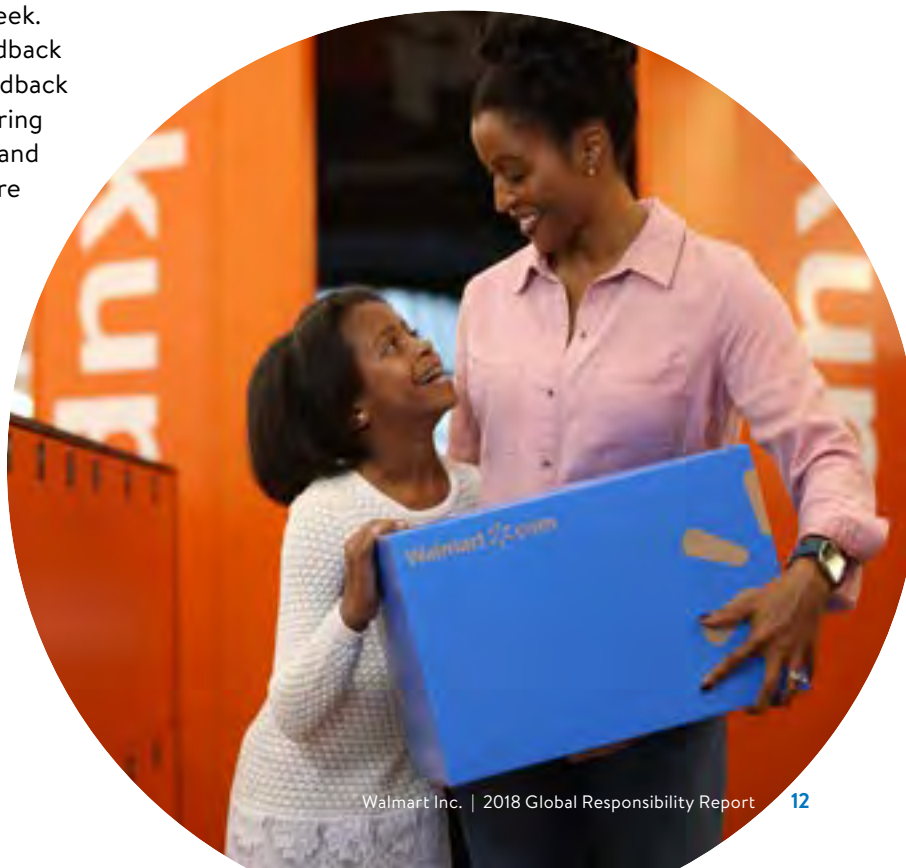
We aim to create an environment where associates feel free to express opinions, in confidence when appropriate, on workplace concerns, ideas for improvement and new opportunities to make the business more successful. Additional information on Open Doors and nonretaliation, as well as guidance for our associates on when/how to use these resources, can be found in our Statement of Ethics.

In addition, senior operations executives also conduct formal listening tours twice a year with associates across the U.S., as well as during our Year Beginning Meeting, Holiday Meeting, and Shareholders’ Associate Week. Quarterly town hall meetings are held where feedback is given and responded to. Weekly operations feedback calls are also conducted with store managers. During these sessions, action items are assigned to field and home office associates, including officers, who are held accountable to address each one.

Transparency and communication are key to driving Walmart’s internal culture of trust, and we are committed to continual improvement in these efforts. We use the feedback we get from these interactions to understand the issues that are paramount for our associates and respond to them as effectively as possible. In recent years, for example, we have improved starting pay, instituted scheduling systems changes and added to our training and development offerings to better meet the needs of our associates.

Customers

Understanding the needs of our customers is a top priority. We use a variety of channels to solicit feedback and to communicate with our customers. These include focused research through surveys and in-person discussions, social media interaction through actively managed Facebook and Twitter pages, in person communication in our stores, outreach through email and phone, as well as communication through our customer call centers.



We work to drive greater efficiency at every stage of our supply chain to make sure we are offering great products at great prices. We have listened to and are working to respond to our customers' questions regarding topics such as country of origin, nutrition profile of foods, ingredients and responsible sourcing. For many of our private label brands, for example, we have worked with our suppliers to help improve the nutrition profile by removing or reducing sodium, sugar and trans fats.

Suppliers and others in the supply chain

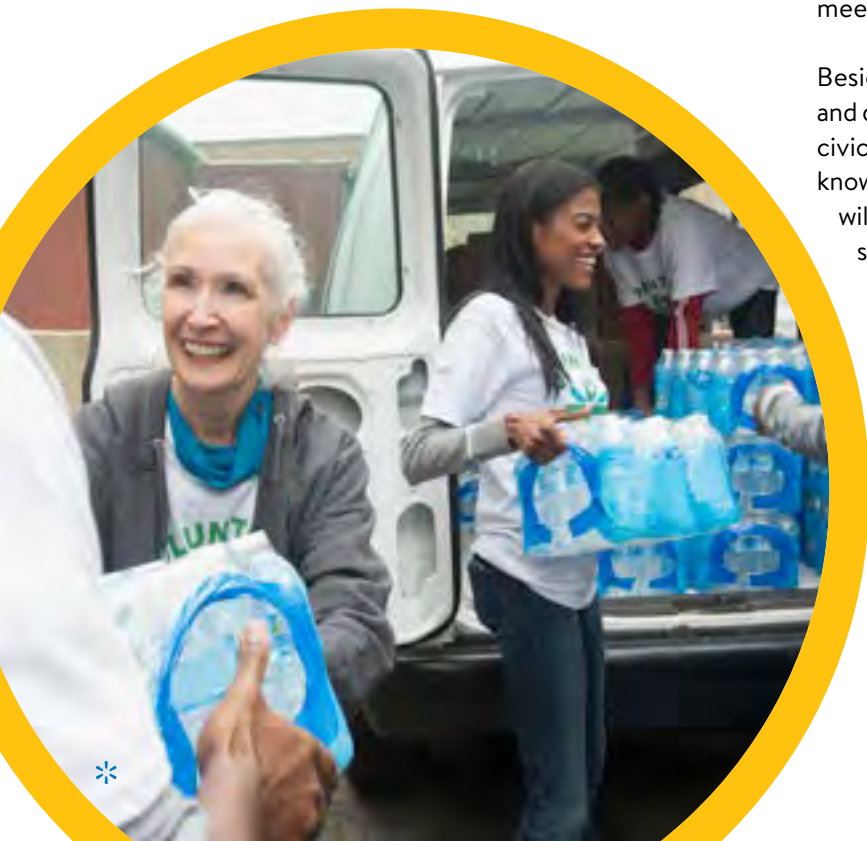
An important lever in achieving the system-wide change we aspire to is the power of our purchase orders. We communicate our expectations to our suppliers and solicit their feedback in a variety of ways. Our online supplier portal contains information about our standards for worker safety in factories; emissions, product waste and other sustainability issues; and other issues that affect the products we sell and the processes that go into creating them. We provide additional outreach and support for diverse and women-owned suppliers, helping them to understand the process of becoming a Walmart supplier. We also host a variety of live and online events, communicate at trade events and provide online updates. These communications help us to work with our suppliers around the world to help strengthen and improve the systems we rely on.

To gain deeper insight into the daily lives of people throughout the supply chain, such as the farmers, fishermen and factory workers who make the products sold by Walmart and other retailers, our buyers and leadership teams conduct what we call "eat what you cook" on-site visits. These "eat what you cook" on-site visits are essential for bringing forward an important voice: that of the person at the far end of the chain, a voice that is often missing from big global discussions. This helps us improve our merchandising and responsible sourcing practices, as well as human rights initiatives such as Responsible Recruitment. In 2017, cross-functional teams from Walmart, including merchants, responsible sourcing managers, sustainability specialists and giving program officers, interviewed fishermen on tuna boats in Southeast Asia, spoke with tomato farmers in fields and greenhouses, heard from smallholders and ranchers near the forests of Brazil and held working sessions with small producers in Mexico, among others, in similar on-site visits.

Communities

At Walmart, we work hard to support the communities where we operate and where our associates and customers live. Our store managers meet with local organizations and also engage through written and online communication. The Walmart Foundation works with numerous grantees in communities around the U.S. and the world, engaging with them through proposals, meetings and discussions of progress toward goals.

Besides providing hundreds of jobs through stores, clubs and distribution centers, we support local organizations and civic activities. Community leaders and first responders know that when disaster strikes, whether it's a hurricane, a wildfire or an earthquake, Walmart will work to mobilize supplies and provide logistics and expertise both in the immediate aftermath and as communities rebuild. We also support disaster relief organizations to help them improve community resilience through training and technology. Additionally, the Walmart Foundation provides funding for job training, hunger relief, conservation and other local priorities.





Governments

Walmart is committed to being a constructive and engaged corporate citizen. We work closely with governments at all levels in the countries where we do business. The guiding principle for Walmart's government engagement is to promote public policy that is at the intersection of business, consumer and public interests. We believe that sound public policy is the result of good faith government and stakeholder actions that promote the intersection of those interests. Whether the issue involves federal or state-level taxation, trade, technology or workforce of the future, we advocate with a view toward the long-term interests of our business associates, our customers and the communities in which we work and live. We are committed to providing substantive and technical input and advice to legislative bodies and executive agencies across all issues where we have expertise, and make it a practice to do so in ways that build trusting relationships.

NGOs, grantees and advisory councils

Many of the problems facing the world today, from deforestation to human trafficking, are beyond the scope of any single organization to resolve. Because we aim to create lasting impact and system-wide change, Walmart and the Walmart Foundation seek out grantees and others in collaborative efforts to help solve complex problems.

We have ongoing conversations with these organizations through regular meetings and online updates of progress against goals. We seek to promote ecosystems and networks that allow grantees to magnify their impact by learning from and supporting one another.

We have also created and engage several advisory councils to critique Walmart practices and initiatives. These include the Living Green Working Group comprising people from environmental NGOs and the Workforce Advisory Council, which is made up of experts in workforce development.

Research analysts

We have ongoing conversations with members of the investment community who analyze our performance for shareholders and other stakeholders. These include financial analysts, ESG analysts and researchers. We interact with analysts holding a variety of viewpoints on our company and believe we are better informed when we are exposed to these diverse perspectives.

Our engagement with research analysts is similar to the ways we interact with shareholders: through presentations, regulatory filings, conferences, website postings, responses to survey and information requests, as well as numerous phone calls and meetings. We use these channels to provide, as appropriate, financial results, updates on strategy, leadership and governance, and information on our approach to sustainability and other social issues.

Summary of stakeholder perspectives

SOCIETAL CHALLENGES		BUSINESS RELEVANCE	PERSPECTIVE ON HOW WALMART CAN HELP
Environmental			
Climate	Rising emissions and temperature	Cost: energy, carbon	Work to reduce energy intensity, adopt renewable energy, and reduce emissions not only in own operations, but also in supply chains, including with customers
Natural resources	Deforestation Water quality, quantity Land use, soil health Fish stocks, biodiversity	Supply security Cost structure Growth	Collaborate with suppliers and others to create more restorative supply chains in food and other commodities with less environmental impact
Waste	Landfill Resource depletion Pollution	Cost Revenue streams	Eliminate waste in own operations and help “close the loop” on waste throughout production and consumption
Animal welfare	Housing Pain management Antibiotics	Customer trust Cost	Encourage suppliers to promote “5 freedoms” in food production
Social			
Inclusive economic mobility	Cost of living Upward mobility/equality Jobs, GDP, tax base Women, diversity Access to markets	Associate engagement Productivity Growth Retention Reputation	Expand customer access to affordable food and other products through retail and e-commerce Continue to provide opportunity for associates, with the wages, upskilling and other practices that support mobility Support local manufacturing; help women-owned, diverse suppliers grow; support smallholder access to markets
Worker dignity in supply chains	Workplace safety Forced labor	Customer trust Supply security Reputation	Continue responsible sourcing practices and collaborate with others on initiatives that support healthier, safe work conditions, free from forced labor
Food security	Affordability and access Hunger Food/product safety Nutrition	Waste Cost Growth	Support continued development of safer, more affordable, accessible, healthier and sustainable food system Help increase transparency into product ingredients and production methods, while advocating for better products
Community resilience	Belonging and inclusion Natural disasters Strength of community organizations	Customer trust Associate engagement Reputation Cost	Support local community causes through volunteerism and giving Help communities prepare for and respond to disasters





SUSTAINABILITY

Our priorities

Walmart’s environmental, social and governance (ESG) priorities include economic opportunity, sustainability and local community, as well as good governance.

For each priority, we have set out aspirations, goals and timelines, as well as specific programs for achieving them, through our business and philanthropic initiatives. The highlights for opportunity, sustainability and community are provided below. For a discussion of our governance approach, please see page 49.



OPPORTUNITY

COMMUNITY

WALMART'S ASPIRATIONS	KEY PRIORITIES	MAJOR PUBLIC COMMITMENTS*
Opportunity: Increasing economic opportunity in retail		
Providing great jobs and inclusive advancement in retail	Great jobs and advancement for Walmart associates: Offering job design, wages and benefits, scheduling practices and job-relevant training such as Pathways and Walmart Academy	By 2025, Walmart will put millions of associates through focused training programs to equip them with skills to improve career prospects and move to jobs with greater responsibility and higher pay
	Fostering inclusion: Recruiting, engaging, retaining and advancing women and people of color at Walmart	Formal commitments through Catalyst CEO Champions for Change; CEO Action for Diversity and Inclusion; and Paradigm for Parity
	Retail opportunity across the sector: Building and expanding adoption of effective and innovative approaches to retail training and advancement	\$100 million philanthropic commitment (launched 2015) from the Walmart Foundation and Walmart to make it easier for frontline employees in the retail and adjacent sectors to gain new skills and advance in their careers
Creating economic opportunity for retail suppliers	Local and diverse suppliers: Supporting investment in American jobs, Women’s Economic Empowerment, supplier diversity and market access for smaller producers in emerging markets	Walmart pledged to purchase approximately \$250 billion in products that support the creation of American jobs between 2013 and 2023 Source \$20 billion from women-owned businesses over five years (completed January 31, 2017)
Sustainability: Enhancing sustainability of our operations and product value chains		
Enhancing sustainability in our operations	Energy and waste: Working toward our aspirational goal to be powered by 100 percent renewable energy and to create zero waste in Walmart’s operations	By 2025, reduce emissions in our own operations by 18 percent (science-based target); source half our energy needs from renewable sources By 2025, achieve zero waste using the Zero Waste International Alliance definition in our own operations in Canada, Japan, the U.K. and the U.S.; halve food waste within our Canada, Japan and U.S. operations



WALMART'S ASPIRATIONS	KEY PRIORITIES	MAJOR PUBLIC COMMITMENTS*
Enhancing sustainability in product value chains	20x25: Enhancing sustainability of commodities such as seafood, produce, meat, dairy, row crops, palm oil, soy, paper, textiles	By 2025, expand and enhance sustainable sourcing to cover 20 key commodities
	Worker dignity: Setting expectations for suppliers to operate responsibly, while leveraging our size and scale to lead industries toward positive change and address industry-wide issues in higher-risk supply chains	By the end of 2026, we want responsible recruitment to be the standard business practice for employers throughout the global supply chain
	Environment: Project Gigaton™—engaging suppliers on renewable energy and energy efficiency, waste reduction, deforestation, packaging, sustainable agriculture and product design to lower the emissions in use	By 2030, work with suppliers to reduce emissions by 1 gigaton from global value chains By the end of 2020, source 100 percent sustainable palm oil in accordance with the principles of the RSPO or equivalent standards in global private brand products, and source pulp/paper products and Brazilian beef and soy with zero net deforestation By 2025, achieve 100 percent recyclable packaging in Walmart private brand
	Safer and healthier products: Enhancing healthier food choices, promoting food safety, fostering animal welfare and advancing sustainable chemistry	By 2022, aim to reduce the footprint of Priority Chemicals in the U.S. Walmart and Sam's Club assortments by 10 percent
	Transparency: Driving industry-wide improvement through the Sustainability Index, encouraging disclosure across supply chains and providing better product information to customers	In FY2017, we reached our goal, set in 2012, of buying 70 percent of our U.S. goods from suppliers that participate in the Sustainability Index, in categories where the Index is available

Community: Strengthening local communities

Strengthening local communities	Relieving hunger: Strengthening the charitable meal system, extending the reach of hunger relief and nutrition programs, and mobilizing customers and associates to alleviate hunger and encourage healthy eating	Between 2014 and 2019, provide 4 billion meals to people in need through grants from Walmart and the Walmart Foundation and food donations from Walmart stores, Sam's Club locations and distribution centers
	Providing disaster relief: Responding to disasters and investing to improve preparedness and speed of response in communities	In FY2017, Walmart and the Walmart Foundation pledged \$25 million in cash and in-kind donations to support disaster preparedness and relief through 2020
	Supporting veterans: Offering jobs at Walmart and Sam's Club to those who have served or who are currently serving and supporting programs such as AmericaServes to help them transition into communities	Offer a job at Walmart or Sam's Club locations to any eligible honorably discharged U.S. veteran who has been discharged since Memorial Day 2013. Commit to hire 250,000 veterans by 2020 Between 2014 and 2019, commit \$20 million from Walmart and the Walmart Foundation to support U.S. veterans' reintegration to civilian life
	Local giving: Local cash and in-kind donations, associate giving and volunteerism, and customer cause campaigns (e.g., for hunger, disaster)	

*To see our progress on these commitments, go to page 56.





Providing
great jobs
and inclusive
advancement
in retail



Growing a local
and inclusive
supply base



Opportunity

INCREASING ECONOMIC OPPORTUNITY

At Walmart, we believe that retail can be a powerful engine for economic mobility, both for our own associates and for workers across the sector. That opportunity can also extend to workers around the world, in all their diversity, who create the products that fill store shelves. We aim to help make retail and the retail supply chain a place of inclusive opportunity, where our jobs and purchase orders can help people build a better life for themselves and their families.



We have **30,000** people working in our stores in roles that didn't exist two years ago.

Our customers are telling us loud and clear how they want our stores to evolve and we're working to make sure our associates are able to support those changes. Even as technology enables efficiencies in some areas, we're creating new opportunities and training associates to lead in others. We have 30,000 people working in our U.S. stores in roles that didn't exist two years ago. Some of those roles include personal shoppers for Online Grocery Pickup, self-checkout hosts and customer hosts.

Jobs and tasks at our stores are evolving rapidly, and our training programs and credentials are evolving to keep up with the demand for new skills, particularly technical skills. Industry experts have predicted that technology will change many jobs in frontline retail in the years ahead, so we're working to prepare our associates for the future by helping to increase their digital literacy, strengthen retail skills like customer service, and train for expertise in areas like fresh grocery.

The pace of change in the workforce cannot be overstated. We all have roles to play in building the 21st century workforce. Never before has it been so important for employers, educators and trainers to facilitate learning and connect workers with the types of new skills they need to succeed in their current role and to advance to new roles.



Leading through an era of transformation in the workplace

Technology is changing how we work, live and shop. At Walmart, we're adapting to that change, helping our associates prepare for the workplace of the future.





Providing great jobs and inclusive advancement in retail

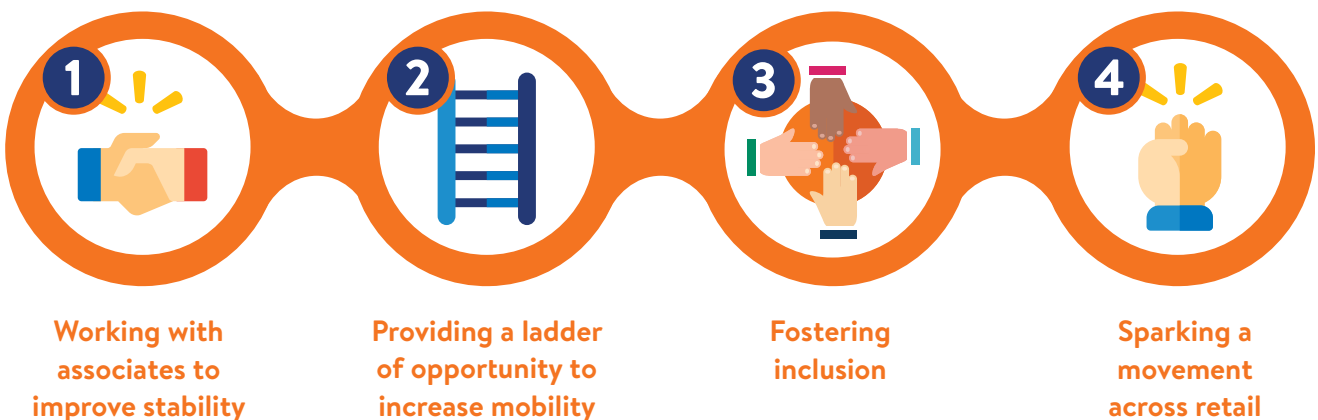
At Walmart, we are passionate in our belief that retail can be an engine for economic mobility. Three-quarters of our U.S. store management teams began as hourly employees. In the U.S., where approximately 90 percent of the population lives within 10 miles of a Walmart store or Sam's Club, we are a source for advancement in thousands of communities, providing a wide variety of career opportunities for people of every background.

Providing opportunity is more important than ever. According to the Organisation for Economic Co-operation and Development’s Survey of Adult Skills, lower-skilled workers make up a significant part of the U.S. adult workforce. Meanwhile, job opportunities for lower-skilled workers have decreased. With hundreds of positions in each of our U.S. supercenter stores, Walmart offers a wide range of opportunities where the only requirement is a work-ready attitude. By removing barriers to entry, Walmart gives workers, especially hourly workers, the chance to learn important—and transferable—job skills, while earning a paycheck.

We have a clear workforce philosophy built upon our guiding principles of stability and mobility. Over the past three years, we have been executing a U.S. strategy aligned with this philosophy, at scale, and with an emphasis on our hourly associates. We offer strong stability benefits, such as paid leave and a practice of providing schedules at least two weeks in advance. This means our associates are better able to take advantage of opportunities for mobility such as continuing education or our employer-based training programs. We firmly believe both stability and mobility are key to a fulfilling career. We see each job as a pathway to greater opportunity, whether it’s within Walmart, within the retail sector, or in another industry entirely.

Approximately
90 percent
of the U.S. population
lives within
10 miles
of a Walmart store
or Sam’s Club.

We’re pursuing four strategies as we work to increase retail opportunity:





Working with associates to improve stability

We believe when associates have stability in areas like pay and benefits, scheduling, leave and paid time off (PTO), they're better able to take advantage of the education and training opportunities we offer. Stability lays the foundation for lifelong learning and skill development—which ultimately leads to economic mobility and a better quality of life. We continually evaluate our benefits and workplace policies to, among other things, look for barriers that may impede career advancement.



Bonuses for hourly Walmart U.S. associates totaled **\$625 million** in FY2018.





- **Offering a path to higher pay while providing strong benefits to associates in the U.S.**

Wages: In the final weeks of FY2018, we announced plans to increase the starting wage for all full- and part-time hourly associates in the U.S. to at least \$11 per hour. As a reference point, the federal minimum wage is \$7.25. As of April 2018, Walmart's U.S. average full-time field hourly wage was \$14.08.

Healthcare: We offer health benefits starting at around \$26 per pay period for all full- and part-time U.S. associates who have worked an average of 30 hours per week over the past 12 months; this is roughly half the national-average cost for single-person coverage.

401K: Contributions start on day one with the company. We provide up to a six percent match after one year/ 1,000 hours on the job (offered to salaried and full- and part-time hourly U.S. associates).

Bonuses: Eligible associates may also qualify for quarterly bonuses, based on the performance of their store. In FY2018, hourly U.S. associates (full-time and part-time) received more than \$625 million in quarterly bonuses.

Stock purchase plan: Walmart matches 15 percent of the first \$1,800 U.S. associates contribute to the stock purchase program, up to \$270 per plan year (age restrictions apply).

Associate discount: Walmart full- and part-time U.S. associates save 10 percent on most regularly priced general merchandise at any Walmart store.

- **Offering early access to earned wages.** According to a recent [Federal Reserve Board study](#), nearly half of Americans would have trouble weathering a \$400 emergency. In FY2018, we offered all U.S. hourly and salaried associates a suite of new financial planning tools, as well as on-demand access to earned wages. Associates can access the tools through their iOS or Android mobile device. Using artificial intelligence and machine learning, the tools help associates automatically plan ahead for bills and savings goals. When unexpected expenses occur, associates can access earned wages ahead of scheduled paychecks using an “Instapay” feature.

In FY2018, we offered all hourly and salaried U.S. associates a suite of new financial planning tools, as well as on-demand access to earned wages.



• **Innovating responsive work schedules.** Walmart provides associates their schedules at least two weeks in advance, allowing them leeway in configuring those schedules. We find that this combination of predictability and flexibility is a key factor in the ability of workers to take advantage of educational offerings and skills training that can help create true mobility. While we have always offered advance notice on schedules, in FY2018 we expanded the pilot of our scheduling format to provide associates with more consistency, flexibility and control over their schedules. While associates can choose schedules that are more predictable, those same associates may still experience some flexibility in their schedules.

• **Improving leave and PTO benefits.** To help associates cope with an illness, a sick child, or other family responsibilities, we launched a redesigned PTO program for hourly associates in the U.S. in FY2017. The program aggregates paid vacation, sick, personal and holiday time into one category and eliminates a previous one-day wait to use sick time. Associates earn PTO based on tenure and hours worked and can carry over up to 80 hours for full-time and up to 48 hours for part-time to the next year. Any earned and unused PTO hours above those totals are cashed out and automatically added to their paycheck at the end of the program year.





- **Providing industry-leading maternity, parental and adoption benefits.** In late FY2018, Walmart announced the expansion of our maternity and parental leave policy, providing full-time hourly associates (after 12 months of service) in the U.S. with 10 weeks of paid maternity leave and six weeks of paid parental leave. For birth moms, the maternity and parental leave offerings are stackable, essentially offering up to 16 weeks of paid leave. We extended the six weeks of paid parental leave to our salaried associates as well, creating parity in this important benefit between salaried and full-time hourly associates. We also announced that Walmart will provide financial assistance to associates adopting a child. The adoption benefit, available to both full-time hourly and salaried associates, will total \$5,000 per child and may be used for expenses such as adoption agency fees, translation fees and legal or court costs.

- **Improving the quality and appropriateness of health care.** Walmart believes higher quality outcomes drive lower costs for patients, providers and employers who self-insure. To that end, we continue to expand two key programs focused on creating better outcomes for patients, Centers of Excellence and Accountable Care Organizations (ACO). Through our Centers of Excellence program, associates and their families are able to receive diagnoses and treatment for certain critical health issues such as some transplants, knee and hip replacement, spine surgery and cancer at world-class facilities across the country. Walmart even pays for travel to and from the treatment facilities, which include Mayo Clinic, Johns Hopkins, Cleveland Clinic and Emory, among others. Through the ACOs, Walmart works directly with providers to increase transparency and accountability surrounding care, with the goal of driving better overall outcomes for patients. During FY2018, Walmart expanded the ACO program to nine total health systems across the United States.



Providing a ladder of opportunity to increase mobility

Walmart offers a wide variety of career opportunities to people of every background. With an increased commitment to technology, training and lifelong learning, we aim to offer any associate with drive and determination the ability to move up the ladder and succeed.

Providing greater opportunity creates better outcomes, both for our business and for society. On the business side, a more engaged, productive and diverse workforce improves our customers' experience and boosts sales. For society, as workers receive training in the skills that lead them to the next level, household incomes can rise, overall economic stability improves and the national workforce is strengthened. While technology will continue to bring changes to the nature of jobs across the U.S., Walmart is building in supports and training designed to give our associates the skills they need to be competitive today and in the future. During FY2018, Walmart U.S. promoted more than 230,000 associates to jobs of greater responsibility and higher pay.

230,000+
Walmart associates in the U.S. were promoted to jobs of greater responsibility and higher pay in FY2018.

- **Building foundational skills through Pathways.** Our Pathways training program helps associates gain vital retail job skills, including skills in customer service, merchandising, teamwork and communications. The program incorporates both self-paced, computer-based learning and mentoring from supervisors, who are able to provide feedback on job performance and potential career opportunities as the training progresses. More than 400,000 associates have completed Pathways since its inception.



• **Building advanced skills through our Academies.** To date, Walmart has opened 183 Academies in the U.S., nearing our goal of 200. Each Academy serves some 25 nearby stores. Using cutting-edge technology in handheld devices and virtual reality, the academies offer two to six weeks of hands-on, immersive learning, combining both classroom study and training on the sales floor. The programs prepare associates for jobs as frontline hourly supervisors, department managers and assistant managers, teaching skills in management, finance and other areas necessary for advancement. As of January 31, 2018, more than 250,000 associates have completed the Academy training program since its inception.

Digital literacy, a learning and growing mentality, customer service and problem-solving skills will be important in the future in almost any industry. Our training Academies and Pathways program allow us to provide hundreds of thousands of people the opportunity to develop relevant skills for the present and the future.

Workforce development is one of the biggest issues facing society today. We understand the importance of investing in our workforce and empowering them to advance their own careers through training and technology. We know we don't have all the answers, so we are partnering with others to continue to learn, grow and test new approaches.

27 percent
of Walmart associates
who obtain a GED
through the Lifelong
Learning Program
go on to college.

• **Supporting lifelong learning.** Since 2010, Walmart has broadened its view of how it can help associates succeed in retail careers to include access to a high school education. In 2017, we saw a 62 percent increase in associates who gained GED diplomas through our Lifelong Learning Program. Approximately 250 of our grads are family members of associates, including spouses, siblings, parents, and children. According to the National Student Clearinghouse, 27 percent of the Walmart associates who obtained a GED through the Lifelong Learning Program go on to college and more of them stay in college once they get there (93 percent vs. an average of 61 percent).



Fostering inclusion

Walmart employs more than 2.3 million associates in thousands of communities around the world. We believe it is our people, in all their diversity, and our culture that help make Walmart successful. We value a diverse workforce that represents the nearly 270 million customers who choose to shop with us in-store or online every week. Unique styles, experiences, identities, ideas and opinions help us innovate and win.

We are excited that women and people of color represent a greater proportion of the leadership at Walmart than the S&P 500 and our overall associate representation of these groups is well above the EEO’s national composite—but we are not satisfied. Just as we’re reinventing how we serve customers, we’re taking a closer look at how we can improve our hiring and more significantly our promotion of associates with diverse backgrounds. We are committed to creating inclusive environments in every part and at every level of our business.

We envision a workforce that reflects society in its diversity, and we value the talents and differences our associates bring to our company. A variety of experiences and perspectives enrich our culture, lead to innovative solutions for our business, enable us to better meet the needs of a diverse customer base and strengthen our business. We seek to maintain an inclusive culture that provides all associates the opportunity to grow their career, with pay that is equitable and competitive.



We value a diverse workforce that represents the nearly **270 million customers** who choose to shop with us in-store or online every week. Unique styles, experiences, identities, ideas and opinions help us innovate and win.

**WOMEN REPRESENTATION
AT WALMART**

55%

Total U.S. workforce

43%

U.S. management

30% U.S. corporate officers

55%

U.S. hourly promotions*

44%

U.S. management promotions*



As of February 2018, women represent **25 percent** of the Walmart board, again **outpacing the S&P 500** average of 21 percent.

“When you compare us against many other companies and look at the stats, we can feel good about progress that has been made...but I don’t. I am not satisfied—I think we can do a much better job, and it’s important to me personally that we make progress and that we make it as soon as possible.”

Doug McMillon

PEOPLE OF COLOR REPRESENTATION AT WALMART

44%

Total U.S. workforce

32%

U.S. management

20% U.S. corporate officers

46%

U.S. hourly promotions*

37%

U.S. management promotions*

*The methodology for calculating promotions has been refined; under the new methodology the FY2017 stats would have been: Percentage of promotions hourly—56% women; 45% people of color. Percentage of promotions management—45% women; 34% people of color.

- **Committing to diversity.** In addition to our anti-discrimination policies, one of the ways we hold ourselves accountable for progress on inclusion is through our public commitments. In 2017, Walmart President and CEO Doug McMillon signed three public commitments: Catalyst CEO Champions for Change; CEO Action for Diversity & Inclusion; and Paradigm for Parity. While two of these commitments—Catalyst CEO Champions for Change and Paradigm for Parity—focus specifically on increased inclusion for women, we’re widening the focus to include people of color and other diverse groups.

- **Advancing pay equity.** Fairness in pay is an important issue for our company. We are committed to objectively administering our plans and programs to create a performance culture where associates are rewarded based on objective and relevant factors, such as their qualifications, experience, performance and the type of work they do.

THE POTENTIAL FOR UNCOVERING UNCONSCIOUS BIAS

Walmart has worked with a number of external experts, including neuroscientist Steve L. Robbins, Ph.D., to help our leaders with unconscious bias and inclusive leadership training. Robbins has shared his insights with over 2,000 associates at Walmart Home Office, including President and CEO Doug McMillon and his team.



Our compensation plans and practices are designed to comply with federal and state laws that require companies to pay their employees fairly and equitably regardless of their race, gender or other personal demographic. The relevant laws include Title VII of the Civil Rights Act and the Equal Pay Act—both of which require that men and women be given equal pay for equal work.

Salary and wage ranges for our associates are based on the value of the work performed and other objective factors, regardless of the gender or race of the person doing the work. We continually review our processes to make sure we are living up to our commitment to pay equity.

Our approach is to develop inclusive leaders and an inclusive culture, while also growing the pipeline of women and people of color at every level.

- **Developing inclusive leaders.** Diversity of markets, customers, ideas and talent is driving the need for inclusion as a stronger leadership capability. Inclusive leaders are curious, courageous and live the culture. They embrace individual differences and use them to strengthen their teams. Recognizing and addressing the potential for unconscious bias is key to developing inclusive leaders, so we have been providing training in this area.
- **Building inclusiveness into the business and measuring our progress.** Inclusion is central to our culture. We work to ensure that our culture is consistent around the world and results in a global workplace where everyone is included. One way we do this is by reinforcing our Culture, Diversity and Inclusion (CDI) principles—from day one and throughout each associate’s career with Walmart. Using engagement survey feedback, metrics, and inclusion indices, we’re measuring our progress and informing future priorities. Introduced in 2016, our CDI scorecard has proven to be a valuable tool, providing a quarterly, actionable report that is reviewed by senior management.



Walmart received a **100 out of 100** score on the **2017 Disability Equality Index®**. This marks the second consecutive year Walmart received the top score while being named a **“DEI Best Places to Work,”** in recognition of our enterprise-wide initiatives in advancing disability inclusion.

INITIATIVE	COMMITMENTS
Catalyst CEO Champions for Change	<ul style="list-style-type: none"> • Accelerate progress in the representation of women and women of color in executive/senior level positions over five years. • Accelerate representation of women on Board of Directors within five years. • Strengthen the pipeline of women through an annual deep dive of internal diagnostics and leverage best practices. • Benchmark and track inclusion and strengthen the culture of inclusion within the organization. • Share key metrics with Catalyst for benchmarking and reporting aggregate progress.
CEO Action for Diversity & Inclusion	<ul style="list-style-type: none"> • Continue to make our workplaces trusting places where complex—and sometimes difficult—conversations about diversity and inclusion are possible. • Implement and expand unconscious bias education. By helping our employees recognize and minimize their blind spots, we aim to facilitate more open and honest conversations. • Share both best practices and practices that were unsuccessful. • Create accountability systems within our companies to track our own progress and to share regular updates with each other, in order to catalog effective programs and measurement practices.
Paradigm for Parity	<ul style="list-style-type: none"> • Minimize or eliminate unconscious bias. • Significantly increase the number of women in senior operating roles. • Measure targets at every level and communicate progress and results regularly. • Base career progress on business results and performance, not on presence. Identify women of potential and give them sponsors as well as mentors.
Pay Equity	<ul style="list-style-type: none"> • Pay employees fairly and equitably regardless of their personal demographic (such as race or gender).



FOSTERING INCLUSION GLOBALLY

- **Recruiting, engaging and retaining a diverse workforce.**

Our focus on diverse talent in our recruiting process is key to retaining, growing and advancing our associates. For example, we recruit from Historically Black Colleges and Universities (HBCUs) and other institutions that serve diverse populations and at events and conferences that draw diverse candidates. We also use best practices, such as blind resume processes, gender-neutral job descriptions and diverse hiring slates to ensure we're attracting and hiring diverse talent.

But hiring is only one part of the equation. The corporate pipeline, starting from entry-level and leading all the way to the c-suite, needs better representation from women and people of color if we are to move beyond the status quo. While we are proud that 44 percent of women and 37 percent of people of color were promoted in U.S. management positions, this is an area where we can and should do more. We are focused on how we retain and promote women and people of color.

One tool we have used to enhance both associate engagement and retention is our Associate Resource Groups (ARGs), established more than 12 years ago. The ARGs offer associates an opportunity to network, build relationships, find development opportunities and make a positive impact in their company and the community. They help the CDI Office shape programs and policies, and they work autonomously to develop and deliver high-impact programs. On the business side, they help drive results by aiding in the attraction, retention and development of top diverse talent, enhancing Walmart's reputation in the community and leveraging diversity to drive innovation. Our seven ARGs include our Advocates for Disability Awareness and Education; African American Business Resource Group; Asian Pacific Associates Network; Hispanic Latino Associate Resource Group; PRIDE LGBT group; Tribal Voices Native American group; and Women's Resource Council. Each of our ARGs has an executive champion who is a direct report of our CEO, as well as a network of officer sponsors at the VP level or higher who help provide strategic direction, mentorship and sponsorship.

The Walmart culture is universal. Regardless of where we operate around the globe, our associates are united in upholding our core principle of respect for the individual. We believe if we integrate inclusion into the Walmart culture, it becomes an inherent part of our work every day. Here are some examples of how this comes to life in several of our markets.

- In Walmart Central America, 337 associates registered to be part of the Inclusion Ambassador Program, accepting the Inclusion Honor Code, which aims to promote commitments of executives to be part of a Inclusive Leadership Program aimed to enable a working environment in which each individual has the opportunity to achieve their full potential.
- In Costa Rica, Walmart participated for the first time in the Pride Parade in 2017 as a way to support rights of LGBT employees and commit to build a workplace free from discrimination.
- In Canada, the Pride Program included Toronto for the second year and expanded to also include Vancouver and Montreal with a total of 360 associates and supporters marching in parades.
- Our Women in Retail (WIR) programs are flourishing in markets around the world. The programs offer networking opportunities and training for women in various parts of our business.

HOW ARE WE DOING?

We're pressing for more progress

2016

Met goal to source **\$20 billion** from women owned businesses in the U.S.

2017

Signed three external diversity commitments

Launched President's Inclusion Council

Rewrote job descriptions to be gender neutral

62% of Walmart U.S. Academy graduates are women

2018

Expanded maternity leave and introduced adoption benefits for full-time hourly and salaried U.S. associates

Women comprise **25%** of our Board of Directors (as of Feb. 2018) compared to 21% of S&P 500

Women comprise **30%** of our officers compared to 26% of S&P 500



66 percent of department managers in the U.S. are women



Women in Retail (WIR) around the world

ARGENTINA



In 2017, the 4th edition of the Women In Retail program in Argentina was improved by extending participation to HO and DC women associates along with the existing Operations women associates. This interaction across three business verticals enriched and improved the network of the participants. The training disposal is based on three annual modules of three days each, which includes workshops dictated by external facilitators, inspiring talks by leaders as well as listening & mentoring sessions. This year, the list of workshops was increased from six to nine. To date, almost 50 women have been trained, becoming “WIR Ambassadors” and have taken the responsibility of empowering other women.

CANADA



In Canada, FY2018 WIR enhancements coincided with highest level of female Store Manager representation since 2014. A new program model was introduced that consists of one “Development Circle” in each of the 29 geographic markets. Members of these circles discuss a variety of prescribed leadership development topics ranging from Managing Your Brand to Overcoming Speaking Anxiety. The Development Circles include all our female Store Managers plus one Co-Manager and two Assistant Managers and local Field Partners. This enhancement has more than tripled the number of Women in Retail members from 75 to 245.

CENTRAL AMERICA



In Central America, 50 women completed the WIR training program. Modules were designed by Walmart with the help of INCAE, a well-known business school in the region, and were designed to empower our associates to help them continue to grow and find new opportunities.

INDIA



Walmart India earned a spot in the 100 Best Companies for Women in India, an initiative led by AVTAR and Working Mother Media.

JAPAN



Walmart in Japan continues to support the WIR program as part of its strategy to increase female participation in management from 16.6 percent today to 20 percent by 2020.



Sparking a movement across retail

We believe that frontline retail jobs can be a launch pad for mobility and advancement—a place where the barriers to getting a job are low and people from all backgrounds can quickly develop the skills to advance.

The sector's unique strengths give it the potential to be an even more effective workforce incubator. First, retail provides broad access to stable, entry-level jobs. Second, retail workers learn valuable skills starting from day one; technology and innovation, for example, are integral to frontline jobs. Finally, these skills can lead to advancement both in retail and in adjacent sectors. As of January 31, 2018, more than three-quarters of our store management teams started as hourly workers.

With this in mind, three years ago Walmart and the Walmart Foundation launched the Retail Opportunity Initiative, a five-year, \$100 million philanthropic effort aimed at improving both the reality and the perception of frontline retail jobs in the U.S. as a pathway to advancement.

Through the end of FY2018, Walmart and the Walmart Foundation have invested more than \$80 million in grants and collaborated with leading nonprofits, employers, government agencies and educational institutions to identify and implement innovations aimed at increasing the economic mobility of retail and related-sector workers.



START HERE

The service sector provides more entry-level jobs than any other industry.

59 percent

of Americans have worked at a retail job.



MOVE FORWARD

The service industry offers workers the opportunity to expand their career paths within the service sector and outside of it.

71 percent

of hiring managers say retail provides employees with foundational skills and experience that are transferrable to other industries.

Source: Pathforward



In 2015, Walmart and the Walmart Foundation launched the **Retail Opportunity Initiative**, a five-year, **\$100 million philanthropic effort** aimed at improving both the reality and perception of frontline retail jobs in the U.S. as a pathway to advancement.

As we work to accelerate career advancement for retail workers, we are focusing on the following strategies:

1. Raising the profile of retail as a sector of opportunity
2. Building effective and innovative approaches to retail training and advancement
3. Engaging retail employers to improve the ecosystem

Raising the profile of retail as a sector of opportunity

Walmart and the Walmart Foundation aim to reset assumptions about frontline retail jobs as springboards to opportunity. By funding research and facilitating dialogue among thought leaders in our Retail Opportunity Network, we are supporting the development of insights into how retail jobs can help incumbent workers build new skills and advance. We are engaged in a number of forums regarding workforce development and the future of work in retail, including at the Aspen Institute, the Rework America Task Force and the Concordia Annual Summit.

COLLABORATING TO MAXIMIZE OUR IMPACT



Creating system-level change in a sector as big, complex and fast-changing as retail requires innovative new approaches. We worked with others to create the Retail Opportunity Network (RON), a peer learning community led by Hope Street Group. This network comprises all of our grantees, who collaborate and share insights—essentially crowd sourcing solutions and elevating those that are most effective to the top of the collective agenda. More than 50 organizations drawn from NGOs, workforce development agencies and nonprofits are now members, all focused on developing strategies for frontline retail workers to advance in their careers. Learn more [here](#).

- **Understanding who works in retail.** While the retail sector's low barrier to entry can be an asset in getting people into formal work, it can also create a need for building basic skills on the job. With funding from the Walmart Foundation, the National Skills Coalition conducted research to better understand the skill level of frontline retail and service sector workers. The Coalition found that the majority of these workers have fundamental skills gaps—62 percent have limited literacy skills, and 74 percent have limited numeracy skills. Learn more about the research [here](#).
- **Understanding the desire for career pathways.** Like most employees, retail workers want opportunities to advance. Through Walmart-funded research, FSG found young people are more than twice as likely to stay at their job for more than a year if they see that job as a stepping stone to a career—but in FSG's survey, only 35 percent of young people working in hourly jobs in retail and other sectors described their current job as a career stepping stone.
- **Identifying skills that can be developed in frontline retail jobs.** Over half the U.S. workforce has worked in retail. The skills learned in retail, from customer service to managing teams to real time problem solving, can



Over 1/2 the U.S. workforce has worked in retail.

help workers advance both within the sector and in the broader economy. Broderick Johnson, an attorney who has worked for two U.S. presidents, recently told an interviewer that his first job as a retail clerk taught him to show up every day, treat customers with respect and be a team player. “Those are skills that made me successful then, but have certainly carried on throughout my career,” Johnson said. Walmart has funded research (for example, through McKinsey Generation and the Council for Adult and Experiential Learning) to identify the skills that frontline retail workers typically gain on the job, and to understand which of those skills are relevant to advance within retail or other sectors.



IMPACT

Enabling retail advancement in Japan

In Japan, young people who are regarded as NEET (Not in Employment, Education & Training), especially those from low-income families, often lack opportunities for gaining the skills necessary for finding jobs and entering the workforce. Seiyu, our Japanese business, has made grants of more than \$175,000 to provide job training to NEET youths from low-income families. Besides training, Walmart aims to instill respect for individuals of all backgrounds and to promote social inclusion and economic empowerment for these youths. One grantee was Sodateage.net, a nonprofit that works with unemployed youth. Sodateage worked with Seiyu to create a program called Seiyu Pack, which provides participants with 3.5 months of job training as well as in-store training at Seiyu stores and ongoing support. The program launched in 2013. Of the 66 youths who have participated, 51 have been offered jobs, including 25 who have become Seiyu associates, as of December 2017.

- **Determining what practices support retention and advancement of incumbent workers.** There is limited publicly available information about the practices that drive frontline retention and advancement. To help solve this, Walmart has invested in efforts such as an FSG scan of secondary research to synthesize best practices for improving retention among frontline employees.

FSG identified four evidence-based strategies for entry-level retention:

	1	2	3	4
STRATEGIES	Provide purpose in the workplace	Create opportunities for learning and growth	Invest in people-centered management	Make benefits relevant
BEST PRACTICES	Personalized recognition	Educational assistance programs	Frontline manager development	On-site resource navigators
	Entry-level employee training	Mentorship	Employment pathway programs	Compensation significantly above the industry average
	Clear connection between entry-level role and company mission	Support for career growth and advancement	Employee-driven scheduling Retention specialist	Employer-sponsored childcare Transportation assistance

Source: FSG



Building effective and innovative approaches to retail training and advancement

Walmart is investing in training and other initiatives that help retail workers develop the skills that will enable them to advance within the sector or in adjacent sectors. To date, Walmart and the Walmart Foundation have provided funding for training or related services such as coaching or tech tools to more than 50,000 prospective and current retail workers beyond Walmart—supporting innovative new approaches that can enhance the economic mobility of workers.

• **Using technology to teach skills.** Walmart and the Walmart Foundation have invested in efforts to develop more effective approaches to training and credentialing for incumbent workers. Examples of this work include:

EdX’s “micro-learning” Walmart has provided funding to support edX’s new program to transform higher education by lowering the time and cost of college through career-relevant, industry endorsed, modular online courses that are high quality and low-cost with open admission through a MicroBachelors Program. The goal of the pilot program is to target learners who have a high school diploma but find college too expensive, or those who need new skills but not a full college degree to launch or move up in their career.

Goodwill Industry International’s Good Paths program provides career navigation for frontline retail workers.

The New Venture Fund’s Employment Technology Fund makes grants and loans to companies and non-profits using technology to address the major barriers faced by struggling adult learners.

- **Signaling job readiness.** Once workers acquire skills, they need a way to certify those skills in order to advance in their careers. Today, the primary model of credentialing is the two- or four-year college degree. Frontline workers, however, need faster and better ways to signal competency in their specific skills. We believe employer-recognized credentials that can be acquired on the job, transferred across employers and that open pathways to more advanced credentials must be an important piece of the system. The Walmart Foundation is funding a number of programs in this area, such as the League for Innovation in the Community College, which is partnering with the Western Association of Food Chains to make the Retail Management Certificate easier to attain by retail workers.

Engaging retail employers to improve the ecosystem

We believe that a stronger, more highly-skilled frontline workforce will lead to greater opportunity for workers and stronger communities, while driving positive returns for retailers. Grantees of the Retail Opportunity Initiative are working with other retail employers to design jobs, training programs and promotion practices that support career advancement for the frontline workforce. Rewiring the system—so incumbent workers can more easily build skills on the job and advance—will require stakeholders to work together in new ways. For example, as employers play a larger role in upskilling, training organizations can focus on providing in-demand skills and new credentialing



organizations could more readily certify those new skills. Three examples of efforts we are funding to engage employers in changing the workforce development ecosystem:

- Walmart invested in The Center for the Future of Arizona to launch RetailWorksAZ, aimed at helping frontline entry-level workers in Phoenix advance in their careers. RetailWorksAZ brought together the Retail Employer Network, a local talent development network for retailers and workforce and education stakeholders, who are partnering to support skills acquisition and wrap-around services such as childcare.
- Walmart, along with other funders such as Rockefeller Foundation, has invested in FSG to run Employer Innovation Labs, which is bringing together 6-9 employers to test, learn and codify employer practices that drive retention and advancement of entry-level employees.
- Walmart provided funding to the Southern Rural Development Center to work in Kentucky, Arkansas and Oklahoma to create economic development plans for multi-county, rural regions, partner with local organizations to create relevant training and help inform people of the impact retail can have on local economies.

Growing a local and inclusive supply base

Walmart aims to use our purchase orders, supplier relationships and philanthropy to foster a more inclusive supply base that creates economic opportunity for individuals and their families while driving economic growth. For example, we promote local manufacturing innovation and growth in the U.S. In emerging markets, we are committed to helping improve the livelihood of small producers through improved market access, skill building and training in business acumen. We also believe that our purchase orders should reflect the diversity of our customers and the communities around the world where we live and work. We strive to grow the number of products and services sourced from diverse-owned businesses in all of our markets.

In emerging markets, we are committed to helping improve the livelihood of small producers through improved market access, skill building and training in business acumen.

Our work in building an inclusive supply chain includes the following strategies:



Investing in American jobs

Supporting small producers in emerging markets

Sourcing from women-owned and diverse businesses



Investing in American jobs

In 2013, we launched the Investing in American Jobs Initiative, with the goal of purchasing an additional \$250 billion in products supporting American jobs through 2023. When we embarked on this effort, we established a 10-year glide path to increase our sourcing of U.S. made or assembled products.

This year marks the halfway point for reaching our goal. We have achieved 90 percent of what we had initially estimated for this point and we are making steady progress across categories. Our dedicated project team supports our merchants in identifying new products each quarter from suppliers large and small. From glassware to charcoal grills, from tires to giftwrap, suppliers are expanding the manufacturing of products in the U.S. According to Boston Consulting Group, 1 million new U.S. jobs could be created through the Investing in American Jobs Initiative, including direct manufacturing job growth of approximately 250,000 and indirect job growth of approximately 750,000 in the support and service sectors.



1 million new U.S. jobs could be created through the Investing in American Jobs Initiative.





- **Engaging others on the road to U.S. manufacturing.** Suppliers tell us that the lack of a skilled workforce as well as tax and trade issues and the availability of financing are the leading obstacles to manufacturing growth in the U.S. In an effort to share learnings from our U.S. manufacturing work, in 2017, Walmart published a Policy Roadmap to Renew U.S. Manufacturing. The roadmap outlines what government, manufacturers and retailers can do to influence these areas of opportunity. At the 2018 Walmart Supplier Growth Forum, suppliers told us they believe that the recently passed tax reform could accelerate investments in U.S. manufacturing.

- **Sourcing to expand U.S. manufacturing.** Many customers tell us that where a product is made is second only to price in influencing their purchasing decisions. Sourcing locally allows our stores to respond to our customers faster, respond to seasonal demands and helps mitigate risks, such as volatility in currency and port delays, which increase the chance of running out of stock. Locally sourced products help contribute to lower prices and may also reduce greenhouse gas emissions by getting shipping containers “off the water.” It is estimated that by 2023, we will have removed up to 2.5 million containers from shipping routes. To do that we are enlisting our suppliers to help us identify opportunities to increase production

in the U.S. We are also focusing on sourcing “new to Walmart” U.S. manufactured goods, and helping to onshore U.S. production in areas like textiles, furniture and appliances. To raise awareness of our initiative and encourage suppliers to identify new product opportunities, Walmart hosted the 4th annual Open Call for new U.S.-made products in June 2017. Entrepreneurs from 47 states participated in 686 meetings at the 2017 Summit.



Walmart hosted the 4th annual Open Call for new U.S.-made products in June 2017. Entrepreneurs from 47 states participated in 686 meetings at the 2017 Summit.



Supporting small producers in emerging markets

According to the World Bank, economic growth in the agriculture sector is twice as effective at reducing poverty as growth in other sectors of the economy. Many people living in rural areas around the world survive on less than \$2 a day and are not part of the formal economy.

Through sourcing and philanthropic investments, Walmart and the Walmart Foundation aim to improve livelihoods and strengthen the agriculture and production sectors in emerging markets. These activities not only strengthen economies, they also increase supply security and offer locally-relevant product for customers.

From 2011-2016, Walmart and the Walmart Foundation funded training for more than **1 million** small- and medium-scale farmers, of whom more than half were women.



Sourcing from smallholders

- **Sourcing in Mexico.** Walmart de México continues to strengthen its relationships with produce growers in Mexico by establishing direct and long-term sourcing programs with local farmers. Through local sourcing, growers have a stable market for their produce, and customers receive fresher food. Since beginning this program in 2011, 9,300 farmers have been trained.
- **Sourcing in India.** Walmart has been working to provide small and marginal farmers in India with knowledge and opportunity to become part of the regional and inter-regional retail supply chain. Efforts to engage and enhance the capacity of small and marginal producers generate variety, high-quality and locally grown produce for our Cash and Carry stores as well as other retailers, while farmers reap the benefits of enhanced productivity, market linkage, competitive prices, reduced food wastage and increased income. Increased income ultimately leads to better planning and investments for the farm and family's well-being.

As part of this work, Walmart has launched Sunhara Prayas, a farmer market readiness project, in Sitapur district of Uttar Pradesh. This project is aimed at enhancing the income of more than 500 farmers, 25 percent of whom will be women, engaged in mango and banana cultivation and is implemented in partnership with the Indian Society of Agribusiness Professionals.

- **Improving market access in Africa.** Walmart is also working to improve market access for small and medium sized manufacturing entrepreneurs in Africa. Our Massmart-led Supplier Development Programme (SDP) in South Africa, which was launched in 2012 provides small and emerging suppliers—especially black and black women-owned enterprises—access to Massmart/Walmart's supply chain. The SDP portfolio presently consists of 33 suppliers, eight of which are female-owned businesses that manufacture a variety of products including mosaics, hollow-core doors, bricks, office furniture, textiles, adhesives, cooler-boxes and paints. This year, Umlilo Charcoal, a supplier of briquettes to Massmart's Builders Warehouse division, gained access to a number of international markets through its involvement in the SDP and is now exporting to New Zealand, the Middle East and Walmart Chile.



IMPACT

AVG Prasad: Saying yes to agri-preneurship

Farm location: Rajahmundry, Andhra Pradesh

Agri-preneur AVG Prasad supplies seedless watermelon and yellow flesh melon, pomegranate, coconut and guava to Best Price Stores in Guntur and Rajahmundry in Andhra Pradesh, Hyderabad in Telangana, in Kota in Rajasthan; Bhopal and Indore in Madhya Pradesh and Raipur in Chhattisgarh.

AVG Prasad took to farming after giving up a steady job and began his journey as an agri-preneur. He hasn't looked back since. Prasad was one of the first farmers of the region to grow a unique variety of melons (seedless watermelon and yellow flesh melon), which we introduced in our stores in Guntur, Rajahmundry and Hyderabad in 2015. By 2016, he had started introducing crops like pomegranate, coconut and guava. We encouraged him to supply to our stores outside the state. Eventually, with an efficient supply chain network in place, he started supplying guavas and coconuts to our stores in Kota, Bhopal, Indore and Raipur. We clocked a record sale of 90,000 units of coconut in 2017 in our Kota store alone.

"Price transparency & timely payments are the biggest benefits apart from a lot of support from the company's teams in identifying members' needs and sharing volume forecast accordingly. Being part of their inter-regional supply chain makes me firmly believe that I took the right decision when I quit my job to start farming."



IMPACT

Empowering small producers in Mexico

In 2017, for the second year in a row, Walmart de México Foundation invited small producers to present projects that would help them to develop their commercial capacities and boost the economies of their communities by helping them participate in formal markets. The 30 farmers whose projects were selected received training over 13 months in developing their business models, improving their packaging, complying with the Official Mexican Standards (NOM'S), developing best manufacturing practices, developing business plans and mentoring with company executives. Once this period ends, the products will be tested in grocery stores for 180 days.



To date, TechnoServe has reached **3,854** fruit and vegetable farmers with training through a grant of just over **\$4.8 million** from the Walmart Foundation.



Addressing systemic market barriers through philanthropy

The Walmart Foundation augments the company's business effort by helping to address more systemic barriers that prevent farmers and entrepreneurs from increasing their productivity and market access.

Walmart Foundation's philanthropic investments in India, Mexico, and South Africa are helping small producers increase their income by improving their business acumen, by strengthening market-information flows and by forging closer linkages to buyers. These investments are also supporting farmers in adding value to their produce, improving their post-harvest practices and increasing their access to financing.

- **In India.** In 2017, the Walmart Foundation launched its new market-access strategy for smallholder farmers in India with a grant to Agribusiness Systems International (ASI). The grant of almost \$2 million will enable ASI to reach 15,000 small-scale farmers, of which 5,000 are expected to be women, through the Andhra Pradesh Farmer Market Readiness Project. The project seeks to advance farmers' participation in formal markets by adopting a partnership model that will improve access to infrastructure, deepen private sector engagement for training on standards and other topics and expand access to finance. ASI will work with several farmer organizations to improve their ability to connect with markets for their produce, for example, by arranging meetings between farmers and buyers prior to planting season to share insights into upcoming market demand, standards, and prices. This will help farmers manage planting and crop rotation to maximize profits.
- **In Mexico.** The Walmart Foundation is supporting Root Capital, a nonprofit that seeks to grow rural prosperity in poor, environmentally vulnerable communities in Africa and Latin America. Root Capital will use the grant of just over \$800,000 from the Walmart Foundation to provide financial training to 24 agribusinesses, helping them to access capital and grow their markets. These businesses are, in turn, expected to provide market access for 7,500 coffee, cocoa, and honey producers in Chiapas, Compeche, Oaxaca, Puebla, Veracruz and Yucatan.
- **In South Africa.** A new Walmart Foundation grant to Wildlands Conservation Trust (Wildlands) in South



Africa will support Wildlands to implement training and entrepreneurship skills development for 180 to 225 micro and small rural entrepreneurs. The training will give the supported individuals the foundation they need to build their businesses and the ability to earn a formally recognized course accreditation. A new Walmart Foundation grant to the Gordon Institute of Business Science (GIBS), University of Pretoria in South Africa will support GIBS to implement the Program for Inclusive Growth in Township Economies. The program will be underpinned by business skills training, leveraging the GIBS township enterprises curriculum. The training will include classroom based education on starting and scaling an enterprise and market opportunities in the township landscape. Entrepreneurs will also be provided with targeted coaching and mentorship support. The program is expected to reach 200 township entrepreneurs.

- **Training farmers and farm workers.** To help smallholders in emerging markets improve their incomes and increase and strengthen their crop yields, Walmart and the Walmart Foundation funded training to 1 million farmers and farm workers between 2011 and 2016, half of whom would be women. At the end of 2017, just over 1.2 million farmers and workers had received training, of which more than 600,000 were women. The training focused on improving market access by improving business skills, agricultural practices, and access to infrastructure and financing. In addition, Walmart increased its sourcing of produce from small and medium farmers in emerging markets.



Sourcing from women-owned and diverse businesses



As a global retailer, we see firsthand the diversity in communities around the world. To better serve our customers, we believe our supplier base should reflect the diversity of our customer base.

Diverse-owned businesses are an essential source of innovative, high-quality products and services for our stores, reflecting the needs and the values of our customers. We are committed to using the power of our purchase orders to support a community of suppliers that includes an expanding number of businesses owned by diverse groups including women and minorities, veterans, LGBT individuals and those with disabilities.

- **Sourcing from women-owned businesses.** As part of the WEE Initiative, Walmart sourced more than \$20 billion from women-owned businesses (WOBs) in the U.S. and increased sourcing from WOBs internationally between 2011 to 2016.

While the commitment has concluded, we continue to source from WOBs. See our spend breakdown with diverse-owned businesses at the end of this section.





In March of 2017, at the Walmart Women's Economic Empowerment Summit in Washington D.C., to reinforce our commitment to empower women, Walmart announced a collaborative effort with nine other companies and the Women's Business Enterprise Council (WBENC) to track and report spend with WOBs around the world.

In addition to participating in this collective initiative, in June 2017, Walmart launched the WEE Knowledge Center, a website that houses key tools, resources, insights and achievements of the WEE Initiative. The site aims to serve as a guide for any company or organization embarking on or looking to expand their work in empowering women. Other efforts to support WOBs include the following:

Continuing to expand sourcing from women-owned businesses in the U.S. Walmart uses internal as well as external events to find new WOB suppliers. Of the suppliers Walmart selected to advance beyond initial meetings with merchants at the 2017 Open Call, 25 percent were WOBs. In October 2017, Walmart buyers and merchants participated in panels and supplier/buyer matchmaking sessions at the annual Women-In-Toys Empowerment Day at the Dallas Toy Fair.

Supporting women entrepreneurs in Mexico. One of goals set forth by the 5-year WEE initiative was to double sourcing from WOBs in international markets. We reached that goal in Mexico and continue to build upon our efforts there. Walmart believes there is great potential to boost the business activity of women in Mexico, where WOBs make up only 16 percent of the business sector. In 2017, 11 women-owned companies participated in a WOB program that aims to empower women entrepreneurs by giving them greater access to the markets and tools needed to grow their

businesses. The 11 suppliers receive support from Walmart's purchasing and development experts, as well as mentoring from Endeavor, a leader in building entrepreneurial ecosystems, in areas such as business-plan development, and sales and marketing strategies. Walmart also supports the suppliers with training and tools, such as scorecards, signage, special sales-floor displays and promotions.

Providing training for women in China. In 2017, Walmart China and China Women's Development Foundation announced a joint program to help women in various industries achieve economic independence by leveraging many of Walmart's business resources. The first training course was launched in Guangzhou, Guangdong Province. It aims to provide training to improve the business capability of women entrepreneurs. The program has provided 10 three-day training sessions in key cities, reaching more than 500 women entrepreneurs. Going forward, the program aims to develop an online course platform to provide training to even more women.

Empowering women suppliers in India. In August, Walmart Inc. funded the second year of the Women Entrepreneurship Development Program (WEDP), managed by WeConnect International. The program aims to help women develop their personal and professional skills to build robust businesses. Last year the WEDP in India trained 32 WOB's, 11 of which were on-boarded as suppliers to Walmart India.



• **Fostering growth of diverse suppliers in general.** In the U.S., Walmart and Sam’s Club sourced \$13.94 billion from diverse suppliers, including \$4.3 billion sourced directly from women-owned businesses, in FY2018 alone—creating economic opportunity that exceeds the total revenue of many national retailers. We are committed to promoting and improving the participation of diverse businesses within our supply chain. We believe that doing so increases choice and quality for our customers and creates jobs. Here are a few ways we work in this area:

Leveraging coalitions. We support and collaborate with leading organizations that advocate for diverse-owned businesses, including National Minority Supplier Development Council, Women’s Business Enterprises National Council, U.S. Pan Asian American Chamber of Commerce, and others. Collaborations with these advocacy organizations provide access to more than 25,000 suppliers as well as supplier-development, thought-leadership, brand and reputation-management experts.

Advanced training for diverse entrepreneurs. Since 2008, we’ve awarded nearly 60 diverse-owned businesses scholarships to the Tuck Executive Education Programs at Dartmouth College, where the business owners have an opportunity to increase their skills in developing a high performing business. Our goal in supplier inclusion is to move from programming to enabling business acumen and creating sustainable economic and social impact.

“As an entrepreneur, attending the Tuck Executive Education program was a cornerstone in my professional development. The program provided some great practical strategic and business planning tools that over the last decade have helped shape our growing partnership with Walmart. The experience continues to influence the success of my company and who I am as a leader.”

Sarah Frey, Founder and CEO, Frey Farms



To encourage our suppliers to reflect on their own diversity goals, Walmart surveys professional-services, HR, legal, information services and merchandising services suppliers to report the gender and ethnic makeup of their Walmart support teams.

Helping African American entrepreneurs build their brands. Over the last 10 years, we've leveraged our relationship with Essence Communications and collaborated with Walmart's marketing team to create development opportunities for numerous African American suppliers at the annual Essence Festival, which attracts thousands of attendees to New Orleans every Fourth of July weekend. Over the years, these suppliers have had the opportunity to promote their brands in front of thousands of festivalgoers through social-media activation, and selling and sampling their products. For many of these suppliers, this has been a master class in engaging existing and potential customers in a fun environment.

Encouraging diversity on key account teams. To encourage our suppliers to reflect on their own diversity goals, in FY2015 Walmart began asking professional-service suppliers to report the gender and ethnic makeup of their Walmart support teams. This survey is done in the fall of each year, with the largest suppliers working in professional services and merchandising. In FY2018, we expanded the survey to include additional professional-service suppliers working with HR, legal, information services and merchandising services. Walmart suppliers took the survey, including professional-services firms and merchandising suppliers with over \$1 billion in sales to Walmart. We will continue to survey professional-services and merchandising suppliers to help provide visibility into our progress and to inspire movement towards more diverse teams.

FY2018 spending with diverse-owned businesses



\$10.5 billion

Merchandising direct spend



\$1.04 billion

Professional services direct spend



\$2.4 billion

Tier II indirect spend



\$13.94 billion

Total supplier diversity economic impact

Of the **\$13.94 billion** total supplier diversity economic impact, **\$4.3 billion** was directly sourced in products and services from women-owned businesses.

U.S. Walmart and Sam's Club



Reducing
greenhouse gas
emissions



Reducing
waste



Sustainability

ENHANCING SUSTAINABILITY
IN OUR OPERATIONS



Advancing
water and land
stewardship



SUSTAINABILITY IN RETAIL OPERATIONS AND VALUE CHAINS

According to the Sustainability Consortium, the global production and use of consumer goods is responsible for 60 percent of all greenhouse gas (GHG) emissions, 80 percent of all water use and 66 percent of all tropical deforestation. Furthermore, some chains are tied to social concerns regarding worker safety and forced labor. As the global population grows to 9.5 billion people by 2050, all of whom will need food, apparel and other household goods, even more pressure will be placed on the planet and the people who manufacture such goods.

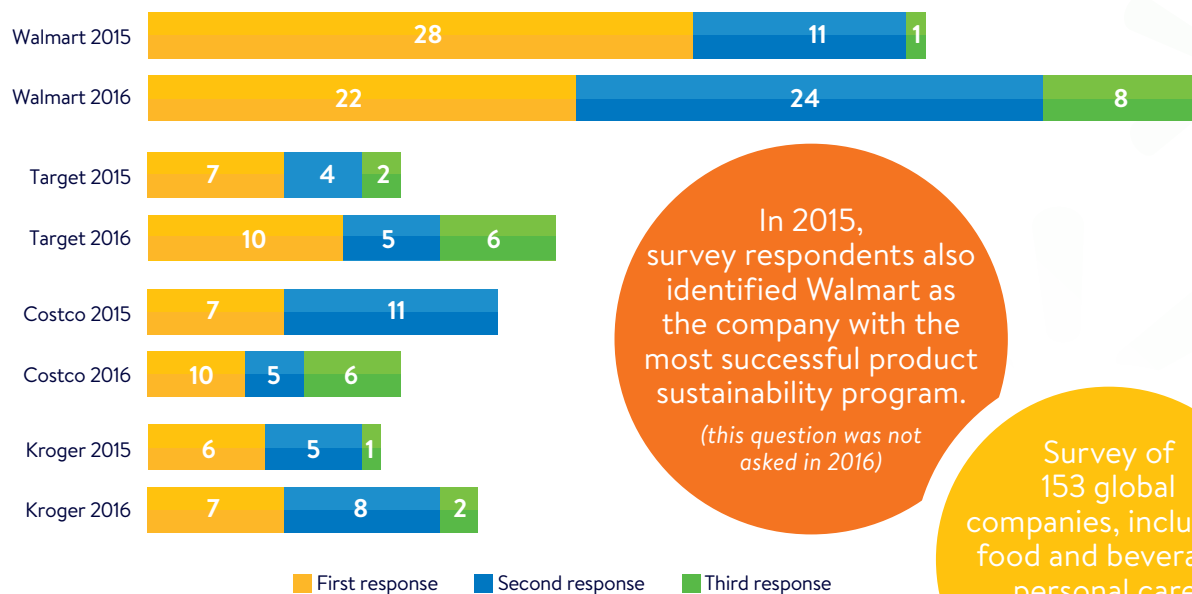
We need change on a massive scale. As a large international retailer, Walmart is recognized as a leader in sustainability, not only in our own operations, but in working with hundreds of suppliers, NGOs and others to help improve the sustainability of product supply chains in terms of reducing environmental impact, respecting human rights and promoting product transparency.

Within our own operations—which includes our stores, clubs, distribution centers, truck fleet and increasingly data centers—we have been focused since 2005 on reducing our footprint through the following priorities:

- Reducing greenhouse gas emissions
- Reducing waste
- Advancing water and land stewardship

According to a survey conducted by Pure Strategies, consumer companies say Walmart is the retailer that most inspires them to invest in their own sustainability programs

Name the top five retailers in order of importance driving your organization to invest in product sustainability



In 2015, survey respondents also identified Walmart as the company with the most successful product sustainability program.

(this question was not asked in 2016)

Survey of 153 global companies, including food and beverage, personal care, apparel and general merchandise.

Pure Strategies, Inc. Reaching the New Corporate Frontier. 2017.



At Walmart, we want to be part of the solution by working hard to reduce emissions in our own operations.

Reducing greenhouse gas emissions

According to the Intergovernmental Panel on Climate Change (IPCC), human-caused greenhouse gas (GHG) emissions are the leading contributor to the recent rise in global temperatures and resulting climate change. At Walmart, some of our business decisions can be influenced directly or indirectly by climate change. These can range from decisions related to the sourcing of weather-sensitive commodities, to alterations in distribution routes and installation of back-up power solutions due to severe weather events. While the impacts of climate change are difficult to measure and may not represent material threats to all companies today, some studies show that impacts are likely to become material to the economy if global emissions continue on their current trajectory.

Solar Panels on Sam's Club facility in Glendora, California.



Scientific consensus calls for a rapid de-carbonization of global economic systems in order to limit this temperature rise to safe and manageable levels. At Walmart, we want to be part of the solution by working hard to reduce emissions in our operations and supporting reductions across global value chains.

Walmart believes business can play a role in addressing climate change by reducing GHG emissions, and our investments in renewable energy and efficiency underscore that belief. These actions are good for our business, good for our customers, and good for our environment. That is why we attended events leading up to the Paris Agreement at COP21 in 2015. More recently, during COP23 in Bonn, we participated alongside other American companies, cities and state leaders who signed the **We Are Still In** declaration.

Since 2005, Walmart has tracked its Scope 1 (direct), Scope 2 (indirect) and Scope 3 (other indirect) GHG emissions, following the guidelines of the World Resource Institute's GHG Protocol. Since 2006, we have publicly disclosed this information along with our management practices annually to CDP (formerly known as the Carbon Disclosure Project). We have also encouraged thousands of our suppliers to measure and disclose their emissions.

In October 2016, we became the first retailer to set an emissions-reduction plan approved by the Science Based

Targets initiative, in alignment with the Paris Climate Agreement. The Science Based Targets initiative is a collaboration of leading global climate change and conservation groups that help companies determine how much they must cut their GHG emissions to prevent the worst consequences of climate change.

Under our plan, we aim to reduce emissions in our own operations (Scopes 1 and 2) by 18 percent by 2025 from 2015 levels through a combination of measures such as increased energy efficiency in our buildings and trucks, transitioning to renewable energy sources, and improvements in refrigerants management. We are also working with suppliers to reduce Scope 3 emissions by 1 gigaton (1 billion metric tons) carbon dioxide equivalent (CO₂e) in the production and use of food and products globally between 2015 and 2030. This reduction would be equivalent to taking more than 211 million passenger vehicles off roads and highways for a year. We recognize that achieving these goals will require the collective effort of our suppliers, customers, associates and other stakeholders. In April of 2017 we launched Project Gigaton™, a sustainability platform where we invite our suppliers to join Walmart in committing to reduce greenhouse gas emissions resulting from their operations and value chains.

Walmart has sent a strong signal to other companies by shifting our business strategy to secure competitive advantage in the transition to a **low-carbon economy.**



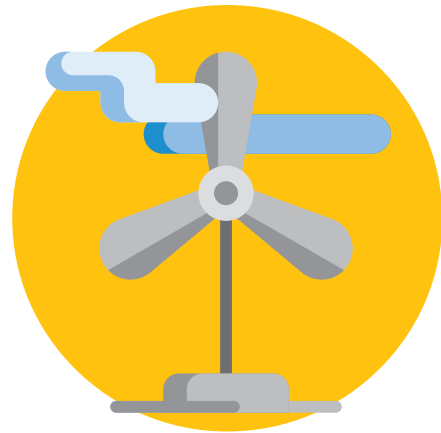
For more information on Project Gigaton™ visit <https://www.walmartsustainabilityhub.com/project-gigaton>

Walmart's work to reduce emissions, explained

Since 2005, we've been working toward a goal of operating with **100% renewable energy**

We've also been working to **promote energy efficiency** in our global supply chains.

That's why we became the **first retailer** with an emissions reduction plan approved by the Science Based Targets initiative, a program that champions science based targets to transition to a low-carbon economy.



SO WHAT'S WALMART'S PLAN, EXACTLY?

In 2016, we announced that we aim to reduce emissions in our own operations by **18%** by the end of **2025**



Increasing energy efficiency of our buildings, for example by installing more efficient lighting in our stores and parking lots



Powering 50 percent of our operations with renewable energy by end of 2025



Improving the performance of our refrigeration systems

Maximizing the sustainability of our trucking fleet



WE'LL ALSO WORK WITH OUR SUPPLIERS TO REDUCE EMISSIONS IN OUR VALUE CHAINS BY 1 GIGATON BETWEEN 2015 AND 2030. THAT'S EQUIVALENT TO:

Emissions from **211 million** average passenger vehicles in a year, more than all the cars in the U.S.



Almost **3 times** the size of California's emissions in 1 year

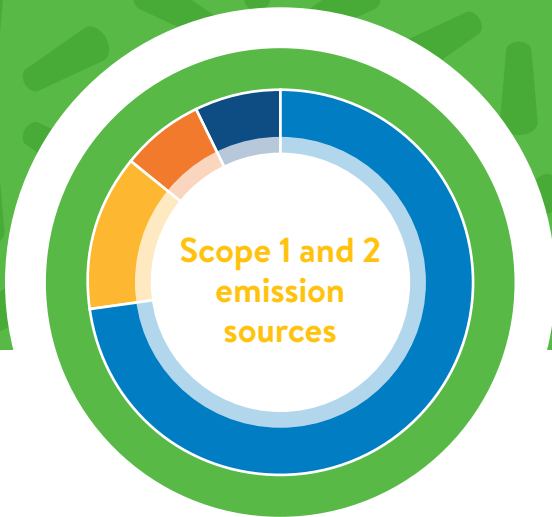


100 million homes average energy use in 1 year



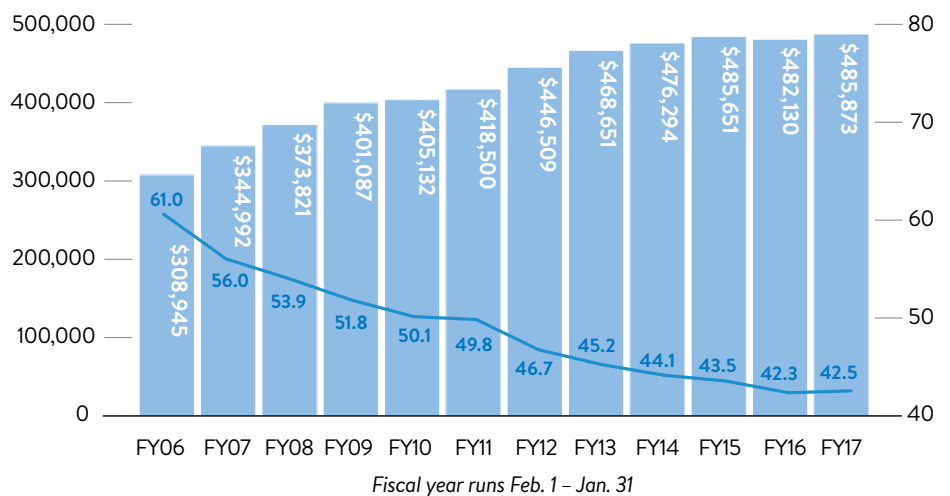
Reducing emissions in our own operations

Despite steady growth in our business over the years, our own emissions (Scope 1 and 2) have been held relatively constant. In fact, our global carbon intensity per total revenue (CO₂e/\$) has reduced 30 percent since 2005. That means we continue do more with less. However, science-based targets are about reducing absolute emissions. That is why we set an even more ambitious path for ourselves for the decade ahead.

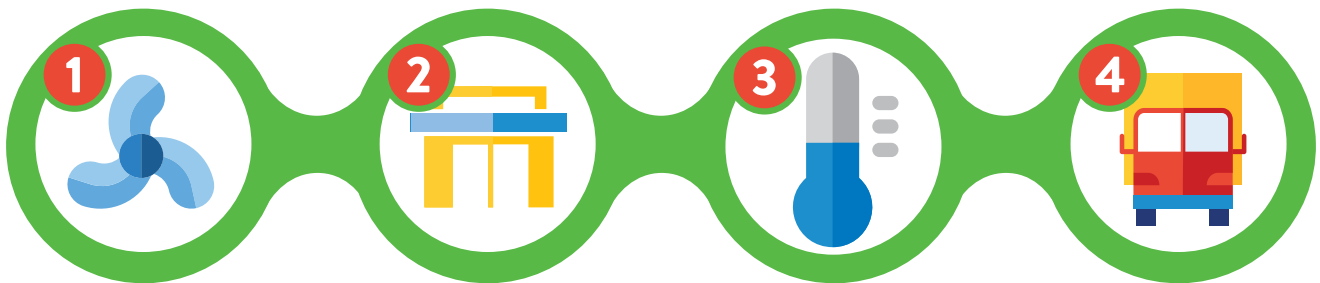


Carbon intensity (Scope 1 and 2) vs. revenue

- Total annual revenue (\$M)
- Carbon intensity per revenue (MT CO₂e/\$M)



Our core strategies for reducing energy intensity and emissions in our operations include the following:



Scaling more affordable, renewable energy

Increasing the energy efficiency of our facilities

Improving the performance of our refrigeration systems

Maximizing the sustainability and safety of our trucking fleet



Scaling more affordable, renewable energy

The burning of fossil fuels—mainly coal, petroleum and natural gas—accounts for the majority of the world’s energy use and ranks as the primary source of greenhouse gases emitted into the atmosphere.

Renewable energy sources, such as hydropower, wind, solar, geothermal and biomass, offer more sustainable alternatives, but sometimes at higher prices and with varying availability. Walmart envisions a world where people do not have to choose between energy they can afford and energy that is good for communities and the planet.

Fossil fuel-based energy continues to be the primary driver of GHG emissions in Walmart’s operations. We are committed to changing this by meeting our needs with 100 percent renewable energy. In meeting this aspiration, we aim to power 50 percent of our operations with renewable electricity by 2025—both through systems installed at our facilities and through purchases from external providers. As of 2017, an estimated 28 percent of our electricity needs globally are now supplied by renewable sources.



As of 2017, an estimated **28 percent** of our electricity needs globally are **now** supplied by renewable sources.



We have helped to develop **800 megawatts** of new renewable energy generation capacity around the world—enough power to charge **all of the smartphones in the U.S.**

To date, we have found the Power Purchase Agreement (PPA) to be a highly effective model for leveraging our scale and buying power to accelerate renewables. Under these arrangements, Walmart agrees to buy renewable power from an energy provider over a period of time. Under PPAs, the energy provider owns, installs and operates the renewable energy systems.

We have more than 500 onsite and offsite projects in operation or under development in nine countries and 16 U.S. states and Puerto Rico, supplying over 2.9 billion kWh of renewable energy to our facilities. According to the U.S. Environmental Protection Agency (E.P.A.) Green Power Partnership and the Solar Energy Industries Association (SEIA), as of 2017, Walmart ranks first for total number of sites using on-site solar and second for total on-site solar power usage.

Our strategies for scaling more affordable, renewable energy include expanding distributed energy generation at our properties, increasing access for electric vehicles, procuring renewable electricity from large off-site projects and advocating for more widely available, affordable renewable energy for our suppliers and for the communities in which we operate.



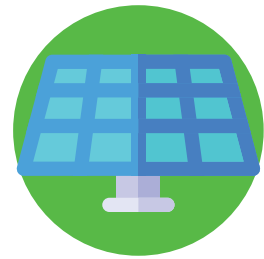
On-site renewable energy generation

At Walmart, we have over 480 renewable energy systems installed in our stores, clubs and distribution centers worldwide. These onsite systems, including solar and fuel cells, provide renewable electricity and heat directly to our buildings. Combined, these onsite systems make up 9 percent of our total renewable energy portfolio. We are pursuing opportunities to expand our use of solar around the world, as well as expanding other renewable energy technologies.

- **Scaling solar in the U.S.** By the end of FY2018, Walmart U.S. had 364 onsite solar installations supplying energy to 353 sites, across 16 States and Puerto Rico. While that's more solar installations than any other company, we recently announced that we will be adding even more sites in the years ahead—on path to reach over 500 in total, surpassing our 2014 commitment to double the number of onsite systems by 2020.



At Walmart, we have over **480 renewable energy systems** installed in our stores, clubs and distribution centers worldwide.



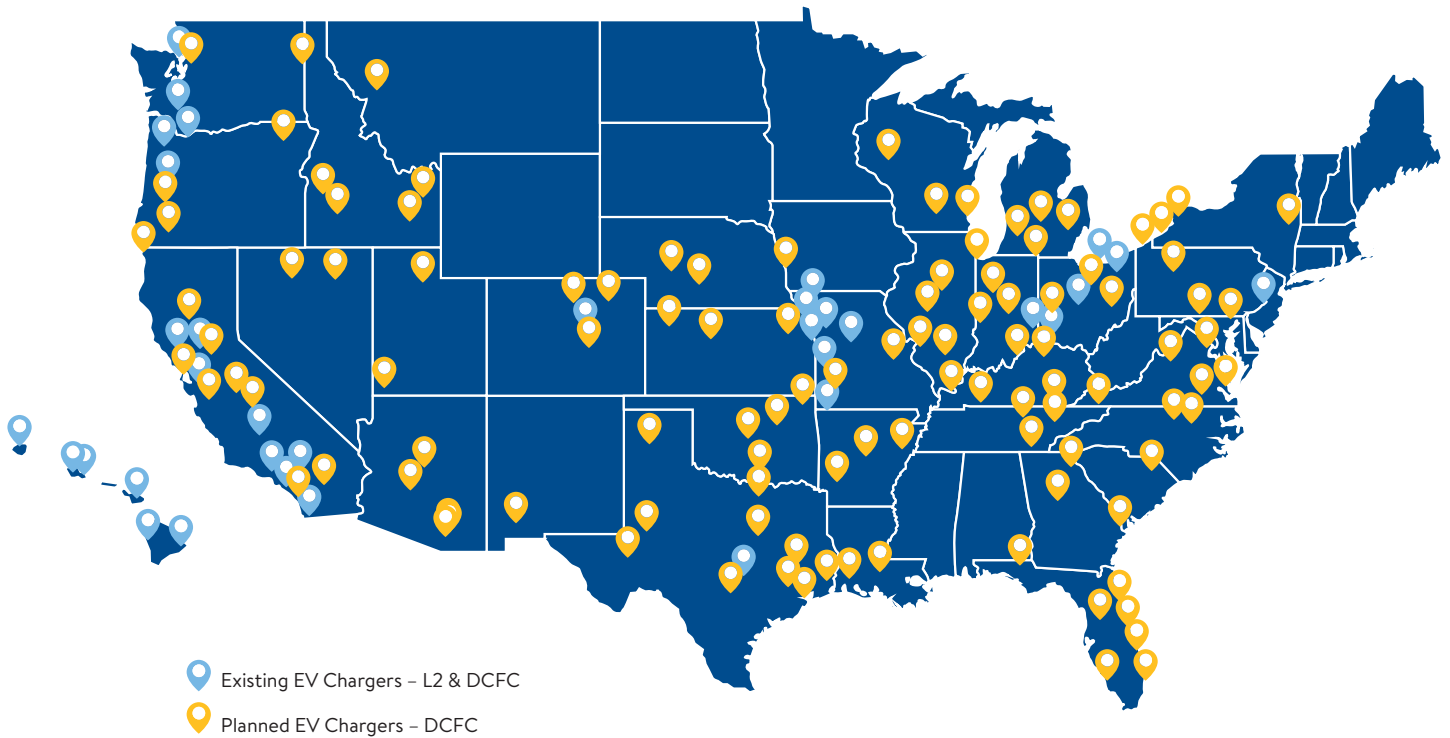
Walmart India expanded its use of rooftop solar power to **90 percent of our buildings** in FY2017

Total renewable generation in South Africa is approximately **3 million kWh per year.**

- **Scaling solar internationally.** Walmart India made a major push in FY2017 to expand its use of rooftop solar power to 90 percent of our buildings. The new installations are expected to provide nearly half of Walmart India’s electricity needs. A cloud-based software solution will make it possible to monitor the solar power generation in real time. Our South African business, Massmart, has been piloting commercially viable renewable energy projects at select standalone stores. Over the past two years, Massmart has installed four solar photo-voltaic plants across our Makro and Builders Warehouse divisions. This brings total renewable generation in South Africa to approximately 3 million kWh per year. In China, Walmart was the first non-state owned company to install a solar photovoltaic (PV) system under the nation’s Golden Sun program in 2011, and we continue to launch new projects, including our most recent rooftop solar project at the Sam’s Club in Nanchang in Jiangxi Province, China.

Map of EV charging sites in the U.S.

Walmart is working with Electrify America to create a network of charging stations at our stores and clubs in the U.S.



- **Supporting electric vehicles (EVs) with charging stations.** As of February 2018, we have added electric vehicle (EV) charging to over 350 parking stalls located at more than 100 stores and clubs across 13 U.S. States. Nearly 20 percent of these charging stations are 50kW (480 V) DC Fast Charging Stations—the fastest type of public charging currently available—which can charge a typical electric vehicle to roughly 80 percent of its battery capacity in 30 minutes. While already an industry leader in the number of EV charging points we offer our customers, we are excited to announce that we are working to increase access across the country with the addition of a planned 700 EV parking spaces at more than 150 additional sites in the U.S. This infrastructure will enable Walmart to provide a valuable service to our customers and contribute to reducing emissions in the communities where we operate.

We have added electric vehicle (EV) charging to **over 350** parking stalls at more than 100 stores and clubs across **13 U.S. States.**

Procuring off-site renewable energy

Our renewable energy aspiration cannot be achieved with on-site generation alone, which is why Walmart also procures power from renewable energy providers that generate power at their own sites and transfer it onto the grid. These power sources include electricity generated from wind, solar, hydro and biomass.

- **Unlocking opportunity around the world.** As of FY2018, we had 11 large power purchase agreements in place in several countries, comprising 91 percent of our renewable portfolio. Most of these agreements have been with energy generators in competitive markets, but regulated utilities are starting to play a key role as well.



BRAZIL

Our business in Brazil is a leader in the transition to renewable energy, with an estimated 56 percent of the energy consumed by Walmart stores and offices in the region coming from renewable energy sources. Walmart Brazil has achieved these gains by actively pursuing opportunities to acquire renewable energy as well as focusing on energy efficiency.



CHILE

In FY2018, Walmart Chile secured a procurement contract which will cover 43 percent of its requirements with a renewable energy source by FY2019. This project along with the renewable energy supplied by the national grid fuel mix, will mean 60 percent of Walmart Chile's electricity needs are met by renewable energy sources.



CHINA

In China we were the first non-state owned company to install a solar photovoltaic (PV) system under the nation's Golden Sun program in 2011, and we continue to launch new projects, including our most recent rooftop solar project at the Sam's Club in Nanchang in Jiangxi Province, China that was completed in February 2018.



MEXICO

In FY2018, Walmart de México, our second largest market, received 1,283 GWh of renewable energy from eight large offsite projects, covering 43 percent of the total electricity demand. Over 91 percent of our stores in Mexico are supplied with renewable energy from these projects.



U.S.

In the U.S. we increased our annual renewable energy usage to 1,028 GWh and signed two new contracts early in 2018 that will add an additional 1,140 GWh annually to our renewable energy portfolio.

- **Utilities are an important part of the solution.** In regulated areas of the U.S., physical power purchases are not as common and, until recently, were nonexistent. Walmart worked with the utility Alabama Power on a long-term agreement that allowed the utility to build a 72 MW solar facility in Chambers County. The Alabama solar facility was completed and began supplying power in December 2017. The 1,100 acre site has 338,000 solar panels and will generate 190,000 megawatt hours annually, the equivalent of energy needed to serve 18,000 homes. Walmart contracted for the majority of renewable energy from the facility which is equivalent to 40 percent of the electricity needs for all of our stores and distribution centers in Alabama Power’s service territory. We hope such deals will encourage other utilities to play a key role in helping meet the demand for renewable energy across the country.

- **Advocating for more affordable, widely available renewable energy.** Walmart envisions a world in which people do not have to choose between energy they can afford and renewable energy that is better for communities and the planet. That’s why we’re working with other major companies to boost global demand for renewable energy, accelerate innovation and help make renewable energy technologies more affordable.

We are a founding signatory to the Renewable Energy Buyers Principles, developed to identify needs and develop cost-effective solutions for large renewable-energy customers. The Principles publicly launched in July of 2014 with 12 signatories, initially representing 8.4 million MWh of renewable energy demand by 2020. As of February 2018, 73 companies have signed on, representing over 67 million MWh of annual demand by 2020.



IMPACT

Rocksprings Wind Farm— Juno, Texas

The cost-effective procurement of wind energy plays a significant role in Walmart’s pursuit of our aspirational goal to eventually be supplied with 100 percent renewable energy. In 2017, construction was completed on Akuo Energy’s 150-megawatt Rocksprings Wind Farm in Southwest Texas near the town of Juno. Annually, this wind project produces enough renewable energy to supply power for thousands of households and avoids emissions of 285,624 tons of carbon dioxide.

Through a 12-year power purchase agreement (PPA) with Akuo Energy, the Rocksprings Wind Farm will add new generation capacity to the grid and provide renewable energy to more than 69 Walmart stores, Sam’s Clubs and distribution centers in Texas. Walmart is constantly working to scale our use of renewable energy and the supply we’ll procure from the Rocksprings Wind Farm represents an important leap forward on our clean energy journey.



Increasing the energy efficiency of our facilities

As we began working toward our 100 percent renewable energy aspirational goal, we quickly realized that to be successful we needed to reduce our energy demand—the denominator in the percent renewable equation—by achieving greater energy efficiency.

Energy use, especially electricity, is the biggest contributor to our operational emissions. And energy costs are typically the second- or third-largest operating expense for our business. Reducing the energy intensity of our operations is not only a cost-effective way to contribute to our renewable energy goal and reduce emissions, it also improves our bottom line by reducing our annual operating expenses and limiting our exposure to future increases in energy prices.



IMPACT



China's efficient transformation

Walmart China, recently completed 1,400 retrofit projects across its more than 440 stores and clubs to help reduce emissions and create a better shopping experience for our customers.

These retrofits included converting lighting to energy-efficient LED, upgrading HVAC systems and improving

refrigeration fixtures to save energy. Because of these ongoing efforts, along with other operational improvements in our business, we have cut our carbon emissions by more than half on a per sales dollar basis over the last decade in China.



The majority of our global electricity use comes from our buildings around the world—over 11,700 in total—including our stores, clubs, distribution centers and, increasingly, our data centers. In buildings, our energy use can be broken into the following areas: lighting, heating, ventilation and air conditioning (HVAC); refrigeration; and other categories such as plug loads. In each of these areas we are focused on installing efficient technologies and measuring and managing energy use.

- **Designing and installing efficient technologies.** Walmart engineers look for ways to incorporate efficiency into new store designs. Just as important, as our existing buildings age, we aim to replace or upgrade older equipment with the latest in high-efficiency technology. These incremental improvements are made each year, gradually improving energy efficiency across our entire building portfolio.
- **Managing and measuring energy usage.** As the saying goes, you tend to manage what you measure. At Walmart we use technology to monitor and optimize energy use in our buildings. We have installed energy meters at thousands of our facilities around the world. This allows energy managers to monitor energy consumption in almost real time at our retail stores and distribution centers. This data is used in a number of ways, from compiling monthly store reports to triggering variance alarms, diagnosing equipment problems, validating performance of new equipment tests and even engaging associates in energy use behavior campaigns and competitions.

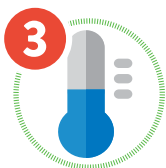
IMPACT

Lighting the path to savings

Walmart announced results of an extensive lighting program with Current, powered by zGE at the National Retail Federation's Big Show. As part of an ongoing commitment to energy efficiency, Walmart has now installed more than 1.5 million LED (light emitting diode) fixtures across more than 6,000 stores, parking lots, distribution centers and corporate offices in ten countries.

With energy costs traditionally representing one of the company's largest operating expenses, the monumental energy initiative over the past decade has reduced lighting energy consumption and reduced costs by more than \$100 million.

"Walmart is setting a great example for the retail industry to follow," said Maryrose Sylvester, President and CEO of Current by GE. "We believe the global LED and controls transformation is paving the way for the next generation of smart retail, where steady advancement toward new digital solutions will continue improving the shopping experience. Walmart is once again on the leading edge of progress."



Improving the performance of our refrigeration systems

30 to 40 percent
of energy consumption in our buildings comes from our refrigeration and air-cooling equipment.

Walmart works every day to deliver affordable, fresher produce to millions of people in a pleasant shopping environment.

Doing so requires the use of refrigeration and air-cooling equipment across our value chains—from our distribution centers, to our delivery vehicles, to our stores and clubs. This equipment requires a lot of energy; it can account for 30 to 40 percent of the energy consumption in our buildings. In addition, the refrigerant gases used in most systems—known as hydrofluorocarbons (HFCs)—are greenhouse gases. This makes managing and improving these systems a high priority.

We are working both to improve efficiency in current systems and to transition to new systems using refrigerant gases with lower overall environmental impacts. Our approach focuses on work in three areas:

- **Reducing refrigerant and energy use in existing systems.** We work to reduce refrigerant use and improve performance in our existing systems by using common best practices for maintenance and monitoring.





IMPACT

Ammonia systems at U.S. and Canada distribution centers

Walmart's grocery distribution centers utilize large ammonia systems for cooling, which is an efficient refrigerant that is not a greenhouse gas. To expand those benefits across our network, in recent years our teams worked with our vendors to design a smaller version that could be used in our regional distribution centers. These small ammonia plants are a win-win in terms of emissions reductions and for the business. Each plant is designed to double the life expectancy of the old plants, use less energy through reduced horsepower and eliminate over 200 pounds of freon.

- **Preventing future performance issues through new equipment designs.** We look for ways to prevent energy waste and improve refrigerant performance in new systems by using common specifications for high-efficiency systems with a lower total cost of ownership. Walmart engineers from multiple markets have been working on bringing distributed packaged refrigeration systems into our stores and clubs. These “plug and play” units are poised to simplify the business of refrigeration for many of our markets in the coming years. This approach to refrigeration design will support quicker installations, reducing store interruptions and are packed with the latest thinking in energy efficient technology and on-board system diagnostics. These systems are designed to use less refrigerant gas, less copper pipe and to be simpler to maintain.
- **Transitioning to low-GWP refrigerants in new and existing systems.** Our strategy calls for moving to refrigerant gases with lower global warming potential (GWP) for new systems. Since 2011, Walmart has been testing and evaluating options for facilitating the transition to less HFC-reliant systems. In FY2017 Walmart worked with other members of the Consumer Goods Forum (CGF) to put forward an ambitious resolution on refrigeration. The CGF resolution calls for all consumer goods companies to work to rapidly phase down HFC's where viable.





IMPACT

Two high-tech designs are cool on many levels

Asda, our retail business in the U.K., is always pushing the design envelope and rethinking the business of refrigeration. After years of trials we bring two new innovations to life in our stores, Mistral and Aerofoil.

Mistral is a system which uses chilled ducted air to cool our products held within the refrigerated display environment. Mistral follows our objective to further simplify the business of refrigeration. All engineering components typically found inside the display case have been completely removed, even the drain connection. Less refrigerant gas, more energy savings and a system which needs less maintenance is also much safer to operate in our stores.

Another complementary display case technology is Aerofoil. Taking the long known benefits from the aeronautical industry's wing design, this self-edge mounted retrofitted design also acts as the ticket strip holder. Aerofoil straightens the air that falls down the face of a display case. By doing so it reduces the energy consumed by the refrigeration system and also leaves the chilled aisle space feeling noticeably warmer.

We are working both to **improve efficiency** in current systems and to transition to new systems using refrigerant gases with **lower overall environmental impacts**.





Maximizing the sustainability and safety of our trucking fleet

The freight movement industry is rapidly evolving and increasing the complexity of our supply chain. The growth of e-commerce, for example, is changing the demands on our logistics network and is affecting our approach to distribution, warehouse and delivery technologies, vendor relationships, and packaging. We are working with both established and disruptor vendors to develop and test new innovations that will meet the demands of the business in a sustainable and safe way.

In 2016, Walmart drivers were recognized in the U.S. for operating one of the safest trucking fleets in its class in 2015. In 2017, Walmart was recognized by *Fleet Owner* as operating the “Green Fleet of the Year” in the U.S. In 2015, we announced that we had exceeded our goal of doubling the efficiency of our trucking fleet, saving nearly \$1 billion and avoiding emissions of almost 650,000 metric tons of CO₂ in 2015 as compared to the 2005 baseline. Moving ahead, we plan to continue to look for innovative ways to improve our fleet efficiency within our broader 2025 goals.

In 2015, we announced that we had exceeded our goal of doubling the efficiency of our trucking fleet, saving nearly \$1 billion and avoiding emissions of almost 650,000 metric tons of CO₂ in 2015 as compared to the 2005 baseline.

- **Maximizing sustainability.** In order to achieve our 2025 goals, we will need to increase our proportion of fuels that have a lower emission footprint. While we have experimented with several fuels; including biodiesel, renewable diesel, waste grease, natural gas and electric; all still have challenges and most have not been significantly implemented. We'll be moving quickly where possible but transitioning fuels is a complex process requiring a delicate balance of impacts.



Energy is often an exchangeable commodity resulting in a comingled supply chain where it is difficult to trace the source of a specific gallon to evaluate its environmental impacts. Due to the expense of powertrain development and shared fueling infrastructures, we are constrained by the pace of the industry's gradual enhancement of these technologies which is often much slower than one company could advance on its own.

Additionally, the lifecycle of fuels has a variety of social, environmental and economic impacts. We need to be careful of trading off one impact for another such as an improvement in emissions reduction but increased impacts on local communities or higher maintenance costs.

- **Electrifying the truck fleet.** Walmart is excited about recent advancements in electrification of heavy-duty vehicles. Only a year ago, an all-electric truck seemed almost impossible for all but the shortest and lightest routes, but today, options are emerging. The dynamic nature of our overall network is still a challenge for this technology but we are working with manufacturers and our operators to find routes that will work.

- **Promoting safety in our fleet.** Each year we move billions of products from manufacturers to Walmart distribution centers and from distribution centers to our store loading docks. From February 2017 through January 2018, our fleet drove approximately 750 million miles. During the past three years, while our mileage steadily increased, our collision rates for preventable collisions and preventable third-party collisions have gone down year over year.



From February 2017 through January 2018, our fleet drove approximately **750 million miles**



OMNI CHANNEL: THE SWEET SPOT BETWEEN EFFICIENCY AND CONVENIENCE

Today's retail landscape continues to evolve, with innovations in retail formats and delivery methods. These changes raise important questions about how our impact on the environment will also evolve and change. How does our environmental footprint vary across delivery channels? How will customer shopping behaviors impact emissions? And what can we at Walmart do to reach our long term sustainability goals? To help answer these questions, we conducted research and analysis with the support and assistance of others to develop a model that helps us understand our own operations and how product gets from our suppliers to our customers' homes.

Emissions as retail models evolve

The way customers are finding, buying and getting the things they need is becoming more diverse



16 percent
increase in consumers spending online from 2016-2017

+120 million
customers in Walmart stores every year

Emissions by channel vary based on multiple factors



Delivery



Pickup in store



Shop in store

Key factors that determine the footprint:

- Type of customer trip
- Type of basket
- Basket size
- Number of shipments

An omni channel model offers the greatest potential for emissions-efficient retailing because it provides the flexibility to serve the customer in an efficient way

Make more stores hubs of convenience

40 percent

emissions savings from combining trip to the store with other trips

35 percent

reduction in emissions from two items shipped together

TYPE OF TRIP (TO STORE)	TYPE OF BASKET (FRESH/FROZEN)	BASKET SIZE	MOST EFFICIENT CHANNEL (EMISSIONS)
Trip combined with trip to/from work, school or other errands Approximately 70 percent of store trips			Store
Dedicated trip to and from store Approximately 30 percent of store trips	Includes fresh or frozen items	1 or 2 items	Ship to customer
		3 or more items	Store
	Does not include fresh or frozen items	1 or 2 items	Ship to customer
		3 or more items	Store



By the end of 2017, we diverted from landfills 81 percent of unsold products, packaging and other waste materials in the U.S. and 78 percent* globally.

Reducing waste

According to a World Bank Report, the world generates an average of 3.5 million tons of solid waste per day. Furthermore, daily waste is expected to climb to 6 million tons per day by 2025. The World Economic Forum reports that 84 percent of material inputs are lost to landfill or incineration annually, representing a loss of \$2.7 trillion in potentially valuable materials.

*Based on review of material handling and waste diversion processes in Argentina, Brazil, Canada, China, Central America, Chile, Japan, Mexico, South Africa, U.K. and U.S., as 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.

In 2005, Walmart began to look at the interplay of waste and usable materials and to seriously examine our own operations, looking for ways to reduce waste of all kinds. Today we have a deeper understanding of the challenges and are engaging suppliers and customers in pursuit of the circular economy, in which products are made, consumed and recycled in a continuous loop. We look to the Ellen McArthur Foundation approach of maintaining materials at their best and longest use.

By the end of 2017, we diverted from landfills 81 percent of unsold products, packaging and other waste materials in the U.S. and 78 percent globally*. Total annual waste generated from operations in the U.S. in 2017 has decreased by 1 percent, compared to the 2016 amount.

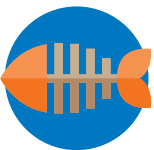
Our 2025 agenda for reducing waste and driving towards circular economy:



Achieve Zero Waste** in our own operations in Canada, Japan, the U.K. and U.S. by 2025.



Continue working to divert waste in all other markets, moving as fast as infrastructure and best practices allow.



Aiming for Zero Waste** in our operations in Canada, Japan, the U.K. and the U.S. means we have set a goal that is intended to go beyond the Consumer Goods Forum Food Waste Resolution relating to halving the food waste*** in our own operations by 2025 (vs. 2016 baseline).



Work with suppliers and customers to prevent products and materials from becoming waste upstream and downstream in pursuit of a more circular economy.



78 percent
of waste diverted globally* from landfills in 2017.



*Based on review of material handling and waste diversion processes in Argentina, Brazil, Canada, Central America, Chile, Japan, Mexico, South Africa, U.K. and U.S., as 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.

**Meeting or exceeding Zero Waste International Alliance business recognition program requirements, which include adoption of ZWIA definition of Zero Waste and achievement of 90 percent or more diversion of all discarded resources from landfills, incinerators and the environment.

***Measurement metric = total weight of non-diverted food in pounds (i.e., landfill and controlled combustion without energy recovery) / total weight of all food sold in pounds.

While we have made progress, achieving these goals will require even more from our associates and our operations. As in all our programs, we seek to improve technology and data collection to enable fact-based decision-making and to maximize impact. We will also focus on collaboration with customers, suppliers, other retailers, nonprofit organizations and governments to help improve the broader ecosystem of waste prevention, reuse and recycling. In many places around the world, for example, there is simply not adequate recycling infrastructure and even where it exists, recycling may not be financially viable. We aim to catalyze the development of system-level solutions for reuse and recycling across the sector and throughout our supply chains—not just at Walmart.

Our goal is to **achieve zero waste** in our own operations in Canada, Japan, the U.K and the U.S. by 2025*

We plan to reduce our waste through these strategies:



*Based on review of material handling and waste diversion processes in Argentina, Brazil, Canada, Central America, Chile, Japan, Mexico, South Africa, U.K. and U.S., as 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.



Measuring waste

To reduce or eliminate waste, the first step is to understand drivers of waste in material and product flows.

Measuring waste in our operations

We are creating tools to measure waste diversion at the country, region and store levels. The graphic below shows global waste flows for 2017. Given the fragmentation of the waste management and recycling industry, it is important to coordinate with vendors to obtain reliable data. As in all our programs, we seek to improve technology and data collection to enable fact-based decision-making and to maximize impact.



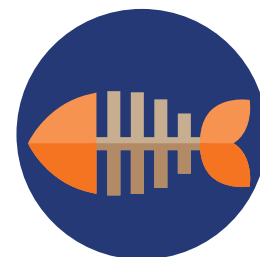
*Based on review of material handling and waste diversion processes in Argentina, Brazil, Canada, China, Central America, Chile, Japan, Mexico, South Africa, U.K. and U.S., as reported by waste vendors, food banks and stores. In cases where real numbers were not available due to industry challenges,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



Measuring food waste in our operations

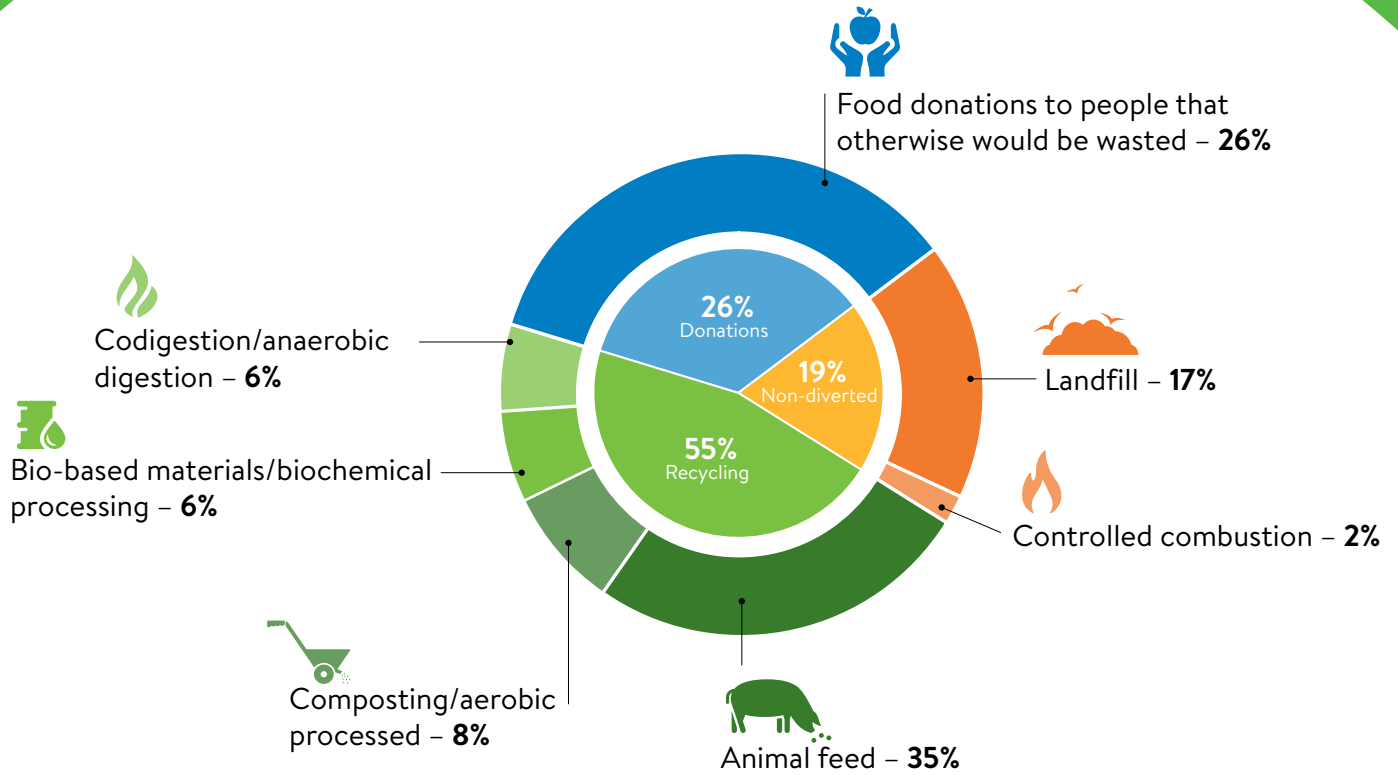
To reduce or eliminate food waste in our operations, it is important to know the amounts of waste generated at every step, from acceptance of food in distribution centers through delivery to the retail locations to losses that happen at the store level. The Consumer Goods Forum (CGF) has asked companies to measure and report 2016 food waste (destination mix) as a baseline. In FY2018, we established our 2016 food waste baseline for operations in Canada, Japan, the U.K. and U.S. We used the Food Loss and Waste Accounting and Reporting Standard (FLW Standard) developed by a partnership that includes World Resources Institute, CGF, Food and Agriculture Organization and others.

We have used a variety of internal and external data sources to develop a complete food waste inventory, including product and packaging information from Walmart sales systems, distribution center inventory systems, food donation reports from food banks and food recycling reports from local animal feed, composting and anaerobic digestion vendors.



In FY2018, we established **a food waste baseline** for operations in Canada, Japan, the U.K. and U.S.

Walmart global food waste destination mix in Canada, Japan, U.K. and U.S.



Note: Cited weights are all net of packaging



628 million
meals donated
in 2017 to people
in need globally



IMPACT



Tackling food waste in Canada

Walmart Canada has a cross-divisional task force that determines how food waste can be reduced across the business. Merchandising is improving replenishment through better planning and forecasting, and introducing packaging that extends shelf-life. Operations is reducing prices prior to peak freshness and increasing unsold food donations from all locations. In 2017, we doubled our donations of unsold food products from stores and DCs to more than 5 million pounds. Walmart Canada is expanding our organics-recycling program from 248 to 338 stores. In 2018, we are launching an associate engagement program to create awareness of this important topic. The Walmart Foundation is also committing USD \$15M in funding to organizations and projects focused on food-waste reduction and hunger relief in Canada.



Reducing waste from non-food items and packaging

Waste is a complex problem, and Walmart is attacking it from multiple angles. For non-food waste, we're cutting down on materials used, like product packaging, and refurbishing, recycling or donating goods that can't be sold.

- **Reducing material waste in our operations.** Walmart uses a variety of fixtures, products and materials in our facilities and daily operations that are not intended for purchase by customers. We look for ways to eliminate excess material in these areas. For example, in 2017, we refurbished 280,000 tons of decks, shelves, uprights and other store fixtures in the U.S. This has helped us to prevent 14,944 kWh of electricity consumption and 4,993,562 lbs. material to produce new fixtures.

In 2017, we refurbished **280,000 tons** of decks, shelves, uprights and other store fixtures in the U.S.



IMPACT

Shopping carts refurbishment—Unarco

For the last 15 years, Walmart has worked with Unarco to refurbish aged and damaged shopping carts. This effort in sustainability was launched to save materials and energy that would be used for production of new shopping carts. Each shopping cart may be refurbished up to four times and the process is as follows: The carts are disassembled with all worn accessories being recycled, the painted finish is removed and then extensive repairs are performed to return the metal portion of the cart to “like new” condition. To complete the refurbishment process, a new finish is then applied and all new accessories are installed. This work has resulted in the refurbishment of 791,000 Walmart shopping carts in the last three years, which has eliminated the need for 22,000 tons of metal that would be needed for production of new carts.



IMPACT

The team saved nearly **1.3 million pounds** of paper, the equivalent of more than **15,000 trees**.

Pharmacy leaflet reduction

Walmart Pharmacies always look for ways to embrace sustainability in their daily work. This year we revised the amount of patient information included in the leaflets given to customers along with prescription medicines. Since condensing the leaflets and eliminating the need to reprint them when information changes, 7 percent fewer leaflets were printed. This helped the team save nearly 1.3 million pounds of paper, the equivalent of more than 15,000 trees.



IMPACT

Doing good with Good360

The nonprofit organization delivers goods that transform the lives of people who have been impacted by disaster or other challenging life circumstances. Since 1983, Good360 has distributed more than \$9 billion in donated goods around the world, serving a network of more than 60,000 prequalified nonprofits and making a difference in the lives of millions of individuals. Since 2011, Good360 and Walmart have worked together to pick up returned, seasonal and overstocked products and deliver them to nonprofits throughout the world. In 2017, Good360 helped Walmart to donate 290 truckloads of miscellaneous product, diverting more than 3.3 million pounds of plastic, metal, textile and other materials from landfills.



In 2017, we sent more than **7.5 million** electronic items for refurbishing.

- **Refurbishing products.** Walmart utilizes four refurbishing centers across the U.S., where we send returned and damaged phones, tablets, TVs, computers and game consoles so they can be repaired and resold at a discount. In 2017, we sent more than 7.5 million electronic items for refurbishing.
- **Donating products.** Since we hate waste, we look for the highest-value purpose for unsold goods. If they are usable, that usually means donating them for charitable purposes. In the U.S., donation of durable goods is centralized through six return centers, where goods are picked up by charities like Good 360, Harvest Time and United Way. In 2017 we donated 8,600 tons of unsold products.
- **Moving to reusable packing containers.** As we work to encourage suppliers to optimize packaging design, we aim to reduce the materials used while still protecting the product. In our global markets, we are using reusable packing containers (RPCs) to reduce cardboard boxes and shrink wrap use. According to a report by Franklin Associates prepared for IFCO Corporation, a leading supplier of RPCs, a shift from cardboard to RPCs in produce can lower solid waste by 85 percent and reduce greenhouse gas emissions by 31 percent, all while improving customer perception.



In 2017 we donated **8,600 tons** of unsold products.



IMPACT

Closing the loop on plastics with Olivet

For more than five years, Ecotech (a subsidiary of Olivet) has been working with Walmart U.S. to assist in diverting plastic waste streams by taking plastics from return centers and producing products for Walmart. This initiative saves approximately 4 million pounds of waste per year.

Ecotech is using Walmart's bakery icing buckets and damaged plastics and turning them into new, usable products such as dog bowls, Easter baskets and cooler inserts.

In 2017, Walmart worked with Olivet International to launch a new toddler potty within the Parent's Choice private brand as a closed loop exclusive item.

Last year, collected plastics were used to produce more than 40,000 toddler potties.

- **Recycling products and secondary packaging.** Some products and packaging simply can't be refurbished or donated. The last step for materials like cardboard packaging and plastic shrink wrap is recycling. Store managers are motivated to support our recycling programs for two reasons. First, the income generated from recycling comes back to the store P&L. Second, they have the satisfaction of knowing that their operations are helping us to achieve our zero waste goals.
- **Using reverse logistics to recycle.** In multiple markets globally we use reverse logistics to enable recycling. Stores collect cardboard, plastics and metals and send them back to distribution centers—in trucks that would otherwise return empty—where they are picked up by recycling vendors. Reverse logistics allows us to use trucks more efficiently, to recycle materials from remote stores that don't have recycling infrastructure nearby and to include difficult-to-recycle materials like glass. In FY2017, we recycled more than 421,000 tons of cardboard and plastics and more than 34,000 tons of food waste globally through reverse logistics.



In FY2017, we recycled **421,000 tons** of cardboard and plastics and more than **34,000 tons** of food waste globally through reverse logistics.





Reducing food waste in our operations

According to the U.N.'s Food and Agriculture Organization, one third of the food produced in the world for human consumption every year gets lost or wasted. That's 1.3 billion tons of food. As the world's largest grocer, we are committed to reducing food waste from farm to fork, including food waste within our operations.

We are aiming for **Zero Waste*** in our operations in Canada, Japan, the U.K. and the U.S. by 2025

Walmart is aiming for Zero Waste* in our operations in Canada, Japan, the U.K. and the U.S. which means we intend to go beyond the United Nations Sustainable Development Goal Target 12.3 and Consumer Goods Forum Food Waste Resolution.

In fact, Walmart's operations in the U.K. (Asda) achieved zero food waste to landfill and combustion without energy recovery in 2016, the baseline year. Asda is a signatory of Courtauld 2025, a commitment to reduce food waste by 20 percent by 2025 and double the amount of food and drink redistributed by 2020 in the U.K. Asda aims to reduce the amount of food waste sent to incineration with energy recovery by 50 percent by 2020.

* Meeting or exceeding Zero Waste International Alliance business recognition program requirements, which include adoption of ZWIA definition of Zero Waste and achievement of 90 percent or more diversion of all discarded resources from landfills, incinerators and the environment.

How Walmart tackles food waste globally





• **Accelerating sell-through.** The primary way we seek to reduce food waste in our operations is by actually selling the food we carry. We have improved our forecasting and ordering tools to improve inventory, adjusted store fixtures to increase turnover and consumer appeal, and provided our store associates with tools and education on how to better care for food and manage it at the end of shelf life. In Canada, China, Japan, the U.K and the U.S. we offer customers discounts on food that is close to its expiration date, including meat, bakery, dry goods and dairy. In FY2018 we sold more than 262 million units through these programs in the U.S., saving our customers money and helping prevent food waste.

• **Donating unsold food to people in need.** When food goes unpurchased, Walmart works to maximize its use by getting it to people and places that need it. Because we aspire to system-level change, we have also donated funds to purchase equipment, such as refrigerated trucks, to increase the capacity of the charitable meal system to transport and deliver fresh food, whether it comes from Walmart or elsewhere. This helps people in need, but also strengthens the broader waste-management ecosystem by reducing the amount of food that is sent to landfills.

In 2017 our stores, clubs and distribution centers in our U.S. and international markets have donated 755 million pounds of food to organizations that distribute it to people in need. This is equivalent to 628 million meals donated globally—562 million meals in U.S. and 66 million meals internationally.

• **Recovering inedible food.** If food is no longer edible, we strive to convert it into animal feed, compost or energy. Examples include Japan, where we recycle 100 percent of fish traces and bones left after meals production. In Mexico, we expanded a program for collecting inedible fruits, vegetables and bakery goods for composting, diverting 4.8 tons of waste in our supercenter stores and Sam’s Club locations in 2017. Our Asda stores in the U.K. are recycling food into energy by taking inedible unsold food to anaerobic digestion plants, where it is broken down into gases that can be used as fuel and fertilizers. In Guatemala, we piloted an aerobic biodigester in a supercenter for food waste reduction.



IMPACT

Japan fish waste recycling

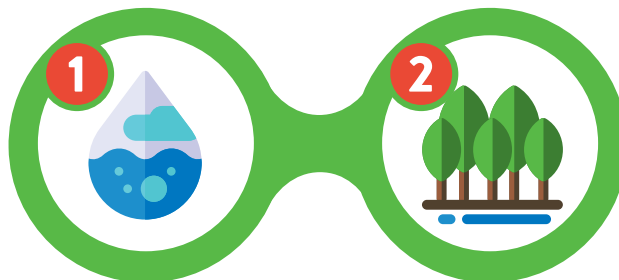
Walmart Japan stores sell a variety of fresh fish and prepared meals with seafood. They have partnered with recycling vendors throughout Japan to recycle fish traces from meal preparation and fish waste into commercial products such as pet food raw material. The collected fish waste is recycled on the same day. In 2017, we recycled 1.1 million pounds of fish waste through this program.

Advancing water and land stewardship

Walmart works to advance water and land stewardship in the communities where we operate and upstream, in the value chains with suppliers, where we source products and food. You can find more information about the natural resources in our value chain in the [Sustainability Value Chains](#) section of this report.

Water scarcity has become a significant challenge in many communities where our customers, associates and suppliers live.

Our strategies for water and land stewardship in our own operations include the following:



Managing water in our operations

Conserving and restoring natural habitat



Managing water in our operations

Water scarcity has become a significant challenge in many communities where our customers, associates and suppliers live.

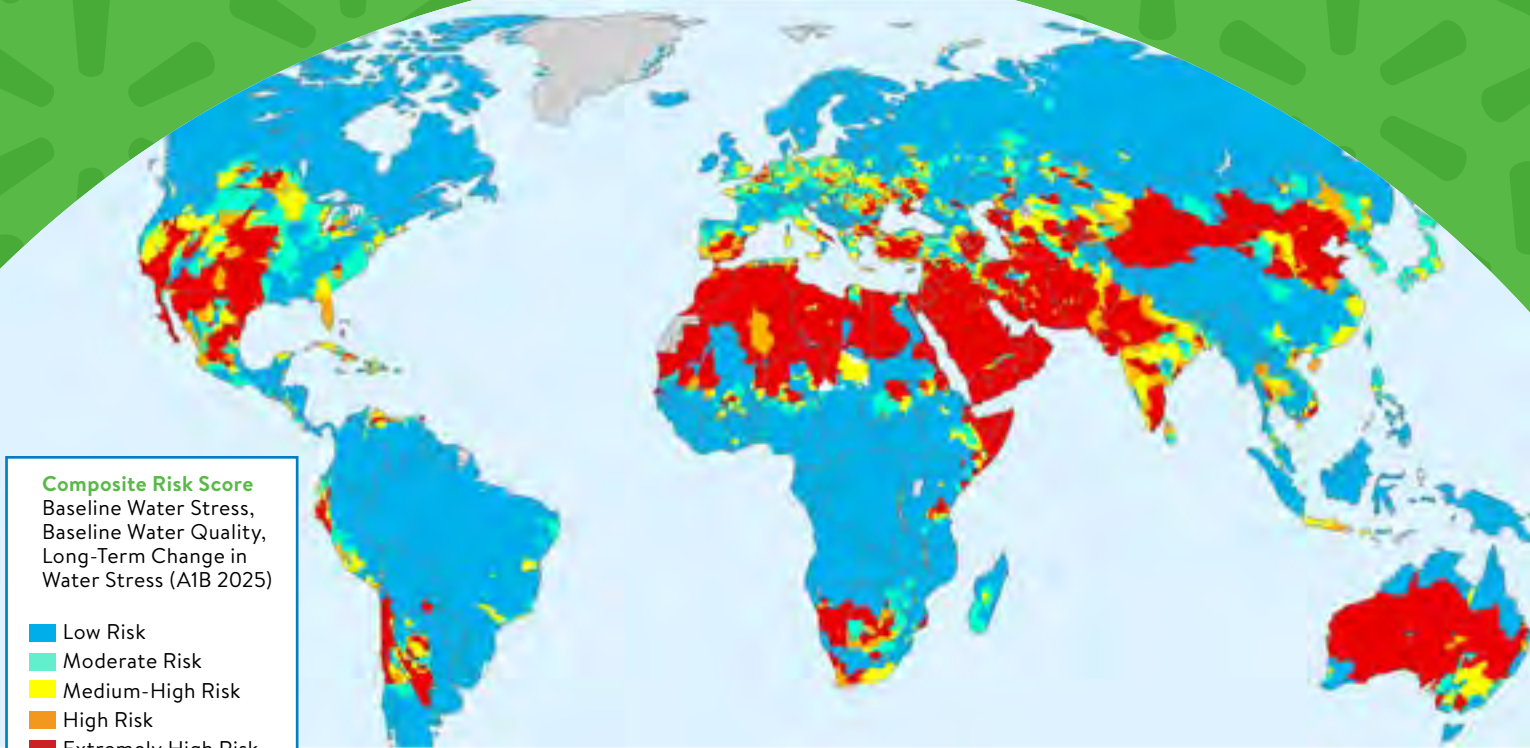


At Walmart, we are working to promote a quality water supply in our communities, starting with the way we manage water in our own operations.

Climate change is thought to be playing a role in accelerating the issue, leading to the severe droughts that we have seen in recent years in California, regions of Brazil and most acutely in Cape Town, South Africa. Strains on water supplies can impact the daily lives of our customers, operations of our suppliers and our own facilities. That's why at Walmart, we are working to promote a quality water supply in our communities, starting with the way we manage water in our own operations.

Compared with other industries, such as mining, manufacturing and agribusiness, retail uses relatively little water directly. Nevertheless, we estimate that more than 20 percent of our operations around the world are, or will be by 2025, located in regions facing high levels of water stress. Our efforts focus first on reducing our demand for water and second on the quality of the effluent as it returns to the water system.

Walmart works to reduce unnecessary water usage in our operations by using efficient fixtures and technologies in the design of our facilities, redesigning processes to require less water, monitoring usage to identify and repair leaks and in some areas even treating and recycling water.



Composite Risk Score
 Baseline Water Stress,
 Baseline Water Quality,
 Long-Term Change in
 Water Stress (A1B 2025)

- Low Risk
- Moderate Risk
- Medium-High Risk
- High Risk
- Extremely High Risk
- No Data/Out of Area
- Ocean or Inland Water

Image and data courtesy of ISciences LLC and The Coca-Cola Company.

Water Stress Map

Installing water-efficient equipment and fixtures.

Water conservation starts at the point of use. Walmart engineers and designers have included water-efficient fixtures and equipment for use in our back rooms, deli areas, bathrooms and condenser units. For example, in the U.S.:

Urinals. Walmart installs high-efficiency urinals that use only 1/8 gallon (one pint) of water per flush. The fixture reduces water use by 87 percent compared to the conventional one-gallon-per-flush urinal.

Faucets. The restroom sinks in our new stores use sensor-activated 1/2 gallon per minute high-efficiency faucets. These faucets regulate water flow and reduce water usage by 75 percent compared to currently mandated EPA standards.

Water cooling towers. In 2008, Walmart U.S. worked with an independent water management company to use real-time monitoring and independent validation to promote more efficient water consumption across Walmart’s portfolio of 403 utility water cooling systems at 227 stores. The approach includes a standardized system for automatic sensor monitoring, secure wireless data communications and program oversight by experts in water management. As a result, from 2009 through 2014 we reduced water consumption by an average of 25 percent per open-recirculating system compared to our 2008 baseline. That’s the equivalent of 660 million gallons of water saved.



We estimate that more than **20 percent** of our operations around the world, are or will be by 2025, located in regions facing high levels of water stress



Garden centers. During peak growing season, Walmart’s garden centers hold an average of 12,000 plants, each of which requires 15-20 seconds to properly water. With so much time and water going into irrigation, we looked for a way to cut both, and discovered one in the irrigation mats produced by WaterPulse. A pilot program to replace our hose-based system revealed that we could cut our previous daily water usage of 20,000–30,000 gallons—as much as the volume of an average backyard swimming pool—down to 400 gallons a day. In July 2015, Walmart announced that we would be implementing these irrigation mats in all 3,700 garden centers in the United States.

Landscaping. Walmart has deployed and is managing smart irrigation systems at more than a thousand stores and clubs in the U.S. These cloud-based management systems include real-time weather and site-specific watering instructions. Walmart smart irrigation systems are also complemented by a host of site design improvements, in addition to the use of drip irrigation and other high-efficiency best practices.



IMPACT

Developing waterless tech for distribution centers

As Walmart worked to improve the sustainability of our distribution centers, we were able to make significant progress in reducing use of our most vital resource, energy. Progress in protecting our second most utilized resource, water, proved to be more difficult. The biggest problem lay in the massive cooling systems required for refrigeration on an industrial scale. Advancement in the technologies used were slow and incremental, and equipment often began to fail before the end of its expected life, requiring expensive maintenance and retrofits.

Walmart’s distribution center refrigeration team evaluated current technologies and unfortunately, the system we needed did not exist. Undaunted, the team decided to design their own, pursuing a novel patent-pending approach. They worked with one of our key suppliers, MRBraz & Associates, to develop the innovative new air condensers. The groundbreaking solution decreases water use significantly, saving millions of gallons of potable water at each installation. Other expected benefits include reduced maintenance and repair, improved water discharge quality and increased life expectancy of traditional water condensers.



IMPACT

Preparing for water shortages in Cape Town and Port Elisabeth

Thankfully, access to potable water is something that most of our facilities rarely have to be concerned about. The droughts across South Africa's East and Western Cape (in the case of the Western Cape some of the worst in 400 years) have highlighted the need for us to build resilience in the face of critical resource scarcity. Despite predictions that Cape Town, the Western Cape's largest city, would run out of water this circumstance has been avoided for the time being. However, in response to the water shortages in the Western and Eastern Cape we are independently tracking water resources in these catchments and have taken the decision to initiate added water saving measures, including:

- Discontinuing all non-critical water use;
- Investing in atmospheric water generating units, capable of producing up to 5,000 litres of water a day, at high priority sites; and
- Transitioning to approved safe waterless cleaning and sanitation alternatives where appropriate.



- **Measuring and managing water use.** Water can be easy to overlook because it's relatively low in cost compared to other utilities that companies use. Pinpointing water leaks is also difficult as they can be hidden from view, underground or just exist at a slow rate that goes unnoticed. Walmart started sub-metering water in select markets similar to what we have done with energy. This has generated new insights into how water is used, helping us to quickly identify abnormal usage, repair leaks and improve the design of new buildings.

- **Treating and recycling water at our facilities.** In several markets where municipal systems are unavailable or inadequate, Walmart deploys water treatment facilities directly on site to process water to potable or near potable quality before returning it to the municipal systems and in some cases even reusing it on-site where regulations permit. Walmart de México, one of our largest operations, plays a leading role in water stewardship in our company, especially when it comes to water reuse. We continued to expand the number of wastewater treatment plants we had installed in Mexico, reaching a total of 756 plants in 2017. These plants, which work on-site to treat the water we use in our operations, enabled us to reuse 2 million cubic meters of water in Mexico in 2017.



In 2017, we reused **2 million** cubic meters of water thanks to the 756 water treatment plants located at our stores in Mexico.



IMPACT

New rainwater harvesting technology in our U.S. operations

In the past, Walmart used site specific, custom-designed and engineered Rain Water Harvesting Systems (RWHS)—we are now using a universal designed system. A decade of operating and maintaining these systems proved they were over-engineered and too complex for a realistic return on investment. The maintenance alone often outweighed overall cost savings on water. We knew there had to be a simpler, cost-effective way to save water. Our Environmental Compliance team used this principle to develop a cost-effective RWHS that can be used in conjunction with any onsite storm-water retention pond. The new approach aligns with Walmart’s EDLC mentality, and will permit us to use RWHS in a variety of sites with minimal investment while saving millions of gallons per year.



- **Water use behaviors and practices.** Associates play an important role in water conservation. Water use is driven by human actions. In our operations in areas that are experiencing water stress we have taken several steps to ensure associates are provided the guidance, training and visual reminders on how to minimize unnecessary water use. From reminders to shut off water in sinks and hose bibs across Mexico, to training procedures in meal prep areas on how to thaw meat without running water in Japan, we are working to instill good habits in our associates as they go about their daily tasks. In some particularly severe circumstances, we are going above and beyond to manage our water use to ensure the quality and continuity of water in our stores.
- **Harvesting water from the air and sky.** At locations in Africa, Mexico and the U.S. we have deployed rainwater harvesting systems (RWHS) that capture and reuse sources of water, like rain, that otherwise would have just evaporated, to offset our water demand. In several areas, where weather conditions and regulations permit we also capture the water that condenses on our refrigeration and HVAC equipment. People have harvested water from the air and sky since ancient times, yet new technologies can increase the effectiveness and cost savings of doing so. We hope adoption of these practices continues to spread across the industry especially in areas where they are needed most.



At locations in **Africa, Mexico and the U.S.** we have deployed **rainwater harvesting systems** that capture and reuse sources of water, like rain to offset our water demand.



We have surpassed the initial goal, with more than **1.3 million** acres protected—an area comparable to the size of the Grand Canyon National Park.



Conserving and restoring natural habitat

Diverse habitats are essential not only to the health of natural systems but also for human recreation and livelihoods.

Walmart works to limit the direct impact on local habitats during construction of our stores and facilities by preserving high-value habitats through philanthropic grants that over ten years have preserved ten times more land than the company has developed in the U.S. since 1962. Additionally, Walmart and the Walmart Foundation have worked with stakeholders and suppliers on sustainable practices in value chains. More information on these programs can be found in the [Value Chains](#) section of this report.



AN ECO-ROOF THAT PUSHES THE BOUNDARIES OF SUSTAINABILITY

At 40,000 square feet, the Hayden Meadows Walmart store in Portland, Oregon, currently has the largest, most intensively monitored eco-roof in the United States, as confirmed by Roofmeadow, an eco-roof consultant. Walmart launched this project to advance the scientific understanding of eco-roof performance in the greater Portland area, especially regarding rainfall runoff management, energy conservation and habitat creation. The design for the eco-roof resulted from collaboration led by Walmart, P+R Architects, Roofmeadow, Portland State University, the Audubon Society of Portland and the Portland Bureau of Environmental Services. The project received a Sustainable Gold Award from the International Council of Shopping Centers for excellence in innovation and creativity.

• **Preserving wildlife habitat.** In the U.S., Walmart collaborated with the National Fish and Wildlife Foundation (NFWF) to help establish the Acres for America program in 2005. The program began with an initial 10-year, \$35 million commitment from Walmart to support the purchase and preservation of one acre of wildlife habitat in the U. S. for every acre of land developed by the company. We have surpassed that initial goal, with more than 1.3 million acres protected—an area comparable in size to Grand Canyon National Park. This equates to 10 acres of wildlife habitat preserved for every one acre used by Walmart for development. In 2015, Walmart renewed its commitment to the program by pledging an additional \$35 million over 10 years, with a goal of protecting an additional 1 million acres across the nation. As of 2016, Acres for America has leveraged more than \$40.7 million in contributions from Walmart, in addition to more than \$482 million in matching contributions from grant recipients.





IMPACT

Working with communities to preserve wetlands

In October 2016, Walmart donated a 3.21-acre wetland to the city of Logan, Utah that was constructed in the course of building a supercenter. The wetland was built to mitigate the impact to small streams on the property and provides an excellent buffer and habitat for local plants and wildlife. Through collaboration with the city of Logan, the wetland will be maintained by local volunteers and professionals. With water resources stretched worldwide, the need to protect our ground and drinking water resources is becoming even more acute. We are working with NGOs, nonprofits, land banks and the public sector to donate other wetlands on our properties to entities that will maintain and preserve them for public and environmental benefit. By establishing these relationships, donating wetlands to experts within the environmental field and opening accessibility to these resources, we are striving to be a good neighbor and to help provide cleaner groundwater and drinking water for future generations.

The program has four main priorities:

1. *Conserving critical habitats for birds, fish, plants and wildlife*
2. *Connecting existing protected lands to unify wild places and protect migration routes*
3. *Providing access for people to enjoy the outdoors*
4. *Protecting the future of local economies that depend on forestry, ranching and recreation*

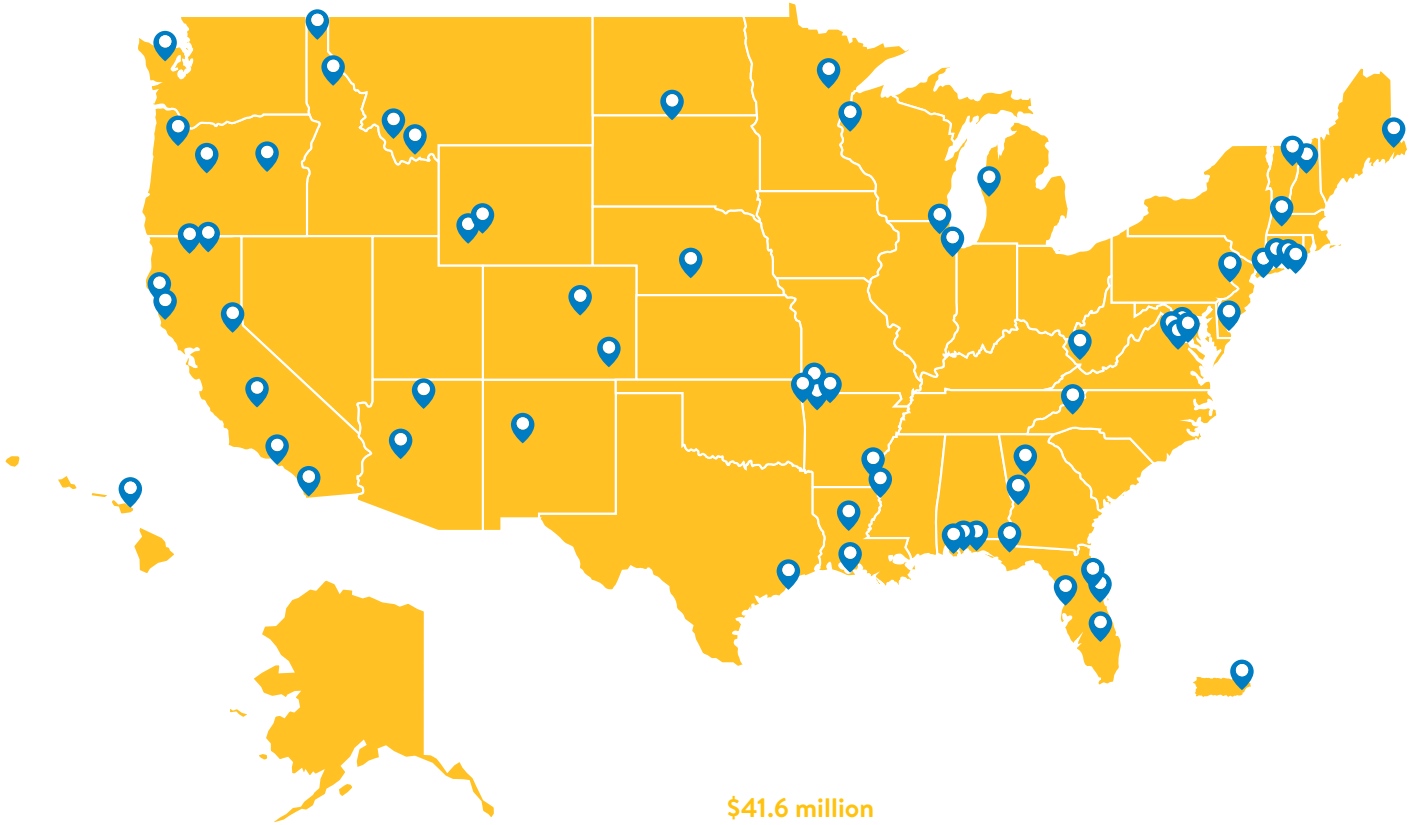
In November of 2017, Acres for America announced grants to protect and connect wildlife habitat across more than 100,000 acres in California, Hawaii, Michigan, Minnesota, Montana, North Carolina and Texas. These grants will leverage an additional \$81.2 million in matching contributions, pushing the total conservation investment to more than \$85 million.

In FY2017, grants to protect forests figured prominently in investments by the Acres for America program, including grants to protect a rare native forest on the island of Oahu in Hawaii, old growth redwood stands in California, longleaf pines in Texas, and the oldest known tree in the eastern United States—a 1,600-year-old bald cypress in eastern North Carolina. In addition, projects in Minnesota and Montana will conserve working timberlands that provide important wildlife habitat, as well as hunting, fishing and hiking opportunities while securing the economic base of rural communities that rely on timber production and recreation. Other grants focused on the protection of water resources, including more than 100 miles of rivers and streams, several entire watersheds that provide drinking water for local communities, and four miles of Lake Huron’s shoreline in Michigan.

Acres for America project locations in the U.S.

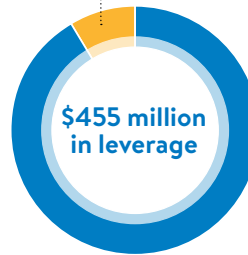
Source: National Fish and Wildlife Foundation

Acres for America projects, 2005-2015



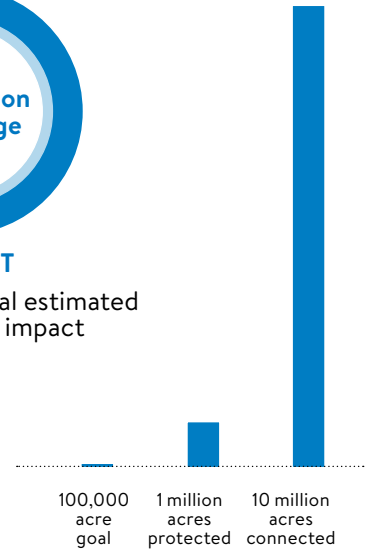
\$41.6 million from Walmart

Source: National Fish and Wildlife Foundation



IMPACT

\$496.6 million total estimated conservation impact



The Green River in western Wyoming flows through ranchland permanently protected by Acres for America, a conservation program funded by Walmart and led by the National Fish and Wildlife Foundation. (Photo credit: Rita Donham, Wyoming Aero Photo)



Reducing
environmental
impact



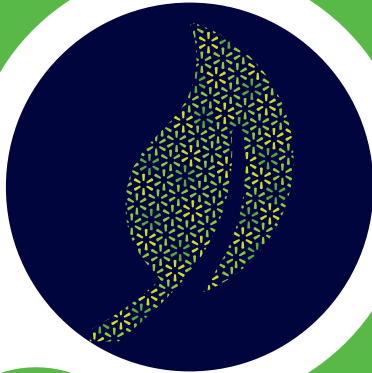
Providing
access to
affordable,
safer, healthier
food and
products



Supporting
measurement and
transparency



Promoting
responsible
sourcing



Sustainability

ENHANCING SUSTAINABILITY
IN OUR VALUE CHAINS



With **90 percent** of our total GHG emissions coming from our supply chain, we know we can and should do more.



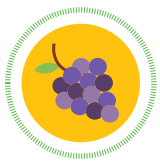
Sustainability in value chains

According to the World Economic Forum, with the global population projected to reach 9.8 billion people by 2050, the demand for products like food and general goods will increase by 70 percent while resources are expected to become scarcer. The challenge facing the world is how to produce an increasing volume of products while working to conserve resources. As a recognized leader in sustainability, Walmart aims to address this challenge by working with suppliers, NGOs and others to improve the sustainability of product supply chains.

Research from The Sustainability Consortium (TSC) shows that, “the most significant environmental and social hot spots with most products exist largely upstream from the manufacturer, in their value chain or downstream from consumer use and product disposal.” We aim to drive continuous improvement in value chains by engaging with our suppliers and others, supported by the Sustainability Index and other resources. We also engage in special initiatives that aim to make system-wide, step-function improvements in the sustainability of value chains based on four priorities:

- **Supporting worker dignity through responsible sourcing**
- **Reducing environmental impact**
- **Providing affordable, safer and healthier products**
- **Supporting measurement and transparency**

To focus our efforts within these priority areas, we have identified over 20 key commodities that we aim to source more sustainably by 2025—what we call “20x2025”. Our initial commodities span produce, meat and seafood, packaged food and row crops, specialty crops—as well as non-food items like apparel/textiles, and household and personal care products.



20 sustainable commodities by 2025

A key challenge facing the world is how to sustainably produce an increasing volume of food and products to meet the needs of an expanding global population. Walmart is committed to meeting this challenge by working with others to support production that is sustainable for people and the planet, and affordable for customers.

We chose our initial list of commodities based upon business risk and opportunity (e.g. size, supply security, cost issues, reputation risk, potential to differentiate, etc.); the nature and magnitude of environmental and social issues (as suggested by Sustainability Index data and feedback from stakeholders); and Walmart's ability to convene suppliers and others to promote change. For each commodity, Walmart is working to understand the current state of the supply chain and is developing a strategy to enhance sustainability. We then work with stakeholders to promote action to help address major social and environmental hot spots while creating shared value. It will take all of us working together—retailers, suppliers, NGOs, governments and others—to drive lasting, high-impact sustainability improvement.

EXAMPLE INITIATIVES WALMART IS PURSUING WITH SUPPLIERS AND OTHERS

Product categories	Responsible sourcing	Environment	Safer and healthier products	Transparency
Produce	<ul style="list-style-type: none"> Setting expectations for responsible labor practices with suppliers Helping align industry associations around a common approach to responsible labor practices Encouraging responsible recruitment practices Collaboration with industry stakeholders 	<ul style="list-style-type: none"> Upstream and downstream food waste reduction Sourcing sustainably Sustainable package design and recycling Protected growing environments New varieties that enhance customer experience, improve yields and decrease environmental impacts Water use efficiency 	<ul style="list-style-type: none"> Making healthier options more affordable Making healthier choices easier Providing nutrition education Promoting food safety 	<ul style="list-style-type: none"> Blockchain pilot Sustainability Index Leveraging third-party certifications
Meat and dairy	<ul style="list-style-type: none"> Setting expectations for responsible labor practices with suppliers 	<ul style="list-style-type: none"> Sustainable feed operations Better practices in manure management, enteric emissions and feed inputs Elimination of deforestation due to beef production Project Gigaton 	<ul style="list-style-type: none"> Promoting animal welfare and responsible antibiotic use 	<ul style="list-style-type: none"> Brazilian beef monitoring system Sustainability Index
Seafood	<ul style="list-style-type: none"> Collaborating with industry stakeholders Supporting initiatives to counter forced labor in Thai seafood Encouraging responsible recruitment practices Promoting fair-labor practices in fisheries and to deter illegal fishing Helping to promote worker voice Setting expectations for responsible labor practices with suppliers 	<ul style="list-style-type: none"> Sourcing more sustainably Addressing overfishing and bycatch reduction 	<ul style="list-style-type: none"> Working with others to increase availability of sustainable seafood supply 	<ul style="list-style-type: none"> Leveraging third-party certifications Sustainability Index
Packaged food and row crops	<ul style="list-style-type: none"> Setting expectations for responsible labor practices with suppliers 	<ul style="list-style-type: none"> Elimination of deforestation due to soy and palm oil production Fertilizer optimization to improve soil health and water quality Sustainable package design and recycling Project Gigaton 	<ul style="list-style-type: none"> Food reformulation Investments in recycling infrastructure 	<ul style="list-style-type: none"> “Great for You” Private Brand labeling in U.S. stores Leveraging third-party certifications Sustainability Index
Specialty crops	<ul style="list-style-type: none"> Setting expectations for responsible labor practices with suppliers 	<ul style="list-style-type: none"> Sourcing more sustainably Water use efficiency Sustainable package design and recycling 		<ul style="list-style-type: none"> Leveraging third-party certifications Sustainability Index
Consumables	<ul style="list-style-type: none"> Setting expectations for responsible labor practices with suppliers 	<ul style="list-style-type: none"> Reducing use of Priority Chemicals Elimination of deforestation due to pulp and paper production Sustainable package design and recycling Project Gigaton 	<ul style="list-style-type: none"> Advancing Sustainable Chemistry Investing in recycling infrastructure Leveraging third-party certifications 	<ul style="list-style-type: none"> Encouraging chemical ingredient disclosure Sustainability Index
Apparel and textiles	<ul style="list-style-type: none"> Promoting safer working conditions in ready-made garment industry Encouraging responsible recruitment practices Collaborating with industry stakeholders Setting expectations for responsible labor practices with suppliers 	<ul style="list-style-type: none"> Factory energy efficiency Energy and water use in apparel mills Project Gigaton 	<ul style="list-style-type: none"> EDLTC approved products 	<ul style="list-style-type: none"> Sustainability Index Higg Index
General merchandise	<ul style="list-style-type: none"> Setting expectations for responsible labor practices with suppliers 	<ul style="list-style-type: none"> Designing for product efficiency and end-of-life Project Gigaton Factory energy efficiency Elimination of deforestation due to pulp and paper production Sustainable package design and recycling 	<ul style="list-style-type: none"> Supporting investments in recycling infrastructure 	<ul style="list-style-type: none"> Leveraging third-party certifications



Supporting more sustainable produce

Walmart aims to provide customers with affordable, fresh produce every day—while helping to strengthen the sustainability of produce value chains. Our sustainability initiatives have focused on grapes, bananas, tomatoes, berries, apples and leafy greens and seek to address hot spots, such as food waste, water use, food safety and industry labor conditions.

Some recent highlights:

- **Grapes.** Walmart is working with our suppliers to develop innovative varieties and practices that not only produce better quality and flavor, but are also more sustainable. Key grape suppliers have signed a commitment to improve yields by 20 percent; reduce food waste and greenhouse gas emissions by 20 percent; improve water efficiency; and advance more sustainable use of pesticides. Several suppliers have also become signatories to the Ethical Charter recently developed by the United Fresh Produce Marketing Association Joint Committee on Responsible Labor Practices.

We're taking an end-to-end approach to environmental and social issues.





• **Bananas.** According to the Food and Agriculture Organization of the United Nations, the world produced 117 million tons of bananas in 2015. Bananas also happen to be Walmart's largest-volume category globally. The production of bananas depends upon inputs such as water, fertilizer and pest management as well as a workforce trained to harvest bananas to avoid bruising, crop damage and food waste. In our work to enhance the quality and sustainability of our produce, we aim to source 100 percent of all Cavendish bananas sold in Walmart U.S., Sam's Club U.S., and Asda (U.K. stores) from supplier farms that have received third party certifications like Rainforest Alliance, Sustainably Grown and Fair Trade. Supplier farms that are certified undergo independent third-party audits to ensure compliance with the respective standards for social responsibility and environmental stewardship.

Beyond Walmart, the Walmart Foundation made a grant to Guelph University in Canada to help the industry address another challenge with bananas: the waste that results when they get so ripe that people no longer want to eat them. Researchers hope to convert banana pulp to a neutral-tasting, highly nutritious flour with a low glycemic index—giving old bananas a second life in healthy-eating choices for people.

• **Tomatoes.** To improve the quality and sustainability of tomatoes, we have been working with suppliers and others on better seeds and grower practices. For example, we are working with our suppliers to improve production in controlled environments such as greenhouses, to reduce inputs such as water and fertilizer while increasing yields. We are also reducing product waste, by flowing the products through the supply chain faster and improving customer appeal. We also have been working with others to develop innovative tomato varieties to improve flavor and texture.

In 2014, Walmart joined the Fair Food Program, a unique partnership among farmworkers, Florida tomato growers and participating retail buyers organized by the Coalition of Immokalee Workers (CIW). The Fair Food Program encourages improved working conditions for the workers who pick fruits and vegetables on participating farms.

Please visit the [Responsible Sourcing](#) section of this report for a more comprehensive discussion of our standards, practices and programs to support responsible labor conditions, including special initiatives we are undertaking with others across the industry to improve higher-risk supply chains including [produce](#).



In 2014,
Walmart
joined the
Fair Food Program,
a unique collaboration
among farmworkers,
Florida tomato growers
and participating
retail buyers.



Supporting sustainable meat

Walmart customers expect high-quality meat products and they purchase from brands they can trust. The animal agriculture industry is a large contributor to greenhouse gas emissions and water-quality challenges and a large user of land space for food production.



Walmart is working with suppliers to source products from animals that are raised in a humane and sustainable manner, and sourced with fewer environmental impacts. Together with our suppliers, industry groups and nonprofit organizations, we are pursuing solutions that address these complex hot spots throughout our meat value chains. We have selected five commodities to focus our efforts in sustainable sourcing including beef, pork, poultry, dairy and eggs.

- **Improving sustainability in beef.** Cattle raised for beef production carry a large environmental footprint, particularly in terms of greenhouse gas emissions, water quality and conservation of grasslands. By pursuing best practices in areas such as manure management, enteric emissions and feed inputs, we estimate that there is a potential to reduce 300 MMT of GHG emissions by 2030, while at the same time reducing waste and improving yield. Walmart set a goal of creating a dedicated sustainable beef value chain for 15 percent of our beef sales in the U.S.—with a goal of reducing GHG emissions and improving water quality. We are continuing to make progress on our pilots and will update our progress in the coming years.

- » In 2014, Walmart and Cargill, one of Walmart's beef suppliers, began collaborating to address hot spots identified through the Sustainability Index. As part of this initiative, Cargill teamed up with cattle feeders to design and implement new continuous-improvement indicators for animal welfare, environmental stewardship, community engagement, and feedyard economics. This industry-leading project has helped to identify, document, and measure dozens of indicators at cattle-feedyard operations—information that allows us to continue to improve sustainability efforts. Additionally, Cargill has worked with cattle feeders to reduce shared-class antibiotics use by 20 percent across 1.2 million cattle.

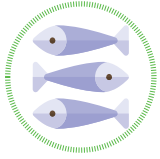


• **Improving sustainability in dairy farming.** Dairy cows raised for milk production also carry a large environmental footprint, particularly in terms of enteric emissions and water quality. Walmart has been working with the U.S. Dairy Industry and its Dairy FARM Program on their goal to reduce greenhouse gas emissions by 25 percent by 2020. We have also been working upstream in our value chain and with our branded suppliers to advance more sustainable dairy practices.

» Walmart has constructed a milk processing plant and logistics network in Indiana that enables us to extend the shelf life of this very important grocery staple to help prevent food waste in our customers' homes. The farmers that provide milk to the processing plant participate in the National Dairy FARM Program and have agreed to supply milk free of rbST. They have also agreed to practice high standards of animal welfare, including compliance with Walmart's Animal Welfare and Antibiotics Position. They have further extended this work and agreed not to practice tail docking on site, at partner farms, or heifer stalls as well as avoid tie stalls, ties and stanchions as longterm housing arrangements for all ages of cows.



Walmart has been working with the U.S. Dairy Industry and its Dairy FARM Program on their goal to **reduce greenhouse gas emissions by 25 percent by 2020.**



Supporting sustainable seafood

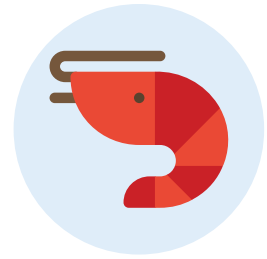
At Walmart, we sell many different types of seafood, like skipjack (used in canned tuna), shrimp and salmon. We work with other companies, NGOs, industry associations and others to address hot spots across industry value chains, including sustainability of fish stocks, by catch, water pollution and forced labor.

- **Raising the standard for sustainable seafood.** Seafood is an important source of protein for our customers and people around the world. However, seafood value chains industry-wide are complex. No one retailer or supplier can achieve sustainability at scale on its own. Walmart has been working with others across the seafood value chain to accelerate the sustainability of our own assortment as well as the industry as a whole, through multiple actions including updating our sourcing policies, investing in data/insights about issues in the value chain, building capacity among suppliers and fisheries in general, advocating for law enforcement with government and other public bodies, and supporting shifts toward responsible recruitment practices.

- **Fresh and frozen seafood standards.** Based on supplier-reported data in the U.S., 100 percent of Walmart and Sam's Club fresh and frozen, farmed and wild seafood is now sustainably sourced in accordance with Walmart's Seafood Policy. We are also encouraging supplier certifications to bring added transparency into the value chain. Today, based on supplier reported data, our wild caught supply is 76 percent certified by the Marine Stewardship Council or certified by a program which is recognized by the Global Sustainable Seafood Initiative (GSSI). The balance of our suppliers reported involvement in Fishery Improvement Projects, with plans in place to achieve sustainable certification. In addition, 98 percent of our farmed seafood in our U.S. business reported certification by Best Aquaculture Practices and Aquaculture Stewardship Council.

- **Standards for canned tuna.** In 2017, we updated our canned tuna policy for Walmart U.S., Sam's Club and Walmart Canada. By 2025, we aim for these markets to source either third-party certified canned light and white tuna, or tuna caught from fisheries that are engaged in Fishery Improvement Projects (FIPs). We also offer customers additional choice by carrying Fish Aggregating Device free (FAD-free) or pole-and-line canned tuna in our Canada and U.S. stores.





Another **Walmart Foundation** grant of **\$1 million** to the **Sustainable Fisheries Partnership Foundation** will support the organization in testing zonal approaches for improving the stock and resource sustainability of **farmed shrimp and wild caught tuna in Southeast Asia**.

- **Collaborating to increase the availability of sustainable supply.** In addition to setting our own assortment standards, we continue to look for opportunities to help increase the availability of sustainable supply by supporting Fishery Improvement Projects (FIPs) and by bringing new items to customers. Walmart recently collaborated with suppliers and nonprofits to launch Japan's first FIP with the aim of improving the sustainability of the sea perch fisheries in Tokyo Bay. We worked with other businesses to launch Japan's first Albacore tuna FIP, as well as the country's first Aquaculture Improvement Project (AIP) for Coho salmon farms in Onagawa. Through the development of FIPs, we hope to see a sustainable fishery in the future and more sustainable items for customers.

- **Supporting fair labor practices fisheries.** We are also collaborating with the Seafood Task Force, a group of seafood processors, feed producers, merchants, retailers and NGOs who have come together to address issues surrounding labor practices and illegal fishing in seafood supply chains. The effort is currently focusing on the seas around Thailand, where issues are prevalent. The Task Force is working to address issues like human trafficking, forced labor, overfishing, and illegal, unreported, and unregulated practices.

The Walmart Foundation

The Walmart Foundation has made complementary investments to support social and environmental sustainability in seafood value chains.

For example, a Walmart Foundation investment in FishWise will help the organization implement a collaborative online platform to increase seafood-sector action and transparency.

Another Walmart Foundation grant of \$1 million to the Sustainable Fisheries Partnership Foundation will support the organization in testing zonal approaches for improving the stock and resource sustainability of farmed shrimp and wild caught tuna in Southeast Asia.

The Walmart Foundation also believes that technology holds the promise of shining a light on opaque supply chains and practices. A Walmart Foundation grant of \$750,000 to The Pew Charitable Trusts will support the development of economic models and policy frameworks to 1) encourage the use of electronic reporting and monitoring systems for tuna long liners and 2) promote improved governance around transshipment at sea, to help address social and environmental transparency.

For more information on our work in responsible sourcing in the value chain, see page 109.



Improving the sustainability of row crops

Many of the groceries on our shelves contain grains such as corn, wheat and soy. These crops are known for their high-intensity inputs such as fertilizer and water. Used improperly, these inputs can cause damage to the environment and have damaging effects downstream. Walmart is working with suppliers and other stakeholders to help promote sustainable, efficient and productive agriculture, including crops such as corn, wheat, soy and cotton.

- **Collaborating to improve agricultural practices.**

Walmart is a founder and member of Midwest Row Crop Collaborative (MRCC), a project of the Keystone Policy Center that launched in August 2016. The MRCC brings together leading food and agricultural supply-chain companies and conservation organizations to support farmers' projects in Illinois, Iowa and Nebraska that are designed to improve soil health and water quality through adoption of preferred agricultural practices. These practices include the use of cover crops, conservation tillage and adaptive, innovative and science-based nutrient-management techniques.



Walmart is working with suppliers and other stakeholders to help ensure sustainable, efficient and productive agriculture.



The Midwest Row Crop Collaborative is working with others—farmer organizations, environmental groups, and state and local watershed partnerships—to achieve the following goals:

By 2025

- 75 percent of row crop acres in Illinois, Iowa and Nebraska are engaged in sustainability measures that will result in optimizing Field to Market Fieldprint® analyses and soil health practices outcomes.
- Reduce nutrient (primarily nitrogen and phosphorus) loading from Illinois, Iowa, and Nebraska by 20 percent as a milestone to meet agreed upon Gulf of Mexico Hypoxia Task Force goal of 45 percent reduction in nutrient loading.
- 50 percent of all irrigation units used in Nebraska will maximize water conservation to reduce pressure on the Ogallala Aquifer.

By 2035

- Illinois, Iowa and Nebraska have met the 45 percent nitrogen loss reduction goal and partnerships and goals are established to expand the Collaborative across the Upper Mississippi River Basin.



Addressing sustainability issues in specialty crops and ingredients

Today's customer has a diverse appetite and with a touch of a button, he or she can access products and ingredients from just about anywhere.

To meet customer demand, retailers source products and ingredients from around the world, diversifying growing locations and seasons to provide customers year-round access to their favorite products. As part of our 20x2025 sustainable commodities effort, we have prioritized specialty crops such as coffee, tea and cocoa. Globally, such crops are vulnerable to climate change, and growers can face issues such as lack of technology and labor shortages. In 2017, we began working with others to enhance the sustainability of coffee in our value chain.

- **Sourcing more sustainable coffee.** At Walmart, we are working to promote coffee products that are affordable, sustainable, high quality and that build trust with our customers. Walmart is the first major North American retailer to join Conservation International's Sustainable Coffee Challenge, a group of 83 companies, governments, NGOs, and research organizations working across the industry to help make coffee more sustainable. In joining the Challenge, Walmart set a goal of sourcing all of its

private-brand coffee more sustainably by the end of 2020. We are also working to source third-party certified coffee products in our stores and clubs. For example, we are proud to sell merchandise with Fair Trade and Rainforest Alliance Certified seals.



Walmart set a goal of sourcing all of its private-brand coffee more sustainably by the end of 2020.



Improving practices in the textile and apparel value chain

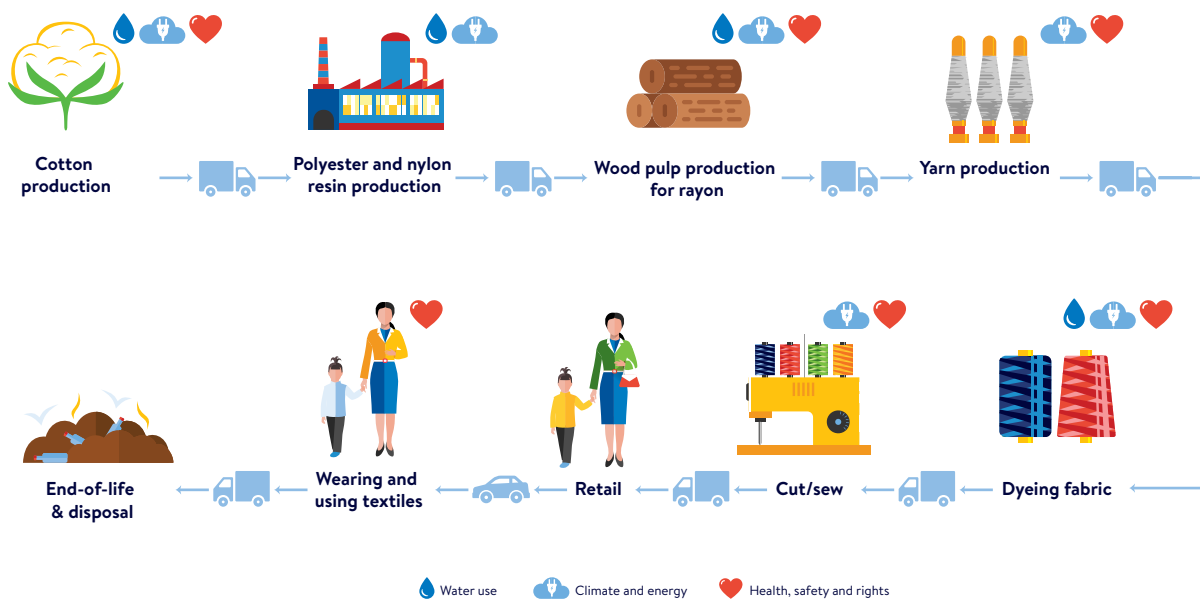
Walmart is supporting efforts across the textile value chain to help improve sustainability while delivering high-quality apparel, towels and other fabric products.

- **Sustainable cotton.** For many textiles, the story begins with cotton and the fields where it's grown. Hot spots for cotton cultivation include climate change, resource depletion and traceability. We have been working with stakeholders across the industry, including Field-to-Market, our suppliers, and Cotton LEADS, to learn more about the issues facing cotton and potential approaches to create system change all the way back to the cotton field.



Textile Value Chain

The Sustainability Consortium's hot spots help us identify and address issues throughout the textile value chain.





• **Sustainable mills.** The fabric mill, for example, is a hot spot for energy, chemical use, and water. Fabric also drives a large proportion of the embedded cost of a textile product. Inspired by our participation in the Natural Resource Defense Council’s successful Clean by Design program in China, Walmart launched the Mill Sustainability Program in October 2016 with 10 suppliers and their mill partners to improve environmental-impact areas at the mill.

As part of the program, suppliers and mills agree to baseline their performance using the Sustainable Apparel Coalition’s widely accepted Higg Index Facility Environmental Module (FEM) and participate in Walmart’s expert-led workshops on practical steps to reduce costs and environmental impact through resource efficiency and process management. By collecting facility-level data, the Higg Index FEM provides benchmarking and lays the groundwork to set actionable goals and measure improvement in the future. Since the program’s launch, participation has expanded to suppliers representing over 40 percent of our U.S. sales volume for apparel and home textiles.

As we address textile hot spots such as mills, we’re challenging suppliers to deliver Every Day Low True Cost (EDLTC) products that are more sustainable—without raising the price. For example, Hanes Max Cushion Crew Socks, are made with 20 percent recycled Repreve polyester in an efficient facility that derived on average 70 percent of its energy from renewable sources in 2017.

To engage customers on these products, we’ll be highlighting key sustainability attributes of the EDLTC story alongside the product. The delivery of each EDLTC item sends an important message: innovative suppliers can deliver high-quality, sustainable products as part of the Walmart everyday low price promise.

• **Strengthening the labor force in manufacturing.** Since 2011, Walmart and the Walmart Foundation have been working to empower women and workers in the textile value chain. Through the Women in Factories training programs implemented by grantees funded by the Walmart Foundation, we learned that empowerment training can have positive impacts on the awareness of gender issues, productivity, retention, and overall worker well being. Through a Walmart Foundation grant of almost \$700,000, Pacific Links Foundation is testing integrated gender-empowerment training that leverages the Women in Factories curriculum developed by CARE and their own forced-labor awareness training. Pacific Links Foundation will leverage digital tools to train migrant communities in Vietnam in order to support more-sustainable recruitment practices for factories.

See more about our practices in the [Responsible Sourcing](#) section.

Through a **Walmart Foundation grant** of almost **\$700,000**, **Pacific Links Foundation** is testing integrated gender-empowerment training that leverages the Women in Factories curriculum developed by CARE and their own forced-labor awareness training.

Promoting responsible sourcing

Walmart has a large, geographically diverse supply chain that includes more than 100,000 suppliers around the world. Our sourcing efforts can help support local and small farmers, foster growth of women-owned business and encourage the growth of small business. While some value chains are generally subject to effective regulation and oversight, others can present higher potential risks to worker dignity. In 1992, we formally launched our Responsible Sourcing program to establish our expectations for suppliers and their facilities in regard to operating sustainably and responsibly in a way that protects worker dignity. Today, we have nearly 190 Responsible Sourcing associates around the world working with our suppliers and enforcing our standards.

Our longstanding commitment to promoting safe, healthy and coercion-free work environments was renewed when our president and CEO Doug McMillon spoke at the Net Impact Conference in 2016. There, he shared our company's goals for 2025—including our goal to support the dignity of workers in the retail value chain. We are already engaged in multiple supply-chain efforts, and by 2025 we will use our ability to bring together stakeholders—including industries, civil society, governments and international organizations—to address major potential risks to the dignity of workers in a minimum of 10 retail supply chains. This commitment goes above and beyond our existing work to hold suppliers accountable to our high standards. Please visit our [responsible sourcing website](#) to learn more.

We believe workers are able to perform their jobs better when they work in safe and voluntary employment conditions. Furthermore, our customers want products that are sustainable for the environment and the people who make them. We are one actor among many, but together—with our suppliers, other companies, governments and nonprofit organizations—we can help improve worker conditions and encourage others to do the same.

Walmart has a large, geographically-diverse supply chain that includes more than **100,000 suppliers** around the world.

Our strategies for supporting human rights include:



Promoting responsible sourcing practices at Walmart

Leading industries toward positive change

Focusing efforts to improve higher-risk supply chains



Walmart believes in being transparent about how our Responsible Sourcing program operates, where we are focusing our efforts, and how we determine areas of risk—including priority areas of focus such as forced labor—and the steps we are taking to collaborate for sustainable change. Our supplier list is not made public due to proprietary information and confidentiality restrictions, but we remain committed to providing transparency about our efforts to promote the dignity of workers in the global supply chain. You can read more about the program on our [corporate website](#).

Responsible sourcing associates are embedded in markets and hubs around the world to better support our global supply chain

As of January 31, 2018, our associates were located in the following countries:

- * Argentina
- * Bangladesh
- * Brazil
- * Canada
- * Chile
- * China
- * Costa Rica
- * Guatemala
- * Honduras
- * India
- * Indonesia
- * Japan
- * Mexico
- * Pakistan
- * Peru
- * South Africa
- * Sri Lanka
- * Thailand
- * Turkey
- * United Kingdom
- * United States
- * Vietnam





Promoting responsible sourcing practices at Walmart

Setting expectations and accountability for suppliers

Walmart is committed to working with suppliers and other stakeholders to make the global value chain more responsible, and the foundation of our Responsible Sourcing program is our Standards for Suppliers. Our Standards align to Walmart's basic beliefs of serving customers, respecting all people, striving for excellence, and acting with integrity. Suppliers, their facilities and agents are expected to comply with these standards throughout the product value chain. Among other topics, our Standards for Suppliers require our suppliers, and those who supply to them, to:

- Comply with the law
- Be transparent
- Not use involuntary or underage labor
- Maintain a fair process for making employment decisions
- Comply with all applicable laws and agreements regarding compensation and working hours
- Recognize freedom of association and collective bargaining
- Provide a safe work environment

In June 2017, we revised and reissued the Standards to emphasize supplier-level accountability and strengthened language around forced labor, human trafficking and responsible recruitment. [Read our Standards for Suppliers.](#)

- **Establishing accountability through audits and other tools.** We use detailed third-party audits to evaluate supply-chain practices against our Standards, including social, safety and environmental issues. The audits are conducted through a number of internationally-recognized third-party programs. Audits focus on a variety of issues, including compensation for all hours worked in accordance with law, voluntary labor practices, observance of working-age laws and standards, non-excessive working hours consistent with local laws and regulations, and facility health and safety standards. Suppliers within our audit scope are required to submit audit reports to Walmart and work with their facilities to remediate identified issues. Facilities are typically re-audited on a schedule set by their chosen third-party audit program or based on the severity of issues found. Most of the third-party audit programs assign their own scores or ratings based on the results of the audit, while others operate as certification schemes. Walmart also reviews each audit report submitted by suppliers and assigns it a color rating based on the type and severity of issues found. Walmart's review may lead to a facility receiving a lower rating than it would have received relying on program scoring alone, particularly where there are indicators of forced labor, underage labor or unsafe working conditions. This helps suppliers prioritize remediation efforts and provides Walmart internal teams with a consistent view of value chain performance across audit programs. In FY2018, Walmart reviewed and assessed more than 13,000 audit reports.

Among other topics, our Standards for Suppliers require our suppliers, and those who supply to them, to:



All facilities within Walmart Responsible Sourcing’s disclosure scope must be disclosed and available for an audit. If we find that a supplier is producing merchandise in or subcontracting to an unauthorized facility—which includes facilities that are required to be disclosed but are not—the supplier may become ineligible to do business with Walmart. Our official disclosure and audit/assessment policies and guidelines are available on our [corporate website](#).

- **Taking a risk-based approach to auditing.** As of January 31, 2018, there were more than 25,000 facilities in more than 100 countries that had been disclosed by suppliers to Walmart in “active” status; these facilities are subject to Walmart’s facility auditing program. However, not all of these facilities pose the same degree of potential risks to worker safety and well-being. Using the Worldwide Governance Indicators from the World Bank, we consider factors such as government effectiveness, rule of law, prevalence of corruption, and government stability to assess the likelihood of noncompliance in different countries around the world.

Risk-based auditing allocates more resources to facilities located in countries with greater potential risks; facilities in higher-risk countries are required to submit regular audits, while facilities in lower-risk countries are audited on a sample basis. Some facilities are exempt from Walmart disclosure altogether, as outlined in our [disclosure policy](#). Assessments of audit results, particularly in higher-risk geographies, provide us and our suppliers with important information to help address potential issues and make a positive impact for workers and communities.

We believe promoting accountability and continuous improvement throughout our value chain has a positive impact on the communities where we and our suppliers conduct business; for that reason, our continued presence in challenging parts of the world is more likely to address potential risks to worker dignity than would withdrawing our business.



Of the over 13,000 audits assessed in FY2018:

- **15 percent** received green
- **56 percent** received yellow
- **20 percent** received orange
- **1 percent** received red
- **8 percent** received an assessment other than a color rating*

**The remaining audits were not assigned a color rating, as Walmart's practice of assigning color ratings to all third-party audits began in the last fiscal year. Third-party audits submitted prior to this program transition would not have received such a rating.*

GREEN	Green ratings identify facilities for which Responsible Sourcing has discovered the least severe violations.
YELLOW	Yellow ratings identify facilities which audits have shown to be generally compliant with the Standards, but which have failed to meet at least one important requirement.
ORANGE	Orange ratings identify facilities where Responsible Sourcing has discovered more serious violations of the Standards, but will continue to allow sourcing from that facility while the violations are remediated. Three consecutive Orange ratings may result in a Red rating, regardless of whether the facility remains in good standing with the audit program chosen.
RED	Red ratings identify facilities for which Responsible Sourcing has discovered violations of a nature that may make it appropriate to temporarily or permanently terminate the facility's ability to produce product for sale by Walmart. If a facility is given a Red rating, it may be banned from producing goods for Walmart indefinitely or its production may be halted and/or its product refused.



Walmart's facility-auditing program covers more than **25,000 facilities** in more than **100 countries.**

• **Investigating and engaging.** In addition to monitoring suppliers' facilities through audits, Walmart investigates certain alleged violations of our Standards for Suppliers. In FY2018, our Responsible Sourcing team opened more than 500 cases involving allegations of supply-chain misconduct. Each allegation is reviewed and may be referred to our Responsible Sourcing Investigations team or other compliance teams within Walmart. In addition, we began a new process in 2017 of direct supplier engagement on issues where a formal investigation may not be warranted. This issue/response process typically includes a discussion regarding the allegations, a clarification of expectations, and review, approval, and follow-up with the supplier on a corrective plan. Between May 2017, and January 2018, Walmart engaged with more than 60 suppliers through the issue/response process.

We believe that staying engaged with suppliers through dialogue and corrective plans can have a more positive impact on workers than simply abandoning the supplier relationship. However, substantiated findings may result in consequences for suppliers, facilities or both—up to and including termination of business with Walmart and its subsidiaries. Since 2012, we have stopped doing business with more than two dozen suppliers in response to serious violations of our Standards.

• **Empowering workers.** We want workers to understand our expectations of suppliers and facility management and to report instances of noncompliance. In 2017, when we reissued our Standards for Suppliers, we provided an updated series of posters that suppliers are required to place in their facilities. As of January 31, 2018, the posters were available in seven languages, and we will continue to add languages throughout the coming year. The posters focus primarily on issues of higher risk to workers, including forced labor and trafficking risks, unsafe working conditions, working hours and wages, and intimidation and discrimination. Workers have several options for reporting issues of concern, including directly to Walmart. The posters are available on our [corporate website](#).

• **Providing supplier training and resources.** Although responsibility for compliance in the supply chain rests with suppliers, we believe we have the potential to influence the global value chain by leveraging our size and scale. With that in mind, we developed the Responsible Sourcing Academy Training Portal, which is publicly accessible through Walmart's [corporate website](#).



The portal provides suppliers and their facilities with tools and training materials designed to encourage continuous and sustainable improvement. Between its launch on June 30, 2017 and through the end of the fiscal year, more than 1,200 supplier representatives had registered with the portal. The portal features the following:

Audit guidance. The portal offers information and training to help suppliers understand and comply with Walmart’s Responsible Sourcing audit requirements, as well as tools and guidance to help them select the third-party social compliance program that works best for their business.

Global Compliance Guidance Tool. To use this tool, suppliers answer questions about their products—including origin and destination—and they receive guidance on compliance requirements to initiate or continue doing business with Walmart. Topics include Responsible Sourcing, Food Safety, Health and Wellness, Product Safety, Factory Capability and Capacity, and Supply Chain Security.

Training information and tools. Walmart maintains a suite of resources that provide suppliers with access to training information and tools from a variety of sources, including Walmart, Walmart’s approved third-party audit programs, audit firms and other organizations.



Enabling responsible buying.

Our merchants typically have the most direct engagement with our suppliers and play an important role in reinforcing our Standards for Suppliers. For that reason, we developed a multi-pronged strategy to help integrate responsible sourcing in the business to promote responsible-buying practices.

- **Embedding responsible sourcing in our markets.** Responsible sourcing business enablement teams physically sit in our retail market buying offices and sourcing hubs to help integrate responsible sourcing in buying decisions. Over 60 percent of our Responsible Sourcing associates are responsible for training and guiding merchants and suppliers. These teams answer merchants' questions, participate with sourcing teams in supplier meetings, and accompany merchants on in-country visits to better explain regional challenges and best practices. Business enablement associates discuss business trends and emerging risks with merchants and bring business intelligence back into the Responsible Sourcing team to keep the program nimble and relevant to merchandising decisions.
- **Training merchants.** The responsible sourcing team helps train Walmart supply-chain decision makers—including buying teams—on how their decisions can potentially influence conditions in the supply chain, as well as how to reinforce positive facility working practices with suppliers. In 2017, Walmart trained more than 4,500 merchants and sourcing professionals in its United States, Sam's Club and International divisions on responsible-buying practices.
- **Measuring performance.** The responsible sourcing team developed supply chain health check reports and key performance indicators that measure current facility audit performance, supplier history and facility improvements. Business enablement teams share these reports with their respective retail-market and sourcing-hub leaders to encourage sustained improvement. Future plans for scorecards include new views to focus on specific value chains and suppliers, enhanced supplier-performance measurements and mechanisms for recognizing high-performing markets, merchants and suppliers.

In 2017, Walmart trained more than **4,500 merchants** and sourcing professionals in its United States, Sam's Club and International divisions on responsible-buying practices.



Leading industries toward positive change

Many of the challenges we identify in the global supply chain are not unique to Walmart, and many of our peers in the retail industry and other stakeholders share our expectations for how workers in the value chain should be treated. We believe that by collaborating with our suppliers and engaging with our peers and key stakeholders, we can help drive transformation across industries.

- **Enhancing professionalism in the social-compliance audit industry.** Over the past year, Walmart and other stakeholders—including third-party audit firms, companies that rely on social-compliance audits, audit programs and NGOs—established the Association of Professional Social Compliance Auditors (APSCA). The association’s objective is to enhance trust by raising standards for auditors in the social-compliance industry. To that end, APSCA is developing and operating a competency and conduct-certification process for social-audit professionals. This year, APSCA developed a Code of Professional Conduct, created a Competency Framework for Auditors, and began piloting the certification process. APSCA was officially formed as a not-for-profit trade association in Washington, D.C., and a senior member of the responsible sourcing team serves as vice chair and a member of the board of directors.



More than
400 supplier
representatives have
completed Stronger
Together training
workshops.



• **Investing in industry training.** To help combat potential risks to worker dignity across supply chains, we have engaged with industry and civil society to invest in common solutions. For instance, Asda, Walmart’s business in the U.K., is a sponsor of Stronger Together, an alliance working to reduce the risks of forced labor and human trafficking by developing and providing guidance, tools and training for suppliers. As of December 31, 2017, over 400 supplier representatives had completed Stronger Together training workshops. Asda also contributes to a U.K. Stronger Together working group of retailers that collaborates on initiatives to address forced-labor risks in U.K. retail supply chains. Walmart worked with Stronger Together to create new e-learning modules to help suppliers understand the nature of forced labor in supply chains and to identify possible indicators and risk factors. This online training is available free of charge on the Responsible Sourcing Training Academy portal.

The success of efforts such as our work with Stronger Together has led us to collaborate with other expert organizations over the last year to develop training on additional topics we hope to launch in FY2019.

• **Working across industries for responsible recruitment.** One of Responsible Sourcing’s primary areas of focus is combating forced labor in the global supply chain, which is a complex issue with a range of root causes. In some cases, lack of government prioritization, unreported victims, culture and economic factors can contribute to the risks of forced labor and trafficking; migrant workers are particularly vulnerable to unethical recruitment practices and the accumulation of debt generated primarily from fees charged by labor brokers. Because these risks cross national and industry boundaries in

various sectors, addressing them requires coordination among business, government and nonprofit organizations.

We want responsible recruitment to be the standard business practice for employers throughout the global supply chain within a decade. We are focused on promoting responsible recruitment and working to form coalitions to confront some of the root causes of forced labor and trafficking. No one solution and no one organization can eradicate the problem; it will take mutual commitment from all stakeholders, so Walmart is pursuing the following:

Promoting the employer-pays principle. Walmart believes in the employer-pays principle: that no worker should pay for a job, and the costs of recruitment should be borne not by the worker but by the employer. To demonstrate support for this belief and to join others with a common philosophy, we joined the Leadership Group for Responsible Recruitment in 2016 as a member of the steering committee. Over the next two years, we will work with Leadership Group members to help create demand for and availability of ethically-recruited workers in Thailand and Malaysia, as well as to advocate for better government regulation of recruitment agencies.



Collaborating to make responsible recruitment the norm. Walmart is a member of the Consumer Goods Forum (CGF), which brings together more than 400 retailers, manufacturers and service providers in the consumer-goods industry to create positive change across the retail industry. In 2016, CGF aligned around three priority principles to combat the risks of forced labor: (1) Every worker should have freedom of movement; (2) No worker should pay for a job, and (3) No worker should be indebted or coerced to work. A senior member of the responsible sourcing team serves as co-chair of CGF's Social Sustainability Committee, which developed these principles, and will work to help foster global cooperation on these and other key responsible-sourcing and sustainability issues for the consumer goods industry.

Philanthropic investment in responsible recruiting. The Walmart Foundation provided a grant of close to \$1.2 million to Verité, Inc. in FY2018 to help enhance protections for workers. The grant will help implement a program to identify barriers and challenges to responsible recruitment in both the formal and informal sectors, as well as the conditions necessary for responsible recruitment to take root. Verité, Inc. will leverage data-sharing technology to stimulate market demand for responsible recruitment. The project will focus on three high-risk sectors in Southeast Asia: electronics, seafood, and apparel.



The Walmart Foundation provided a grant of close to **\$1.2 million** to Verité, Inc. in FY2018 to help enhance protections for workers.



Focusing efforts to improve higher-risk supply chains



In 2016, Walmart committed to addressing potential risks to the dignity of workers in a minimum of 10 retail value chains by 2025. As of January 31, 2018, we have focused on four supply chain initiatives:

- Produce in Mexico and the U.S.
- Seafood in Thailand
- Apparel in Bangladesh
- Electronics in China and Malaysia

Many of the risks associated with these supply chains are the result of systemic issues, making it challenging for any single organization, even one as large as Walmart, to have a significant impact; however, we want to shine a light on potential areas of risk and encourage continuous improvement and collaboration on these issues throughout the industry. Walmart's approach typically includes emphasizing and clarifying expectations; working collaboratively to tackle entrenched problems; and engaging governments to advocate for laws and regulations that are well-formed and enforced. Walmart and the Walmart Foundation also invest to identify new solutions, collect data and scale solutions. This approach builds upon our existing risk-based audit and supplier engagement programs, with additional tailored interventions.



Highlights of our work to date in these four retail supply chains include:

- **Produce.** Walmart is helping to improve working conditions in the produce industry.

Helping set standards for labor conditions in produce. Our efforts include aligning industry associations around a common approach to responsible-labor practices. The United Fresh and Produce Marketing Association's Joint Committee on Responsible Labor Practices' members are drawn from the supplier and retailer communities and aims to drive industry-wide approaches to improving labor conditions in product supply chains down to the farm level. The Joint Committee began by developing an Ethical Charter, which sets standards for and promotes responsible-labor practices in the produce and floral industries. The Committee's agreement on an Ethical Charter is the cornerstone for future actions to empower suppliers to responsibly manage labor practices in their supply chains. A draft of the Ethical Charter was made available to the public in 2017 for comment, and the Boards of Directors of both the Produce Marketing Association and United Fresh approved the Ethical Charter in January 2018. Signatories to the Ethical Charter are now being gathered and include several Walmart suppliers. The associations are developing tools to help suppliers comply with the Ethical Charter.

Mexico. In 2017, the Walmart Foundation provided a grant of \$2 million to Polaris Project to further develop the capacity of a national hotline in Mexico to address forced-labor cases, to deepen the hotline's referral network, and to expand the hotline connectivity and data-analysis systems.

The Walmart Foundation also provided a grant of \$1.4 million to fund a Woodrow Wilson International Center for Scholars study on labor conditions in Mexico's export-oriented produce industry to develop recommendations for improvement.

In 2017, the Walmart Foundation provided a grant of **\$1.4 million** to fund a Woodrow Wilson International Center for Scholars study on labor conditions in Mexico's export-oriented produce industry.





Walmart is working around the world to address potential risks of **human trafficking and forced labor**.

• **Seafood.** As part of its broader work to address human trafficking and forced labor in supply chains, Walmart has focused since 2015 on seafood supply chains in Southeast Asia—especially Thailand—where risks are acute. Because of the issues’ complexity and scale, we have been collaborating with a wide range of stakeholders to drive sustained improvements.

Collaborating with industry leaders. Walmart is a member of the Seafood Task Force, an international and multi-stakeholder initiative established by seafood processors, feed producers, merchants, retailers and NGOs, to address risks of forced labor and illegal fishing in the Thai seafood supply chain. To date, the Seafood Task Force has created supply-chain maps, established a system to track products across the supply chain, worked with government and industry stakeholders to improve regulation and codes of conduct, and championed fishery improvement projects. The task force’s board of directors includes a representative from Walmart’s responsible sourcing team, and members of Walmart’s merchandising team, corporate affairs team and sustainability team participate in various working groups to advance the collaborative work of the Seafood Task Force.

Promoting worker voice. The Issara Institute operates a multilingual migrant worker hotline in Thailand and oversees remediation of identified issues in facilities. Walmart joined the Issara Institute in 2016 and continued to support it in 2017.

The Walmart Foundation has made two grants to the Issara Institute. The first grant, awarded in 2016, was in the amount of \$439,776 and helped further develop its hotline infrastructure and migrant-engagement technology platforms including its Golden Dreams Burmese-language migrant-engagement mobile app. In 2017, the Foundation made a second grant of \$1.3 million to Issara Institute to investigate the channels and costs of recruitment into Thailand’s seafood sector, and to expand ethical-recruitment education and tools to migrant communities and civil-society organizations in Thailand’s neighboring countries. This investment is expected to better protect seafood-sector migrant workers through improved education and access to pre-departure education on ethical-recruitment practices.

A **\$2 million**
two-year grant from
the Walmart Foundation
to International
Justice Mission (IJM)
in 2016



Investing in innovation. A two-year grant of over \$2 million from the Walmart Foundation was awarded to International Justice Mission (IJM) in 2016 and is helping IJM to apply casework and criminal analytics to help increase enforcement of existing laws relating to trafficking in the Thai fishing industry. IJM will use the award to establish a field office in Bangkok to implement the program. IJM anticipates that cases will be generated from a combination of initiated investigations and referrals from local civil society and NGOs.

Investing in tools. The Walmart Foundation provided a grant of \$465,000 to FishWise to provide public access to an online roadmap and toolkit for building social responsibility and to help develop shared strategies for achieving vessel-level transparency. A Walmart Foundation grant of \$1.1 million to International Research and Exchanges Board, Inc. (IREX) will help provide training to those working in the criminal justice system and civil society in Nepal and Myanmar to disrupt trafficking networks. IREX will also support the sustainability of interventions by developing open-source, best-practice benchmarks and tools to help support criminal justice systems in the region and beyond.

Empowering women and children. The Walmart Foundation provided a grant of nearly \$700,000 to Pacific Links Foundation. The grant will provide 12,000 individuals—including 10,200 women—in migrant communities in Vietnam with access to gender-empowerment training and forced-labor and safe-migration education and tools.

The Walmart Foundation provided a grant of nearly **\$700,000** to Pacific Links Foundation. The grant will provide **12,000** individuals—including **10,200** women—in migrant communities in Vietnam with access to gender-empowerment training and forced-labor and safe-migration education and tools.

KEY ALLIANCE PROGRESS*:

- All **700+** Alliance-affiliated factories have undergone independent inspections.
- To date, **234 factories** have completed their Corrective Action Plans.
- Across all factories, **85 percent** of issues requiring remediation have been addressed.
- **80 percent** of items that are most critical to life safety, such as reinforcing structural columns, installing fire doors and installing sprinkler systems, which are often the most costly and time-consuming to address, have been completed.

**From the Alliance's Fourth Annual Report, November 2017*

- **Apparel.** Walmart is working toward meaningful and sustainable reform in the Bangladesh garment industry. In 2013, Walmart was a founding member of the Alliance for Bangladesh Worker Safety, a group of brands and retailers seeking to develop safer working conditions for men and women in in the ready-made garment industry in Bangladesh.

The Alliance has fostered a safety-focused environment for workers that includes extensive fire-safety training and access to a 24-hour, confidential helpline to report safety and other job-related concerns. The helpline is available to more than 1.4 million workers in nearly 1,000 facilities. In addition, the Alliance and the Accord on Fire and Building Safety in Bangladesh collaborated on enhancing the Fire Safety and Structural Integrity standard, which expands upon Bangladesh's existing building codes. Since the time that the Alliance has instituted training and has overseen remediation, workers have experienced fewer facility accidents, and there have been no deadly incidents related to fire, structure or electrical issues in factories where the Alliance has led remediation efforts. The Alliance has trained more than 1.5 million factory employees on initial fire safety and and over a million factory employees have taken refresher fire-safety training. Workers have also shown significant



progress in knowing how to identify potential hazards and what to do in the event of an emergency, with 88 percent expressing an understanding of what to do in an emergency and 90 percent an understanding of their responsibility to report potential risks.

Beyond training, the Alliance also guides facility inspections and Corrective Action Plans (CAPs). One hundred percent of Alliance facilities have been inspected, and through the CAP process, 85 percent of identified issues have been resolved, including 80 percent of potentially critical or life-threatening issues.

The Alliance has also worked with factory owners to provide wages for more than 6,600 displaced workers in facilities that have had to close for remediation work. More than 160 facilities have been suspended due to lack of progress on CAPs. The Alliance publishes the results of factory inspections on its [website](#), along with CAPs for factories undergoing remediation.

The Alliance has made significant progress across the Bangladesh garment industry, helping save lives and improve the wellbeing of workers, including establishing Worker Safety Committees in 171 factories to promote worker voice and training. The Alliance is working on a plan to transition the most impactful elements of its work to trusted local organizations by the end of 2018, including the important investment in fire-safety training and the helpline.

ASSESSING POTENTIAL RISKS IN THE ASDA VALUE CHAIN

In addition to their work with Stronger Together, Asda is making efforts to identify and mitigate risk across its global value chain. Asda has participated in and collaborated with various working groups and initiatives to combat modern slavery, including the British Retail Consortium Ethical Labour Working Group and the Ethical Trade Initiative. Additional information can be found in [Asda's Modern Slavery Act Statement](#).

- **Electronics.** Governments, industry organizations and NGOs have identified the electronics supply chains in China and Malaysia as posing potentially higher risks for forced labor. In 2017, Walmart became a Supporting Member of the Responsible Business Alliance (RBA), an industry association comprising more than 110 electronics, retail, auto and toy companies with combined annual revenue greater than \$4.75 trillion. RBA offers its members an auditing program, resources, training, and several working groups focused on priority areas in the electronics industry, including responsible recruitment, environmental sustainability, and forced and trafficked labor.

The Walmart Foundation provided a grant of just under \$1.1 million to the Responsible Business Alliance Foundation. The grant will be used to conduct a forced-labor information survey across more than 60,000 workers in 30 electronics facilities. The survey will help develop a baseline of worker experiences to understand gaps and to better target training and related interventions. The grant will also help develop systems for labor-broker assessments and test broker training and improved practices to support the development of a marketplace for responsible recruitment.



Reducing environmental impact

In the retail sector, our environmental impact extends far beyond retail operations, up and down the value chains that deliver food, apparel, electronics and many other products to customers every day. Farming, for example, plays a major role in GHG emissions, water usage and deforestation.

As a global retailer, we are working to help reduce environmental impacts, from the farm to the factory to the customer and at the end of the product life cycle. We hope to help create a more circular economy, moving away from a take-make-dispose approach to one where resources are preserved in production, and the materials and other component parts are ultimately recycled back into the economic stream. Working with suppliers, customers, nonprofit organizations and others, we're drawing on our strengths—such as our store and logistics infrastructure, our philanthropy and our connection to customers—to pursue practical initiatives that we hope will start to build a stronger value chain and a more circular economy.

As a global retailer, we are working to help reduce environmental impacts, from the farm to the factory to the customer and at the end of the product life cycle.

We use three key strategies as we work to reduce environmental impact:





Project Gigaton™



Goal:
Work with suppliers
to reduce emissions
in the value chain by
1 gigaton
by 2030

An amount equal
to the emissions of
211 million
average passenger
vehicles in a year



Reducing emissions

Greenhouse gas (GHG) emissions are the leading contributor to the rapid rise of global temperatures and climate change.

Because 90 percent of total GHG emissions comes from our supply chain, Walmart launched Project Gigaton in 2017. Project Gigaton invites suppliers to join us in a commitment to reduce emissions from our collective value chains by 1 billion tons—a gigaton—by 2030 as part of our Scope 3 Science-Based Target.* Achieving this ambitious goal would be the equivalent of removing 211 million passenger vehicles from the road for a year, according to the EPA's greenhouse gas equivalency calculator.



90 percent
of our total emissions
come from our value chain;
therefore, we launched
Project Gigaton to work
with suppliers to reduce
emissions.

*Avoided and absolute emissions reductions reported by suppliers will be counted toward Project Gigaton™ and will not be differentiated when speaking about Project Gigaton™ publicly. Absolute GHG emissions reductions occur when the overall concentration of greenhouse gases in the atmosphere is reduced regardless of economic growth. Avoided emissions occur when the impact of an emissions-reduction activity is calculated off of a "business as usual" scenario and therefore is a positive action but cannot be proven to have lowered the concentration of greenhouse gases in the atmosphere.

Referred to as “corporate America’s moonshot” by the Environmental Defense Fund, Project Gigaton is a platform that enables us to aggregate sustainability commitments from our suppliers in one or more of six key goal areas: energy, agriculture, waste, packaging, deforestation and product use. It’s designed so that every supplier can participate, no matter what type of product they sell.

The six goal areas were chosen because of the meaningful opportunities to prevent upstream and downstream greenhouse gas emissions across many product categories. They build on initiatives Walmart has already successfully taken on with suppliers, such as our 20 million metric ton initiative, which included sustainable agriculture, consumer-product innovation and energy efficiency. Walmart collaborated with NGOs, like World Wildlife Fund, Environmental Defense Fund and CDP (formerly the Carbon Disclosure Project), to help suppliers establish emission-reduction projects or make commitments to Project Gigaton.

In addition to launching Project Gigaton, Walmart conducted its first climate risk assessment, which highlighted potential long-term effects on operations and supply chains, such as increased heating and cooling days and availability of food commodities due to drought.



In the first year of reporting, more than 200 of these suppliers reported emissions reductions that totaled over **20 million metric tons.**

To date, over 400 suppliers have formally signed on to the project. In the first year of reporting, more than 200 of these suppliers reported emissions reductions that totaled over 20 million metric tons.

To support suppliers further, Walmart launched a digital resource center to help them establish emission-reduction projects and to make commitments as part of Project Gigaton. The resource center, which provides information in Mandarin and English, and includes tools, case studies, and program information on value chain emissions reduction, can be found at www.walmartsustainabilityhub.com. In addition, we plan to continue to leverage the Sustainability Index and other tools to better engage suppliers and encourage continuous improvement, while continuing to work with suppliers and others on emission reductions deep in the value chain.

Project Gigaton™ covers six pillars,

each of which represents a way to reduce emissions in product supply chains. The following describes each pillar and provides examples of similar efforts Walmart is taking with suppliers to reduce emissions. Project Gigaton will expand on and extend the impact of such efforts.

Agriculture

By pursuing best practices in areas such as manure management, enteric emissions, feed inputs and other activities in animal agriculture, along with fertilizer optimization in crop production, we estimate there is a potential to reduce 300 million metric tons of GHG emissions by 2030, while at the same time reducing waste and improving yield. We are asking companies to commit to reducing emissions at the farm level.

Potential to reduce
300 million metric tons
of GHG emissions
by 2030.



Packaging

Making packaging more sustainable by sourcing sustainable materials, optimizing design to reduce the amount of material used and supporting recycling is a clear way to lower emissions. We are asking companies to commit to a goal specific to any or all of these areas: 1) safely optimize design, 2) source sustainably and/or 3) support recycling.

Learn more about [our sustainable-packaging efforts](#).



Deforestation

According to Conservation International, nearly half of the world's forests have already been lost, and continuing deforestation accounts for more than 10 percent of annual global GHG emissions caused by humans.

Walmart invites suppliers to join us in working to reduce deforestation through innovative sourcing strategies and the use of technology to increase transparency and supply-chain accountability. We also support regional efforts and certifications to reduce forest loss and deliver more-sustainable commodities.



Energy

We encourage suppliers to reduce energy-related emissions in two ways. The first way is to reduce energy demand through optimization and efficiency. The second way is to transition to energy sources that are renewable and emit little to no carbon.



Waste

Food, product and material waste in factories, warehouses, distribution centers and farms is associated with greenhouse gas emissions. When waste is reduced and diverted instead of put in a landfill, it can increase efficiency and lower costs. We also support the United Nations Sustainable Development Goal of reducing global per capita food waste by half at the consumer level by 2030, as well as reducing food loss along production and supply chains while maximizing the value of the waste that remains. We encourage suppliers to reduce or eliminate waste from operations, and address post-harvest losses at the farm level, standardize date labeling, introduce innovations that extend food shelf life and educate customers about measures to prevent food waste.

Product use and design

Consumer use is an important part of a product's life cycle. Designers, manufacturers and brands have a unique opportunity to help customers be more sustainable by delivering more-efficient and innovative products to store shelves; specifically, products that help customers lower the GHG emissions associated with their enjoyment of a product. Often, these products also save customers money on operating costs. We are asking companies to commit to improving the in-use energy efficiency of their products.

[Learn more](#) about what Walmart is doing in its own operations.



IMPACT

Saving energy saves money

Intex Industries Co, a Chinese manufacturer of inflatable airbeds, pools, and spas, operates a large network of facilities across multiple locations, which made it challenging to manage factory energy-efficiency initiatives, despite having a strong team of technical experts and leadership support. Using RedE as a resource, Intex was able to quickly prioritize the most promising efficiency opportunities within each factory. Pinpointing practical opportunities such as heat-recovery systems and installation of servo motors, Intex reports delivering nearly 11 percent energy savings and \$1.5 million savings annually, inspiring continued investment in energy-efficiency initiatives.

Project Gigaton™ in action

- **Supporting energy-efficient factories.** Manufacturing is an energy intensive part of the value chain, but there are opportunities for suppliers to improve efficiency and reduce emissions. Project Gigaton's focus on energy use in manufacturing is part of a legacy of working on emissions reductions in value chains. Through our Factory Energy Efficiency Program, we are working with our suppliers to tackle factory emissions. We have placed a special focus on China, where our initiative complements the government's goal of reducing energy intensity 15 percent by 2020.

In September 2017, we surpassed the goal we set in 2014 to have 70 percent of our China-sourced business volume produced in factories that participate in an energy efficiency program by the end of 2017. To achieve this target, Walmart promoted use of McKinsey & Company's Resource Efficiency Deployment Engine (RedE), a web-based tool designed to help suppliers identify, prioritize and implement energy-efficiency projects in a simple, easy-to-use platform.

Factories that use RedE are provided with project ideas to reduce energy costs, as well as a platform for tracking progress and reporting energy metrics to McKinsey. McKinsey then provides us with anonymous data that we then aggregate. Participating factories are supported by local-language training from experts such as the Environmental Defense Fund. At the close of 2017, more than 800 factories have joined the RedE system; active users report saving more than \$40 million in total operational costs and reducing 270,000 metric tons in total CO2 equivalent emissions in the calendar year.

At the close of 2017, more than

800 factories have joined the RedE system; active users report saving more than

\$40 million in total operational costs and reducing

270,000 metric tons in total CO2 equivalent emissions in the calendar year.

- **Pursuing sustainable agriculture.** Agriculture is an incredibly important economic driver, but in the U.S., it also represents about 9 percent of total GHG emissions. The adoption of best-in-class agricultural practices, including precision agriculture and feed optimization, can help reduce farmer-input costs, improve water quality and reduce GHG emissions.

For example, Walmart is working with many of our suppliers to support efforts to help optimize fertilizer use on a targeted 34 million acres of land by 2020. In addition, we are working with stakeholders across the beef, dairy, pork and poultry industries to adopt best practices that reduce enteric and manure emissions, optimize feed production and improve soil health.

Suppliers are making exciting commitments. In December 2016, Smithfield announced that it would reduce greenhouse gas emissions in its U.S. value chain 25 percent by 2025. Smithfield is the first major livestock company to set an absolute supply-chain goal for reducing emissions. In May, 2017, Tyson Foods announced a collaboration with the World Resources Institute (WRI) to develop industry-leading, science-based GHG and outcome-based water-conservation targets for its own operations and its value chain.

See more on our [agriculture work](#).

- **Reducing waste.** According to the UN’s Food and Agriculture Organization, one third of the food produced in the world each year for human consumption gets lost or wasted. This is bad for people, their wallets, and the planet. Confusion over date labeling significantly contributes to food waste in the average home. To make labels easier to understand, Walmart has led an effort to standardize date labeling across our own private brand products. Walmart and Sam’s Club worked with our private brand suppliers to convert to a “Best If Used By” date-label information to customers unless a food safety or regulatory reason might prevent us from doing so. Today, over 92 percent of these products are in compliance with the standard date-labeling language.

See more on our operations and waste work in the [Value Chains](#) section.

Walmart is working with suppliers and others to support efforts to optimize fertilizer use on a targeted **34 million acres** of land by 2020.

- **Creating sustainable packaging.** Packaging plays an important role in protecting and delivering quality products to our customers. At the same time, making packaging more sustainable provides a way to lower GHG emissions. Walmart’s Sustainable Packaging Position Statement and Playbook provides best practices, additional guidance and resources to help suppliers optimize design, source sustainably and support recycling. We’re also working to help consumers recycle.

- **Reducing deforestation.** Deforestation contributes to GHG emissions by reducing one of the planet’s most important natural carbon sinks. In January 2017, Walmart joined World Resources Institute (WRI) and 20 other companies in the launch of a global decision-support tool to monitor deforestation. The tool—called Global Forest Watch Pro—is an online platform that provides companies, banks, and other stakeholders with data and tools for monitoring global forest loss due to the production of key commodities like palm oil, soy, and Brazilian beef. The system can plot the location of thousands of farms, production facilities, and municipalities, and provides alerts to track environmental risks such as tree-cover loss and fires. We also support regional efforts and the use of certifications to reduce forest loss and deliver sustainable commodities, across palm oil, soy, beef, and pulp and paper products.





Achieving net zero deforestation

According to Conservation International, nearly half of the world’s forests have already been lost, and continuing deforestation accounts for more than 10 percent of annual global greenhouse gas (GHG) emissions caused by humans.

Recent studies show that the expansion of certain agricultural commodities such as palm oil, soy, cattle, pulp and paper drives the majority of tropical deforestation around the world. Walmart is working toward zero net deforestation, while encouraging our suppliers, peers, and others to address deforestation and promoting sustainable production at an industry level. This will require new approaches and solutions at both the jurisdictional and landscape levels that drive results on the ground.



IMPACT

Tracking palm oil up and down the value chain

In 2017, one of our suppliers, Mondelēz International, updated its Palm Oil Action Plan with new requirements for suppliers as they work toward a sustainable supply of palm oil. The company’s aim is to make sustainable palm oil the mainstream option, based on the following principles: Production should be on legally held land; it should not lead to deforestation or loss of peat land; it must respect human rights, including land rights; and must not use forced or child labor. Mondelēz International was the first

multinational consumer-goods company to require suppliers to track oil sourced from third-party suppliers as well as their own farms, and believes this was a critical step in catalyzing systemic change in sustainable palm oil. At the end of 2015, the company reports 90 percent of the palm oil sourced by the company was traceable to the mill, and 91 percent was purchased from suppliers with published policies that are aligned with Mondelēz International’s principles.



- **Supporting sustainable palm oil.** Palm oil is an ingredient in a variety of food and consumer products, and is also widely used as cooking oil in many parts of the world. According to the World Wildlife Fund, high demand for palm oil has contributed to deforestation. To address this issue, stakeholders created the Roundtable on Sustainable Palm Oil (RSPO) to develop and maintain global standards for sustainable palm oil. Walmart has set a goal to source all of its private-brand products containing palm oil with zero net deforestation, in accordance with the principles and criteria of RSPO, or equivalent standards by 2020.
- **Supporting sustainable beef.** Beef production is the leading driver of deforestation in the Brazilian Amazon Rainforest and the Cerrado, a wooded savannah south and east of the Amazon. Brazil is the second largest producer of beef and the top global exporter since 2004. The growth of the cattle sector and shift into new regions of production in Brazil has led to increased deforestation in these two areas. To deal with these issues, and provide our customers with fresh beef that does not contribute to deforestation, Walmart committed to source 100 percent of our beef from the Amazon and all other sensitive biomes in Brazil with zero net deforestation by the end of 2020.

Learn more about our work in [Beef](#).

Tracing Brazilian beef. We encourage traceability of the beef chain through our Brazilian beef monitoring system, which helps us see that our fresh beef from Brazil does not come from deforested areas. Currently, all of our Brazil beef suppliers have added their slaughterhouses and farm locations from the Amazon and Cerrado into our system, which is monitoring over 100,000 farms in our value chain.

Learn about our support of the Global Forest Watch tool [here](#).

The Cerrado Manifesto. Walmart is working with other companies to align support for zero net deforestation in the Cerrado region of Brazil. Walmart and 23 companies including Ahold Delhaize, Marks & Spencer, McDonalds, Nando's, Tesco, and Unilever launched a statement of support for the objectives of the Cerrado Manifesto and committed to working with local and international stakeholders to halt deforestation and native vegetation loss in Brazil's Cerrado. The Cerrado Manifesto was developed by nearly 50 Brazilian and international NGOs, foundations and research institutes and calls for immediate action by the private sector to adopt policies and commitments to eliminate deforestation and conversion of native vegetation. We are pleased to see that the number of signatories to the statement of support has nearly tripled to 61 companies.



With **soy demand increasing**, it is important to work to **source soy** in a way that does not lead to the **destruction of the world's forests**.



In FY2018, Asda sourced **48,500 tonnes** of certified soy.

• **Supporting sustainable soy.** Soy is prevalent in our food products. According to the Consumer Goods Forum (CGF), the world is projected to consume 70 to 80 million metric tons of additional soybeans annually over the next 10 years. But soy has also been associated with the deforestation of some of the most species-rich lands in the world. With soy demand increasing, it is important to work to source soy in a way that does not lead to the destruction of the world's forests. This is especially true in Brazil, which produces 30 percent of global supply and is the world's largest soybean exporter. We actively support regional and multi-stakeholder efforts to support zero net deforestation in high-risk biomes such as the Amazon, Cerrado, and Gran Chaco. For example, along with other retailers and suppliers operating in Brazil, we supported the Soy Moratorium and its extension in Brazil's Amazon region during the last renewal cycle in 2014. Before the moratorium was enacted, 30 percent of Brazilian soy came from deforested areas. Since the moratorium, that amount has fallen to about 1 percent according to Science, an academic journal, and we are committed to expanding our work in soy to other sensitive biomes in Brazil where regional efforts are needed.

Sustainable soy at Asda. Our Asda stores in the U.K. are working to improve the sustainability of its soy value chain. Asda is a member of the Roundtable on Responsible Soy (RTRS), which works with the industry to promote responsible soybean production. They are also a member of the Retailers' Soy Group, whose membership is drawn from European and U.K. retailers working for sustainable soy. In an effort to understand the retailer's use of soy, Asda is calculating its soy usage using the Consumer Goods Forum soy ladder for its fresh pork, poultry, milk, cream, cheese, eggs and pork products. Currently Asda sources 48,500 tonnes of certified soy.

Scaling deforestation-free soy and beef. Walmart is collaborating with a multi-stakeholder effort working to shape standards and incentives to support deforestation-free beef and soy in South America. The Collaboration for Forests and Agriculture (CFA) was jointly launched in 2016 by the National Wildlife Federation (NWF), The Nature Conservancy (TNC), the World Wildlife Fund (WWF), the Gordon and Betty Moore Foundation and a range of other strategic partners. The work of the

Before the moratorium was enacted, **30 percent of Brazilian soy** came from deforested areas. Since the moratorium, that amount has **fallen to about 1 percent** according to Science, an academic journal.



CFA is premised on the notion that deforestation-free agricultural production can be scaled and accelerated globally through multinational companies, which have the ability, through their sourcing practices, to incentivize the adoption of better practices by producers and other value-chain actors across many geographies. Walmart is working with the CFA, its suppliers, and others to promote more sustainable practices in Brazil to reduce deforestation across sensitive biomes, such as the Cerrado and the Amazon.

- **Supporting sustainable pulp and paper products.** Forty percent of the world's annual industrial wood harvest is processed into paper and paperboard. Responsible sourcing of these products is critical to ensuring forest health and the availability of forest resources into the future. Walmart supports the implementation of more-sustainable pulp and paper procurement practices for products. We are also working to reduce and sustainably source materials used in our packaging and private-brand pulp and paper products whenever possible.

Tracking supplier performance. We are targeting zero net deforestation in our private-brand pulp and paper products, and we continue to encourage our national-brand suppliers to set similar goals. We use the Sustainability Index to measure and track supplier performance and we add a more detailed survey for our private brands to use in reporting on the percentage of virgin-fiber and recycled-content volume used in their pulp and paper products.

Certifying wood fiber. In 2017, we announced our Deforestation Policy, which formally asks global private-product suppliers to understand their forest-fiber sources and species used, and to use certified and recycled sources. We recognize Forest Stewardship Council (FSC), Sustainable Forest Initiative (SFI) and Program for Forest Endorsement (PEFC) certification programs, with preference for FSC certification—especially in high-priority countries—when it is available in quantities and with performance characteristics and prices that meet our suppliers' needs.



Eliminating waste

At Walmart, we hate waste of any kind. Waste increases costs for our customers, our business and society. That's why we are working across our value chain to reduce food waste and waste from food production, products and packaging, transportation and customer waste.

Addressing food waste, from farm to fork

Our goals are consistent with the United Nations' goals of reducing global per capita food waste by half at the consumer level by 2030. We support reducing food loss along production and value chains and maximizing the value of the waste that remains.

- **Reducing upstream food waste.** Through Project Gigaton, Walmart is encouraging our suppliers to measure and report food waste in their operations using the Food Loss and Waste Standard (FLW Standard). We are also working on the following initiatives:

Planning supply and moving to flexible product specifications. We work closely with our suppliers to forecast demand on produce items. This allows them to plan accordingly and reduce excess production and waste. We adjust our specifications on a weekly basis to accept size and other cosmetic variations that do not affect safety or quality and to keep produce available for our customers. For example, by widening our specifications on carrots and other produce, our U.K. Asda stores were able to sell an additional 690 tonnes of produce in 2017.



By widening our specifications on carrots and other produce, our U.K. Asda stores were able to sell an additional **690 tonnes** of produce in 2017.

Our goals are consistent with the United Nations' goal of **reducing global per capita food waste by half** at the consumer level by 2030.

Walmart's end-to-end approach to food waste



FARMING & PROCESSING



DISTRIBUTION



WALMART
STORES & CLUBS



CUSTOMERS



- Encouraging post-harvest loss reduction through Project Gigaton
- Driving innovations and scale through philanthropy
- Planning supply more precisely, reducing excess production and waste
- Moving to more-flexible product specifications, allowing size and other cosmetic variations that do not affect safety or quality
- Providing tools for our suppliers to better utilize excess products
- Accelerating to prevent waste
- Donating unsold food to food banks
- Diverting inedible food to use in animal feed, composting and anaerobic digestion
- Providing more days of freshness by taking days out of the produce supply chain in our U.S. operations
- Standardizing date labeling
- Addressing consumer food waste through philanthropy

Making best use of surplus food. Asda launched a surplus swap and supplier waste hotline that allows suppliers to connect with others who can utilize excess products.

Driving innovation and scale through philanthropy. The Walmart Foundation is looking at the role philanthropy can play in addressing upstream food waste. Investments from the Walmart Foundation are being used to test innovations and to scale promising programs that address upstream food waste, including projects that help prevent loss from happening in the first place, enabling the charitable network to receive donations from farms and manufacturers, and finding alternative uses, such as composting, for inedible food. For example, the Walmart Foundation provided a grant to the World Resources Institute to make it easier for actors in the value chain to use the food waste and loss protocol to measure food waste. This includes funding to create new resources and tools for finding and calculating food loss and waste.



- **Reducing customer food waste.** According to the National Resource Defense Council (NRDC), a family of four in the U.S. loses \$1,800 annually on food it purchases but does not eat. We work with our customers to help them prevent food waste in their homes through key best practices:

Providing more days of freshness. Sometimes food is wasted because stores don't have enough time to sell it or consumers don't have enough time to eat it before it passes peak quality. We are working to reduce the number of days from harvest to shelf at Walmart U.S. These changes should provide more days of freshness for customers and reduce waste. Walmart also works with suppliers to develop innovative packaging to allow for a longer shelf life.

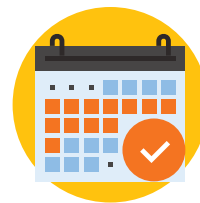
Standardizing date labeling. Confusion over date labeling significantly contributes to food waste in the average home. To make labels easier to understand, Walmart has led an effort to standardize date labeling across our own private-brand products in alignment with the CGF 2017 Call for Action. Walmart and Sam's Club worked with our private-brand suppliers to convert to "Best If Used By" date label for customers unless a food safety or regulatory reason might prevent us from doing so. Today, over 92 percent of these products are in compliance with the standard date-labeling language.



IMPACT

Delivering strawberries to the store faster

We are constantly improving our fresh network for highly perishable products by delivering the freshest food possible to our customers. In 2017, our merchandising, logistics and operations teams worked on a fresh-flow pilot to expedite berries and greens delivery from harvest to 326 stores without stopping. We were able to reduce the order to delivery cycle time by 50 percent and add 2-3 days of freshness to our strawberries. This gives customers more time to enjoy the strawberries in their homes before they go bad.



Walmart works with suppliers to develop innovative packaging to allow for a **longer shelf life.**



Addressing consumer food waste through philanthropy. We are also working to influence the development of recycling infrastructure. For example, the Walmart Foundation has provided funding to support the Harvard Law School Food Law and Policy Clinic in conducting research and analyzing policies that advance solutions for preventing food waste and loss.



IMPACT

Closed Loop Foundation re-granting of food-waste grants

In FY2018, the Walmart Foundation provided a grant to the Closed Loop Foundation (CLF) to seek innovative solutions for food waste. CLF reports that it provided seed capital to eight organizations for cutting-edge projects that aim to reduce food waste.

- **ALL IN Alameda:** Comprehensive social enterprise to efficiently recover wasted food from retail.
- **Renewal Mill:** Harvests undervalued byproducts from current food production processes and upcycles them into high-value, nutritious and wholesome products.
- **BioWorks Energy—Flint, MI:** Technology to make food waste into a sludge that can be incorporated into waste water digesters.
- **Georgia Tech:** Adding value to food waste nutrients by converting them into algal-meal fish feed for aquaponic urban-farming systems located at schools.
- **Indiana Recycling Coalition:** Building a collection and processing system to enable composting by retailers and restaurants.
- **Vermont Natural Ag:** Reducing time and cost of composting by using renewable thermal energy created in the compost system.
- **Hold that Tray:** Using anaerobic digestion/composting to highlight the value of diverting food waste.
- **Full Cycle Bioplastics:** Creating a circular-economy solution for food waste and plastic pollution by converting post-consumer food waste into a compostable bioplastic.

Sustainable packaging

Packaging can be a crucial part of how we deliver value, by protecting products and providing important information. This, in turn, helps prevent waste. We are working with suppliers to help improve the sustainability of product packaging, with an emphasis on increasing recyclability of materials, optimizing materials and design, addressing infrastructure gaps and rethinking the transport and marketing of products. We also encourage suppliers to put recyclability information on pack. When customers know what can and can't be recycled, they can sort properly and help reduce contamination in our recycling streams to create stronger, more robust recycling markets. This is one reason why, in FY2017, we committed to a new goal of making 100 percent of the packaging used for our private-brand products recyclable by 2025.

Sustainable packaging priorities

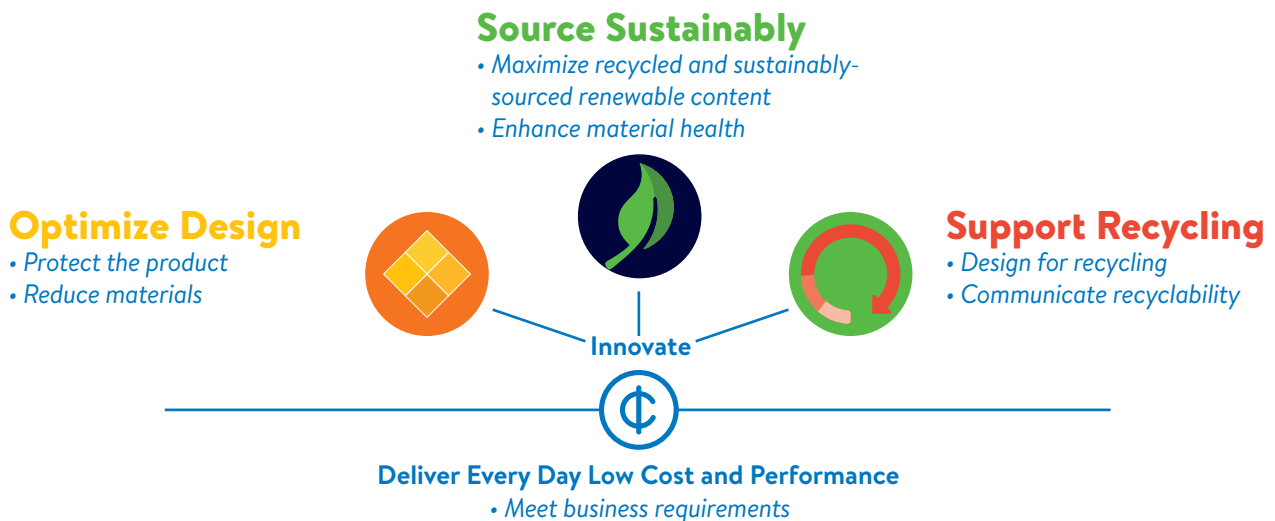
In 2016, we launched our sustainable-packaging position statement and playbook to provide resources on our three sustainable-packaging priority areas: optimizing design, sourcing sustainably, and supporting recycling.

- **Optimizing design.** Sustainable packaging has been a fundamental pillar of our sustainability work from the beginning—and a core element of doing more with less while efficiently delivering products to our customers. Walmart encourages suppliers through Project Gigaton to reduce packaging, which can also reduce greenhouse gas emissions. This approach to using packaging materials more efficiently is a fundamental strategy of sustainable packaging.



In FY2017, we committed to a new goal of making **100 percent** of the packaging used for private-brand products recyclable by 2025.

Sustainable-Packaging Priorities





IMPACT

Making shopping bags more sustainable

Walmart is working globally to make shopping bags more sustainable by optimizing design, using post-customer recycled resin, and piloting the use of biodegradable bags. We are also promoting the use of reusable bags. In 2016 in Canada, we introduced a five-cent user-fee per bag and saw a 50 percent reduction in the total number of plastic bags shipped to our stores in the first year. In Chile, 79 supermarkets have stopped offering free plastic bags and have seen a reduction of 383 tons of plastic. Walmart is the first to introduce 100 percent compostable shopping bags into the Argentina market. In India, 10 Best Price wholesale stores have migrated to cornstarch bags.

Walmart is the first to introduce 100 percent compostable shopping bags into the Argentina market.



IMPACT

Managing what you measure

At Project Gigaton™ Packaging webinar, Georgia-Pacific shared how it leverages the COMPASS tool to measure packaging-related environmental impact in its value chain. Those measurements supported a redesign of its Angel Soft toilet paper—resulting in a reduction of GHG emissions of 25 percent.



- Sourcing sustainably.** Maximizing recycled and sustainably-sourced renewable content can help spur circular-economy thinking across a range of materials, and aid in reducing the risk of deforestation due to fiber packaging. We track and measure supplier progress through Project Gigaton, and the Sustainability Index. For example, the Sustainability Index includes questions for suppliers that track their performance in key indicators.

The following chart shows the responses from the suppliers that participated in the Sustainability Index to the question, “What percentage of the sales packaging used for your final products, by mass, was post-consumer recycled material and sustainably-sourced renewable virgin material?”

SECTOR	AVERAGE PERCENT OF POST-CONSUMER RECYCLED CONTENT
Food, beverage and agriculture	16 percent
General merchandise	22 percent
Consumables	11 percent

- Supporting recycling.** Designing for a circular economy requires focus on improving the design of packaging to be more recyclable, educating and communicating to customers about what can and can't be recycled, and improving recycling infrastructure and collection programs.

Making it easier for customers to recycle. In FY2017, Walmart committed to using 100 percent recyclable packaging for our private-brand products by 2025. We also encourage suppliers to put recycling information on pack. In the U.S., Walmart encourages use of the Sustainable Packaging Coalition’s How2Recycle label® to communicate recyclability and measure its recycling progress. These standardized packaging labels are



In FY2018, over **100 Walmart** private-label suppliers signed up for the How2Recycle label (compared to only **17 in FY2017**).

designed to provide consistent and transparent information to customers regarding what can—and can't—be recycled. In FY2018, over 100 Walmart private-label suppliers signed up for the How2Recycle label (compared to only 17 in FY2017), and over 1,900 SKUs received the How2Recycle label (compared to only 28 SKUs in FY2016). Additionally, thanks in part to Walmart's support, the program has seen a number of major brands join the How2Recycle labeling program, including Unilever, Henkel, RB, Church&Dwight and Nestle Waters. When customers know what can and can't be recycled, they can sort properly, reducing contamination in our recycling streams to help create stronger, more robust recycling markets.

Increasing recycling capacity. Walmart and the Walmart Foundation, along with a coalition of other corporate and foundation partners, helped launch the Closed Loop Fund in 2014. The Closed Loop Fund has announced that it deployed \$30 million in capital to 15 projects. They report that their funds leveraged a 3:1 co-investment, which resulted in a total of \$125.4 million invested (CL Fund loans plus co-investment) in recycling infrastructure. Through no-interest and below-market loans to U.S. municipalities and private companies, the fund supports projects to improve local recycling infrastructure and boost recycling rates, increasing the value that can be recovered through recycling and returned to the production stream. Cumulative through the end of 2017, the fund has supported projects that have diverted more than 400,000 tons of materials from landfills and reduced more than 950,000 metric tons of CO2 emissions.

Recycling with the community. Walmart complements municipal programs by providing recycling solutions in some regions. In 2017, we collected 5.7 million pounds of customer packaging, used clothing, pharmaceutical waste and electronics waste for recycling in Argentina, Chile, Japan, Mexico and U.K.



IMPACT

Mexico in-store recycling

In 2017, Walmart Mexico joined with Coca-Cola and Ciel to put recycling containers for PET and aluminum outside Walmart, Superama, and Sam's Club stores. The materials collected are then used to build desks and chairs for parks and schools as part of the volunteer community aid program. At Walmart and Superama stores, customers recycled more than 106,000 cans, which were used to provide 80 solar heaters for the community of Mazahua.



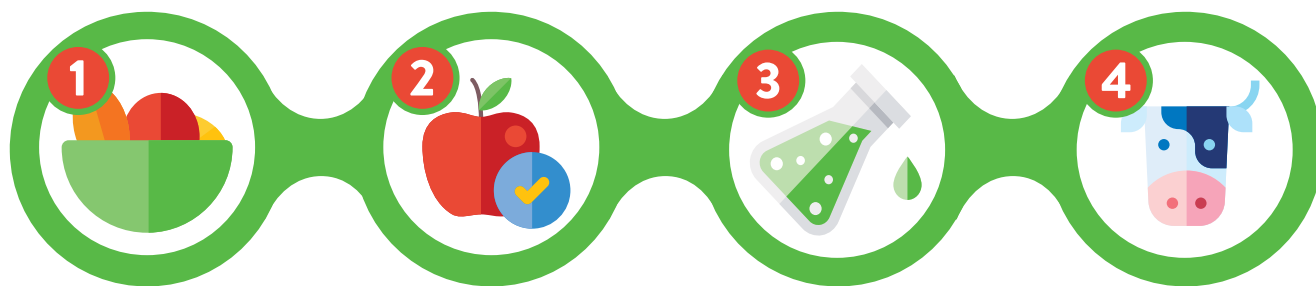
The Closed Loop Fund announced it deployed **\$30 million** in capital to **15 projects.**

Providing access to affordable, safer, healthier food and products

At Walmart, our customers trust us to provide access to affordable, safe and healthier products for them and their families. We work continuously to earn that trust by advocating for them among suppliers and encouraging innovation and transparency in product development and production.

Customers count on Walmart to make it easy and affordable to live a healthier life.

We follow four key strategies to foster safer, healthier products in supply chains:



Enhancing food choices

Promoting food safety

Advancing sustainable chemistry

Fostering animal welfare and responsible antibiotic use



Enhancing food choices

One of the biggest barriers to making healthier choices is real or perceived high prices for those options. We're working to find innovative ways to promote healthier lifestyles by helping to make healthier food and wellness opportunities more accessible to our customers. Walmart is continuing the efforts it began in 2011 to work with suppliers to improve food formulations. Examples of our work in this area include the following:

- **Reformulating our products.** We work with suppliers to reduce the level of sodium, added sugars and saturated fats in our prepackaged foods. Additionally, we work to remove artificial ingredients where our customers don't expect to find them.

Improving ingredients in the U.S. From 2011 to 2015 Walmart drove an initiative with suppliers to reduce sodium, added sugar and trans fat. After making progress, we announced new goals in 2016 that included reducing sodium by 20 percent and bringing added sugar and saturated fats to less than 10 percent of calories, as well as removing certified synthetic colors and artificial flavors from products in which customers don't expect to find them.



We announced new goals in 2016 that included reducing sodium by **20 percent.**





Reducing sodium in Canada. In Canada, Walmart worked to reduce sodium in products across all private-brand food categories. In a portfolio of over 1,200 SKUs, 410 SKUs required reformulation to reduce sodium to meet Health Canada voluntary guidelines; in 38 SKUs, sodium could not be reduced below the target as it was needed for functional or performance reasons. The remaining products meet the target sodium levels.

- Additionally, we have defined ingredient standards for all of our private-brand food tiers in Canada. The ingredient standards spell out the rules for ingredients, such as artificial colors and flavors, which are not allowed within the Our Finest brand but are permitted in the Great Value brand.

Offering healthier foods in the U.K. Asda is one of the U.K.'s largest supermarket chains. That means we have an important role to play in helping customers find the products they want to live healthier lives. Our aim is to make it easy for shoppers to make healthier choices by offering nutritious options at accessible prices, as well as providing information and advice.

- An integral component of the Asda brand nutrition strategy is reformulation and we are committed to driving reductions in portion size, energy, fat, saturates, sugar and salt across our entire private-brand portfolio. The U.K. government launched the Childhood Obesity plan in 2016 and challenged industry to reduce the amount of sugar sold by 20 percent by 2020. Therefore, a key focus in 2017 has been driving this reduction in Asda private-brand products across nine key food categories that contribute most to U.K. children's sugar intake.

- The U.K. government also announced the Soft Drinks Industry Levy in 2016, making soft drinks containing a total content of more than five grams of sugar per 100 milliliters liable for taxation (and a higher rate for those with a total sugar content of more than eight grams of sugar per 100 milliliters). Asda has been reformulating its private-brand soft drinks over a number of years and therefore our portfolio will not be liable for the levy when it is introduced in April 2018.
- Asda believes that affordability should never be a barrier to making healthier choices and we invest in keeping the price of our fresh fruit and vegetables down. In 2017 we launched the Asda Farm Stores brand, offering fresh fruit and vegetables, while helping our customers to save money and live better.



- **Making healthier eating easy.** Customers face numerous challenges in their attempts to maintain a better diet, including access to nutritious foods, understanding proliferating food claims, real and perceived high costs, and on-the-go lifestyles, to name just a few. We're working to develop tools to help our customers identify better options.

Identifying nutritious choices in store. We spent several years working with regulators and experts to develop Great For You, an on-pack icon to identify more-nutritious options. Great For You products have met rigorous nutrition criteria, informed by the latest science and developed in consultation with food and nutrition experts. We are working to support similar nutrition-guidance programs in selected international markets.

Highlighting better choices online. As customers come to rely on digital channels, we're not only increasing access to nutritious options through eCommerce, we are also providing more information about them. For example, Walmart.com now has a page dedicated to Great For You, which defines the program and provides Great For You-inspired recipes.

Walmart.com
now has a page
dedicated to
Great For You.



Promoting food safety

At Walmart, we provide access to nearly 270 million customers each week with thousands of products at affordable prices, so they can live better. Wherever they are in the world, when our customers shop in our stores, they expect to find great prices and fast, clean, and friendly service. They also expect that the products they buy in our stores are safe—and when it comes to food, this is critically important.

We want to meet our customers' expectations and we put tremendous resources behind our efforts to do so. Given our size and global footprint, we also have a unique opportunity to engage suppliers, associates, customers, researchers, communities, nonprofits and governments to promote food safety and help improve public health on a larger scale.

At Walmart, we work to make food safety a part of our culture. As leaders in the retail food business, we believe that maintaining a progressive and effective food safety management system is a critical part of our continued success. Our approach to food safety includes the following:

- **Reducing risk in the value chain**
- **Reducing risk in our operations**
- **Thinking globally, acting locally**

Reducing risk in the value chain

As a global buyer and seller of food, we believe we have an obligation to set food safety standards for our suppliers. Here are just a few examples of our work to advance food safety in value chains.

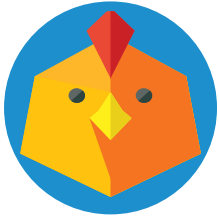
- **Advancing certification.** In December 2007, Walmart became the first U.S. retailer to require all private-brand suppliers and select categories of national-brand suppliers to achieve certification in one of the Global Food Safety Initiative (GFSI) internationally recognized food safety standards, which often exceed regulatory requirements. Since the initial rollout of this requirement, more than 10,000 food facilities around the world that provide products to Walmart stores and Sam's Clubs have been certified. Those facilities represent suppliers of both Walmart and Sam's Club private labels and national brand suppliers of bakery, home meal solutions, pet food, produce, and seafood products. Studies published in the peer-reviewed *Journal of Food Protection* have shown that Walmart's food safety initiative has resulted in thousands of suppliers strengthening their ability to produce safe foods and comply with regulations. It has also resulted in a decrease in food recalls. Learn more about the [Impact of the Global Food Safety Initiative](#):
 - [Statistical Analysis of a Survey of International Food Processors](#)
 - [Companies' opinions and acceptance of global food safety initiative benchmarks after implementation.](#)





• **Increasing transparency through blockchain.** Often people talk about a food value chain, but in reality, the food system is not a linear chain at all. Moving food from farm to table involves a complex network of interdependent entities. While the system provides consumers with many benefits, it also can present challenges, especially in regard to traceability. Many of the entities in the food system still use paper-based systems to manage records. Even when they do capture information in digital form, the data is often in disparate systems that do not speak with each other. Each participant discloses their product's path "one step forward and one step back." Regulators and retailers must take that data and piece it together manually to determine the source of an issue—a difficult and lengthy task. When an outbreak of E. coli occurred in the U.S. in 2006 linked to bagged spinach, it took regulators two weeks to trace the exact source of the contamination. That's why in early 2017, Walmart conducted two pilots, one in the U.S. and another in China, using blockchain, a distributed, decentralized digital ledger that makes it possible to store and share data across complex networks. For the U.S. pilot, we worked with a supplier to capture information in a blockchain, including where the mangoes were grown, when they were harvested, and how they traveled on their journey from farm to our store shelves. During the pilot, we were able to trace the origin of sliced mangoes in our stores in 2.2 seconds using blockchain, compared to seven days previously. After our pilots, Walmart and IBM invited leaders in the sector to participate in additional testing. Today, we have a coalition of suppliers and peers in retail all working to further test the technology.

We were able to trace the origin of sliced mangoes in our stores in **2.2 seconds** using blockchain.



According to the CDC,
19 percent
of foodborne illness
deaths are linked
to poultry

- **Making poultry safer.** From 2006 through 2013, there were multiple high-profile outbreaks of Salmonella in the United States involving poultry. In response, Walmart held a Poultry Summit in 2014, bringing together poultry experts from industry, regulatory agencies from around the world, academicians and consumer groups to find ways of making poultry safer. Based on the input from the summit, in December of 2015, Walmart issued new food safety specifications for suppliers of raw poultry to Walmart's U.S. stores and Sam's Clubs. The new specifications included a four-point plan to further strengthen poultry safety.

- **Promoting supplier safety globally.** To demonstrate our commitment to being a global food-safety leader, Walmart provides food-safety educational forums for our suppliers. One way we do this is through regional summits held throughout the world, where suppliers not only learn about food safety and Walmart's food-safety requirements, but also get an opportunity to meet members of the Walmart food safety team. We also host informational webinars for suppliers. For example, Walmart has hosted webinars to discuss beef safety in which meat science experts from Texas A&M and Iowa State University discussed technical topics related to safety in food processing. We've held similar webinars on a variety of food-safety issues. These interactive webinars provided a forum for suppliers to learn about the latest research while being able to engage experts and industry representatives in discussions on available technology and innovative practices being used in the industry.





Reducing risk in our operations

At Walmart, we understand the importance of promoting food safety with our associates and providing them with the education and training necessary to serve our customers safely. We believe that these efforts must do more than merely educate and train; they must also influence changes in associate behavior. We use a combination of web-based education, computer-based learning, classroom education and on-the-job training designed to teach our associates how to handle food. For example, we've been recognized by the industry for our use of 3D-animated technology to illustrate and teach associates how to prepare rotisserie chicken. Other examples of how we promote food safety in our operations follow:

- **Promoting safe food handling habits.** In 2010, Walmart created the Food Safety High Five, which encompasses the most important practices or behaviors an associate must follow, such as hand washing and temperature control, to help prevent foodborne illness. They are based on the CDC's most common contributing factors in foodborne disease and the FDA's retail-risk factors. We communicate the Food Safety High Five concepts visually so they can be easily understood, regardless of an individual's native language. They are also woven into many aspects of Walmart's food-safety management system, including training and workplace signs and have been integrated in over 20 countries. In addition, we are incorporating the Food Safety High Five messaging on our Web site, on the safe-handling instructions that appear on Member's Mark meat labels, and on meat department roll-bags.

- **Tracking good practices.** Walmart's Sustainable Paperless Auditing and Record Keeping (SPARK) system is a handheld tool designed to see that foods meet or exceed safety standards. Using Bluetooth communication, state-of-the-art temperature measuring devices and sophisticated software, SPARK enables Walmart associates to manage a variety of compliance and quality related tasks. For example, it sets up reminders and checklists so that associates can monitor the temperature of the cases within the deli department—keeping cold things cold and hot things hot. Before SPARK, these kinds of food-safety checks had to be logged individually, by paper or on computer. Now, all of the information is automatically uploaded to a web-based recordkeeping system. By enabling us to log an immense amount of real-time data, SPARK also helps us identify patterns and trends so customers are purchasing food products that are not just safe, but premium quality.

Walmart Food Safety 2008-2018

2008
 First U.S. retailer to require GFSI
 Food Safety Strategic Plan

2009
 Emphasis on Food Safety Culture
 Food Safety High Five
 Register Lock-Down Functionality
 Sam's Recall Notification, Robo-Call

2010
 Beef Safety Initiative
 Deli Meat Safety

2011
 Scorecard Targets
 Simplified Rotisserie Chicken
 High Five Videos (Darrell)

2012
 Sam's Recall Notification System Email
 SPARK System
 Global Food Safety Management System
 High Five Videos (Earl)

2015
 Poultry Food Safety Initiative
 Best if Used By

2016
 Integrated promotional food safety videos with routine awareness materials
 Supplier Transparency System
 Supplement Safety & Compliance Initiative (SSCI)

2017
 Food Traceability Pilots Powered by Blockchain
 Walmart Food Safety Collaboration Center

In 2009, Walmart created the **Food Safety High Five**, which **encompasses the most important practices or behaviors** an associate must follow.



- **Auditing our food safety practices.** In the thousands of retail food establishments we operate around the world, many prepare fresh food, and those stores receive independent, third-party Food Safety Audits (FSAs). All markets receive, on average, monthly audits with the exception of the U.K. and Africa, which receive quarterly audits. The audits assess adherence to Walmart food-safety standards, processes, conditions, and expected behaviors. This pace of third-party audits far exceeds the industry benchmark as well as the frequency of inspection conducted by regulatory agencies. Walmart contracts with two independent, third-party companies to conduct food-safety audits across our international markets. These risk-based audits help us receive independent assurances that our stores are operating in a safe and legal manner.

- **Responding to recalls.** Walmart maintains a system designed to swiftly execute product recalls and withdrawals. We are able to quickly notify our facilities when a recall or withdrawal is announced. In addition to removing product from our shelves and taking steps to keep our registers from scanning or processing recalled items, we go further. With the ability to scan the purchase history of our registered members and eCommerce customers, the Walmart food safety team is able to identify customers who purchased items involved in a recall online or through grocery pickup. We also have this same capability for any member who makes a purchase at Sam's Club. Once

identified, a robust notification protocol begins, using text, email, and/or phone to let the customers know they may have purchased an affected product. This type of targeted recall communication allows us to better serve and protect our customers.

- **Creating better date labels.** Every year, one third of all food produced in the world goes to waste. This is bad for people, their wallets, and the planet. At Walmart, we've found that confusion over date labeling is a huge contributor to food waste in the average home. Without a single standard from regulators for how food companies must date their products, you might see "sell by," "best by," "use before" or other variations throughout your shopping cart. Last year we worked with the Institute of Food Technologists to release a call for a simpler, more uniform solution. Learn more [here](#). Since that time, we have worked with our suppliers and customers, as well as governments and trade associations to create a voluntary standard on how to datemark foods when the date is required for quality reasons only, rather than safety. Food is too important to waste. At Walmart, we will continue to be a leader in helping our customers save food, save money, and live better.

Thinking globally, acting locally

A key strategy for advancing the level of food safety in the markets we operate in around the world is coordinating efforts and collaboration through Walmart's One Global Food Safety team. This team of food-safety professionals has members in every international market that we operate. The team is able to leverage scale and knowledge from the diverse cultural backgrounds and experiences of each member. This diversity helps spur innovation, identification of food-safety best practices, and the acceleration of food-safety efforts. The local teams work toward harmonizing food-safety standards worldwide. For example, they make sure that all private-brand suppliers in their local markets, regardless of where they are based, obtain certification in one of the Global Food Safety Initiative safety standards.

- **Advancing Food Safety in China.** In October of 2016, Walmart created the Beijing-based Walmart Food Safety Collaboration Center (WFSCC) to bring together local and international research into the root causes and prevention of foodborne illness. The WFSCC, which is a collaborative effort among industry, government, and academia, seeks to identify solutions for improving food safety in China. In 2016, Walmart and the Walmart Foundation announced a plan to invest \$25 million over five years on projects to advance food safety in China as part of this effort. The funding will support projects in innovation, education, and policy initiatives. Projects supported to date include:

Fighting Salmonella. A two-year project brings together U.S. and Chinese academics with Chinese poultry producers. It aims to monitor, manage, and ultimately mitigate Salmonella and antibiotic residues in Chinese poultry value chains. This project is funded by a Walmart Foundation grant.

Predicting risk of adulteration. A three-year project, funded by the Walmart Foundation, will help to assess adulteration risks in China's food value chains using predictive technology. It is a joint effort between the Massachusetts Institute of Technology, Zhejiang University, and Tsinghua University.

Educating children on food safety. The National Children's Food Safety Protection Campaign organized by China Children and Teenagers Foundation (CCTF) has conducted 30 food-safety experience camps, distributed 20,000 picture

books and over 2,000 hands-on learning boxes in three cities. The grant from the Walmart Foundation supported CCTF in reaching 100,000 children with this campaign. Program participants demonstrated significant gain in food-safety knowledge and behavior changes as a result of the program.

Assessing knowledge of food safety. A collaborative project led by the China Food Information Center (CFIC), working with the National Institute for Nutrition and Health (NINH) at the Chinese Center for Disease Control and Prevention (CDC), with funding from the Walmart Foundation, will conduct a nationwide survey of over 11,000 children between the ages of 3 and 12 and 25,000 parents on their knowledge, attitudes and practices with respect to household food safety.

Improving the governance of food safety. The Renmin University of China Law School launched the Sam Walton Food Safety Law Chair, with support from Walmart, to promote and contribute to the social governance of food safety in China.

Improving food traceability. Initiated by Walmart China, IBM, and Jinluo Meat Co., this project has completed a proof-of-concept pilot that dramatically reduced the time needed to trace select pork products back to the farm by digitizing traceability data on a single platform using blockchain technology.





Advancing sustainable chemistry

Walmart U.S. and Sam's Club have worked with the Environmental Defense Fund and a range of other NGOs, suppliers, academics, and government and industry stakeholders to encourage more-sustainable formulations for the consumable products we sell, including categories such as household cleaning, personal care, baby, pet, beauty and cosmetic products. We have committed to working with suppliers to encourage the incorporation of sustainable chemistry principles in the design of products sold in our stores.

Our approach to sustainable chemistry includes:

- **Defining and measuring our footprint.** Walmart was the first retailer to report to the Chemical Footprint Project. Our categories of focus include household cleaning, personal care, baby, pet, beauty, and cosmetic products. In coordination with scientific experts and industry groups, Walmart U.S. and Sam's Club U.S. have identified High-Priority Chemicals (HPCs) and Priority Chemicals (PCs) that we aim to reduce, restrict or eliminate from products, based on informed substitution principles. This year, Walmart added to its list of PCs based on substances identified by the European Union, including potential allergens in fragrance, for example.
- **Improving our footprint.** Walmart was also the first U.S. retailer to set a deadline for reducing the chemical footprint of consumables products. Last year, we announced the successful reduction of High-Priority Chemicals—96 percent by weight, since 2013—from roughly 90,000 personal care and household products sold by Walmart and Sam's Club in the U.S. According to the Environmental Defense Fund, that is more than 11,000 tons or 23 million pounds of chemicals. We have expanded our commitment by asking for a 10 percent reduction of Priority Chemicals by weight in the consumable products we carry by 2022. EDF estimates our new commitments could remove over 55 million pounds of Priority Chemicals.

We have expanded our commitment by asking for a **10 percent** reduction of **Priority Chemicals by weight** in the consumable products we carry by 2022.





Walmart's sustainable chemistry principles

Walmart developed the following set of principles to guide our suppliers in the development of products sold in our stores.

- We embrace the 12 Principles of Green Chemistry, a set of standards that provides a framework for what makes a greener chemical, process or product.
- We believe leadership means going above and beyond legal and regulatory compliance.
- We believe in the public disclosure of our goals and progress.
- We work with credible third-party organizations and leverage regulatory and authoritative resources to guide our approach.
- We expect our products to meet or exceed our performance standards and deliver on our everyday low price promise.



For more information on our chemicals policy, please visit walmartsustainabilityhub.com.

Walmart's sustainable-chemistry commitment originally launched in 2013. It addressed approximately **90,000 personal-care and household products** from **700 suppliers** sold by Walmart and Sam's Club in the U.S. Last year, we announced the successful reduction of High-Priority Chemicals—**96 percent by weight**—from such products. According to the Environmental Defense Fund, that is more than **11,000 tons** or **23 million pounds of chemicals**.

- **Increasing transparency.** Our goal is to increase the information available to customers about personal-care and household products so they can make more informed choices. In 2015, we started listing ingredient information on Walmart.com and Samsclub.com for our private brands. We asked national-brand suppliers to list product ingredients on their own websites. We have also asked suppliers to disclose Priority Chemicals on pack beginning in 2018. On a related note, to make it easier for customers to shop at Jet.com for products they want, we offer a range of filters such as cruelty-free, BPA-free and certified USDA organic.



UNIQUELY J

In the fall of 2017, our eCommerce business, Jet.com, launched Uniquely J, a brand designed for metro millennial consumers. The curated selection of products includes essentials like coffee, olive oil, laundry detergent, and paper towels, and more items will be added. Uniquely J brings together everything our customers care about, from quality to design and beyond, without trade-offs. For example, we now offer a range of EPA Safer Choice certified household-cleaning products under the Uniquely J brand. “With Uniquely J, we want to eliminate the trade-offs consumers face; the purchase decision becomes an easy one when each product offers the trifecta of quality, style, and value,” said Dan Hooker, who heads private-label products and e-commerce for Jet.com and Walmart.

- **Expanding certifications and choice.** Third-party certifications can help lend credibility and verification for how products are made, and can provide a signal of leadership to customers. This year, Walmart expanded the list of certifications that we believe align with our commitment to sustainable chemistry. We encourage both private and national brand suppliers to use the EPA’s Safer Choice; EWG verified; or Cradle to Cradle (Silver or above) certification. We continue to encourage our private-brand suppliers to offer products with safer-choice certification. As well, Walmart U.S. is expanding its assortment of more-sustainable products from brands our customers love. We now offer products from purpose-driven brands such as Alaffia in our naturals and baby departments.
- **Driving innovation with collective action.** To help drive reformulations on a larger scale, we participate in a number of stakeholder initiatives, such as the Beauty and Personal Care (BPC) Sustainability Project, led by Forum for the Future, a nonprofit organization working collaboratively to build better systems for a sustainable world. The BPC has launched an industry leadership group to address the fundamental barriers to more-sustainable products. In addition, to help spur innovation in preservatives, Walmart is participating in the Green Chemistry and Commerce Council’s (GC3) crowd-sourcing competition for new preservative technologies based on green-chemistry principles, alongside other retailers, personal-care and household-product manufacturers, preservative makers and NGOs.

This year, Walmart expanded the list of certifications that we believe align with our commitment to sustainable chemistry.



Fostering animal welfare and responsible antibiotic use

Walmart believes that animals should be treated humanely throughout their lives and that antibiotics should be used responsibly to preserve their effectiveness in human and veterinary medicine.



Walmart expects that our suppliers will not tolerate animal abuse, and we support the globally recognized “Five Freedoms” of animal welfare:

1. Freedom from hunger or thirst
2. Freedom from discomfort
3. Freedom from pain, injury or disease
4. Freedom to express normal behavior
5. Freedom from fear and distress

We are committed to working with suppliers and other organizations to implement practices consistent with these freedoms and with the judicious use of antibiotics.

• **Engaging suppliers.** We survey suppliers on animal welfare and antibiotics to help us understand approaches across meat, dairy and farmed seafood value chains in supporting the implementation of Walmart’s corporate policies. In 2018, we gathered and analyzed 175 supplier responses to our animal-welfare survey from Walmart U.S. suppliers totaling over \$36 billion in sales. Participation in the survey increased more than 30 percent compared with the previous year. These survey results show supplier participation in every animal protein and show supplier commitments to improvements in every key area.



Our goal is to have video monitoring on sow farms for **100 percent** of our supply by the end of 2018.

- **Encouraging progress on key issues.** As part of our animal-welfare position, we called for the industry to find and implement solutions to animal-welfare concerns, including housing systems that lack sufficient space, enrichment or socialization (such as battery cages for egg-laying hens and gestation crates for pigs). Through our antibiotics position, we called for judicious use of medically important antibiotics and elimination of the use of any antibiotics for growth promotion. Examples of specific programs include:

Technology to monitor animal welfare. We launched a tracking and audit program for our fresh pork suppliers in 2014. Our goal is to have video monitoring on sow farms for 100 percent of our supply by the end of 2018. Video monitoring is designed to allow suppliers to hold farmers accountable for the welfare of the sows and to help improve farm practices. In addition, each fresh-pork supplier is required to conduct an annual animal-welfare audit in accordance with the standards of the National Pork Board's Pork Quality Assurance® Plus program.

Working toward cage-free eggs in select markets. Based on customer feedback in FY2017, Walmart U.S and Sam's Club U.S. released a position on eggs, in which we set forth a goal to transition to a 100 percent cage-free egg value chain, subject to regulatory changes and based on available supply, affordability and customer demand. In addition, all of our shell-egg supply at Walmart U.S. and Sam's Club U.S. is required to meet United Egg Producers animal-welfare requirements or equivalent. Our U.K. Asda and Walmart Canada businesses have announced similar goals for a transition to cage-free eggs by 2025.

Reducing antibiotics in animal agriculture. Because of increased consumer demand, Walmart U.S. has increased the amount of antibiotic free chicken and turkey we sell. We are seeing increased customer demand in this category as well as double-digit sales growth, not only in FY2018 but over the past eight years in the U.S. One of our poultry suppliers, Perdue, has shifted its value chain to not use antibiotics. Perdue converted its commodity chicken to antibiotic-free in September 2017 as part of a 15-year journey, and in 2017, 75 percent of their turkey was also raised with no antibiotics ever. Natural supplements, such as oregano and thyme, help ensure that their chickens stay healthy without antibiotics. The Perdue Harvestland line is further differentiated by building on no antibiotics ever with organic and non-genetically modified organism certifications and an organic vegetarian diet. The houses these birds are raised in have windows to provide natural sunlight and doors for the chickens to move freely in and out of the house, with food, water and shade outdoors. Our Asda stores in the U.K. take the issue of antibiotics use seriously. Based upon supplier reports, Asda has seen a 27 percent reduction in antibiotics in food-producing animals (over 2014 levels). The reduction puts Asda's suppliers on track to meet a government commitment two years early, going from 62 milligrams per kilogram to 45 milligrams per kilogram when the government target was 50 milligrams per kilogram. There are species-specific government targets as well for 2020, which Asda suppliers have already exceeded for chicken.

Promoting more humane practices. In addition to working toward eliminating the use of antibiotics, Perdue—one of our U.S. poultry suppliers—is studying alternative breeds and practices, implementing new space guidelines, piloting an enhanced light regimen and enrichments, and working toward increasing welfare in processing methods.



Based upon supplier reports, **Asda has seen a 27 percent reduction in antibiotics** since 2014 in food-producing animals, **meeting a government commitment two years early.**



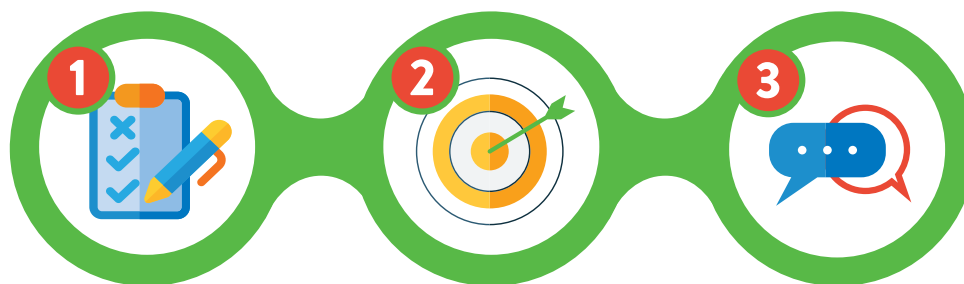
Supporting measurement and transparency

Customers have high expectations. They want to feel good about the products they buy. They are asking for more visibility into how food is grown and products made, as well as information about the people and companies involved in those processes. Measurement and transparency can help us deliver on those customer needs.

Measurement and transparency can also enable transformation of value chains upstream and downstream by, for example, helping to flag hot spots or assess the impact of one practice versus another. We are working with others to improve measurement and transparency; it is the right thing for our customers, for society and our business.

Measurement and transparency foster customer trust and can help accelerate sustainability improvements in supply chains.

We follow three key strategies as we work to improve measurement and transparency:



Driving change with the Sustainability Index

Driving adoption of targeted measurement tools

Providing better information to customers



Driving change with the Sustainability Index

We aim to drive continuous improvement in the value chain by engaging with our suppliers and others, supported by the Sustainability Index.



Product supply chains span multiple categories and products, from cell phones to canned soup. They often involve many different suppliers and organizations affected by many different sustainability issues at different stages of production.

The Sustainability Index, a science-based, third-party tool that was developed in collaboration with universities, civil society and suppliers, provides visibility into the social and environmental practices and outcomes for a large number of supply chains. The Index gathers data on key sustainability performance indicators for specific supply chains. Walmart uses the Index with our suppliers in over 125 product categories, ranging from socks to salmon. Last year, in these categories, over 70 percent of our assortment came from suppliers who participate in the Index.



Walmart uses the Index with our suppliers in over **125 product categories**, ranging from socks to salmon.

The Index currently covers:



125+
categories



1,800
suppliers



300 buyers
across Walmart, Sam's
Club and Walmart.com.

In the categories covered by the Index, **70 percent** of our goods come from suppliers that have participated in the Index.

The Sustainability Index gathers and analyzes information across a product's life cycle—from sourcing, manufacturing and transporting, to selling, customer usage and end of life. TSC research first identifies the materially significant environmental and social issues—or hot spots—across the product-life cycle and identifies improvement opportunities for addressing those hot spots. The supply-chain hot spots and improvement opportunities are then summarized in a sustainability profile of the category.

Next, Key Performance Indicators (KPIs) are developed and sent out in the form of survey questions that are used to measure sustainability performance for a particular product category. Suppliers then respond to the surveys for the specific product categories they supply, with each supplier covering up to 15 issues that TSC has deemed critical. The surveys paint a picture of the sustainability challenges down to the category level for 70 percent of our goods, from tomatoes to toys. We use the data from the surveys to identify key social and environmental hot spots and to set an agenda as we work with our suppliers to drive continuous improvement. We also use the data to identify opportunities for special attention, such as fertilizer optimization or improved animal welfare, to help drive more substantial change quickly.

Finally, the survey data is integrated into decision-making tools throughout the business. The use of the Sustainability

Index sets the expectation that Walmart isn't looking for change at the margins with a few niche products. We're trying to raise the bar for all items we stock.

To accelerate progress on identified sustainability hot spots throughout global value chains, we share anonymous and aggregated Sustainability Index results with suppliers and encourage them to pursue efforts to address challenges.

- **Sharing the results.** After synthesizing Index results, we produce scorecards that highlight key hot spots by category. Suppliers can see how they rank relative to the field, and gain insight into improvement opportunities for each of the categories they supply. For example, suppliers of laundry detergent can see how they are progressing relative to all other suppliers on chemicals of concern; in beef, suppliers can see how they are doing relative to all other suppliers on animal welfare or emissions. Suppliers can see their own data, their relative ranking and category average scores.
- **Finding improvement opportunities.** Our buyers and associates use this data along with business metrics, such as customer insights, sales, costs, and inventory turns, to work with suppliers on sustainability issues, exploring opportunities to make changes in ways that strengthen both sustainability and business performance. Along with our suppliers, we take stock of progress each year through the Index.

• **Improving the index.** The Sustainability Consortium (the owner of the Sustainability Index) continues to refine Index metrics to align with those developed by organizations such as CDP, a nonprofit formally known as Carbon Disclosure Project, and Sustainable Apparel Coalition. Walmart has worked closely with TSC, suppliers and other retailers to help drive this alignment. Simplification and standardization of sustainability metrics is a key prerequisite for transparency as well as collective action in product value chains.

» As an example of the Index in action, the chart below illustrates the “category scorecard” for consumables suppliers. The Walmart consumable buyer can use this scorecard to help identify sustainability-improvement opportunities for individual suppliers and spotlight specific issues for category-wide initiatives, such as sustainable chemistry and sustainable-packaging design.

**Example of how we use the Sustainability Index:
Consumables, health and wellness—top 10 supplier category scorecard**

	Priority chemicals			Packaging			Deforestation		Index
	Disclosure	Chemicals management programs	Ingredient evaluations	Sustainable design	Raw material—end of life	How2Recycle label (Y/N)	Fiber sourcing/certifications	Palm oil sourcing	Participation
Supplier A	●	●	●	●	●	Y	●	●	●
Supplier B	●	●	●	●	●	N	●	●	●
Supplier C	●	●	●	●	●	Y	●	N/A	●
Supplier D	●	●	●	●	●	N	●	●	●
Supplier E	●	●	N/A	●	●	Y	●	N/A	●
Supplier F	●	●	●	●	●	Y	●	●	●
Supplier G	●	●	N/A	●	●	Y	●	N/A	●
Supplier H	●	●	●	●	●	N	N/A	●	●
Supplier I	●	●	●	●	●	Y	●	●	●
Supplier J	●	●	●	●	●	N	●	●	●

The sustainability index

How big data leads to more-sustainable products

1

Using the Sustainability Index
to map our product chains and gather information around crucial inputs, outputs, and processes throughout the value chain.

Raw materials



Manufacturing



Distribution



Retail



Consumer use



End of life

2

Analyzing the information
to identify areas of opportunity with various stakeholders throughout the value chain

SAMPLE REPORTS INCLUDE:



Category evaluation: heat maps



Supplier evaluation: scorecard



Monitoring impact areas: dashboards

3

Engaging suppliers and other stakeholders

to collaborate on initiatives for improving priority areas like climate-smart agriculture or priority chemicals





Driving adoption of targeted measurement tools

Walmart is committed to leading the effort to make products better, more resilient and more sustainable, from factory to final use. However, value chains are too long and too complex for any one player to drive the necessary improvements; change requires collective action.

We are working with stakeholders all along the value chain to help improve sustainability. More consistent measurement and disclosure is essential to this effort. Timely, accurate data helps stakeholders understand where the opportunities are and where collaboration can play a role in improving both product quality and the processes that bring products to market.

One technology that holds a lot of promise for enabling a new era of transparency and enhanced trust is Blockchain, a decentralized digital ledger that enables data sharing across complex networks. Last year, Walmart collaborated with IBM to explore its application for enhanced food safety. In two pilot studies, we were able to dramatically reduce the time required to trace these foods back to their farms of origin—a critical capability for food safety, allowing rapid recalls in the case of food contamination. Today, we are part of a coalition comprised of both suppliers and retailers, including Danone, Dole, Driscolls, Golden State Foods, Kroger, McCormick, Nestle, Tyson, Unilever and Walmart to identify new areas where the global supply chain can benefit from blockchain.

Global data-management and traceability systems, which drive measurable impact, are key to these efforts. These systems are beginning to use geospatial data, satellite imagery, producer reporting, and other forms of information to actively monitor important issues and communicate them throughout the value chain. Walmart supports a variety of these tools to help us understand more about the issues, challenges, and solutions across our value chains. These tools help support decision-making, mitigate risks, and help measure the impact of our work.

- **Measuring and reporting emissions.** More than 1,300 Walmart suppliers were invited to disclose data on their emissions to CDP Supply Chain and nearly 850 did so. In total, these suppliers reported emissions reductions of over 160 million tons.

For more on emissions reporting, see [Project Gigaton](#).

- **Building tools to trace Brazilian beef.** Walmart committed to source 100 percent of our beef from the Amazon and all other sensitive biomes in Brazil with zero net deforestation by the end of 2020. To help meet this goal, we created a geospatial monitoring system to help us track suppliers, volumes and farm locations. The system overlays that information with maps that show where deforestation is occurring. As part of our efforts to achieve our 2020 zero net deforestation goal, we are expanding this program beyond the Amazon to other sensitive biomes in Brazil.

See [Cerrado Manifesto](#).

Currently, our Brazil beef suppliers have added their slaughterhouses and farm locations from the Cerrado into the system, which is monitoring over 100,000 farms in our value chain to help make sure that the beef we sell is sourced with zero net deforestation. We are also expanding the scope of this program beyond the finishing ranch to cow/calf operations.

More than **1,300** Walmart suppliers were invited to disclose data on their emissions to CDP Supply Chain and nearly **850** did so.

In total, these suppliers reported emissions reductions of over **160** million tons.





Our Asda market in the U.K. was the **first retailer** in the world to join the Ocean Disclosure Project. Walmart joined in November 2017.

- **Monitoring global forest loss.** In January 2017, Walmart, World Resources Institute (WRI) and 20 other companies at Davos launched a partnership to build a global decision-support tool to monitor deforestation and manage sustainability from the farm, all the way to the consumer. The tool—called Global Forest Watch Pro—is an online platform that provides companies, banks, and other stakeholders with data and tools to monitor global forest loss due to the production of key commodities like palm oil, soy, and Brazilian beef.

The system can plot the location of thousands of farms, production facilities, and municipalities, and provides alerts to track environmental risks such as tree-cover loss and fires. The data can also be used to spot trends in risky areas and monitor progress over time.

See [deforestation](#).

- **Exploring big data tools for farm optimization.** In agriculture, data regarding weather, soil and yields is essential for improving productivity. Waste in agriculture not only affects the farmer's bottom line, but also the environment. Walmart helped found the Midwest Row Crop Collaborative (MRCC), a project of the Keystone Policy Center. The MRCC has supported the enrollment of over 100 demonstration farms in the Soil Health Partnership (SHP), an organization helping farmers use tools to identify, test, and measure management practices for improving soil health. In addition, we promote the use of tools that help farmers reduce nutrient run-off into watersheds and lower emissions, like Field to Market's Fieldprint Calculator. In some cases, tools can provide recommendations to farmers for how they might improve practices like fertilizer

application and nutrient-use efficiency. We support the continued use of data management systems as part of our goals to help optimize agricultural production to feed a growing population and drive business value.

- **Providing transparency into seafood.** In an effort to make the origins of the seafood we sell more transparent for our customers, Walmart joined the Ocean Disclosure Project (ODP) in November 2017. The ODP helps us provide information to our customers, based on supplier reports, where our wild seafood comes from and how it was obtained. The ODP also collects information on the fishing gear that was used to bring in the fish and fisheries-management information, such as environmental impacts. Our Asda market in the U.K. was the first retailer in the world to join the ODP. This effort is helping our customers learn more about the sustainability of the seafood they buy from our stores.



Providing better information to customers

Customers are increasingly interested in knowing what goes into the products they use and how products are made. We are working with others to improve our own disclosures, as well as industry standards and tools that enable product transparency.

Walmart customers and Sam's Club members have high expectations of the products they purchase, and they should. Our customers and members seek products that are effective, affordable and sustainable. They read the labels on packaging and research ingredients to learn more about why they are used and to identify potential concerns. We aim to provide our customers and members with the information they are looking for to help them make the best purchasing decisions for themselves and their families.

- **Providing better access to ingredient information.**

Walmart U.S.'s sustainable chemistry policy is designed to help increase the information available to customers about personal-care and household products like baby lotion, cleaners and pet shampoo. In 2015, we started listing ingredient information on Walmart.com and Samsclub.com for our private brands. We also asked national-brand suppliers to list product ingredients on their own websites, so customers can make better-informed choices. We track the percentage of suppliers disclosing



this information through our Sustainability Index. In FY2018, for the consumable-business departments in-scope for our sustainable chemistry commitment, suppliers representing 90 percent of Walmart sales and 94 percent of Sam's Club sales participated in the Sustainability Index, where surveys were available.

- **Increasing visibility into the value chain.** In collaboration with IBM, Walmart is exploring blockchain technology to create a digitized industry standard for enhancing, accelerating and optimizing supply-chain traceability from farm to fork. Enhanced traceability may allow industry and regulators to more quickly and accurately identify affected product during recalls and remove that product from store shelves and distribution centers. Greater visibility into our supply chain could also help cut down waste by reducing or eliminating supply-chain delays. The goal of the project is to eventually be able to provide consumers with more up-to-date information about the products they are buying, increasing transparency and trust in the food system.



Relieving
hunger



Providing
disaster
relief



Supporting
communities



Supporting
veterans
and military
families



Community

STRENGTHENING LOCAL COMMUNITIES

The local communities where our stores are located and where our customers and associates live are the cornerstones of our business. We support these communities every day by providing our customers with convenient access to affordable food and other products and by providing our associates with good jobs and advancement opportunity. To further support and strengthen these communities, we collaborate with charitable organizations, draw on our expertise in logistics and other areas and enable the engagement of our 2.3 million associates worldwide. Together we are working to strengthen and extend the charitable meal system, provide emergency relief in the face of disaster and improve disaster preparedness, and provide support through local giving in the 10,000 communities around the world where we live and work.

Relieving hunger

Hunger is a reality for many families around the world. The United States Department of Agriculture (USDA) estimates that in the U.S. alone, more than 41.2 million people face food insecurity, which it defines as limited or uncertain access to adequate food. At Walmart, we are dedicated to the fight against hunger and are determined to help families who need ready access to nutritious food. To achieve long-term impact, we aim for whole system change.

Walmart and the Walmart Foundation have made significant progress toward the goal we set in FY2015 of providing 4 billion meals over five years to people in need. Since FY2015, Walmart has donated over 2.5 billion pounds of food from Walmart stores, Sam's Club locations and distribution centers including more than 675 million pounds of food in FY2018—over half of which was fruits, vegetables and meat.

Since FY2015, Walmart has donated over **2.5 billion** pounds of food from Walmart stores, Sam's Club locations and distribution centers including more than **675 million** pounds of food in FY2018.

Our work to alleviate food insecurity includes four key strategies:





Strengthening the charitable meal system

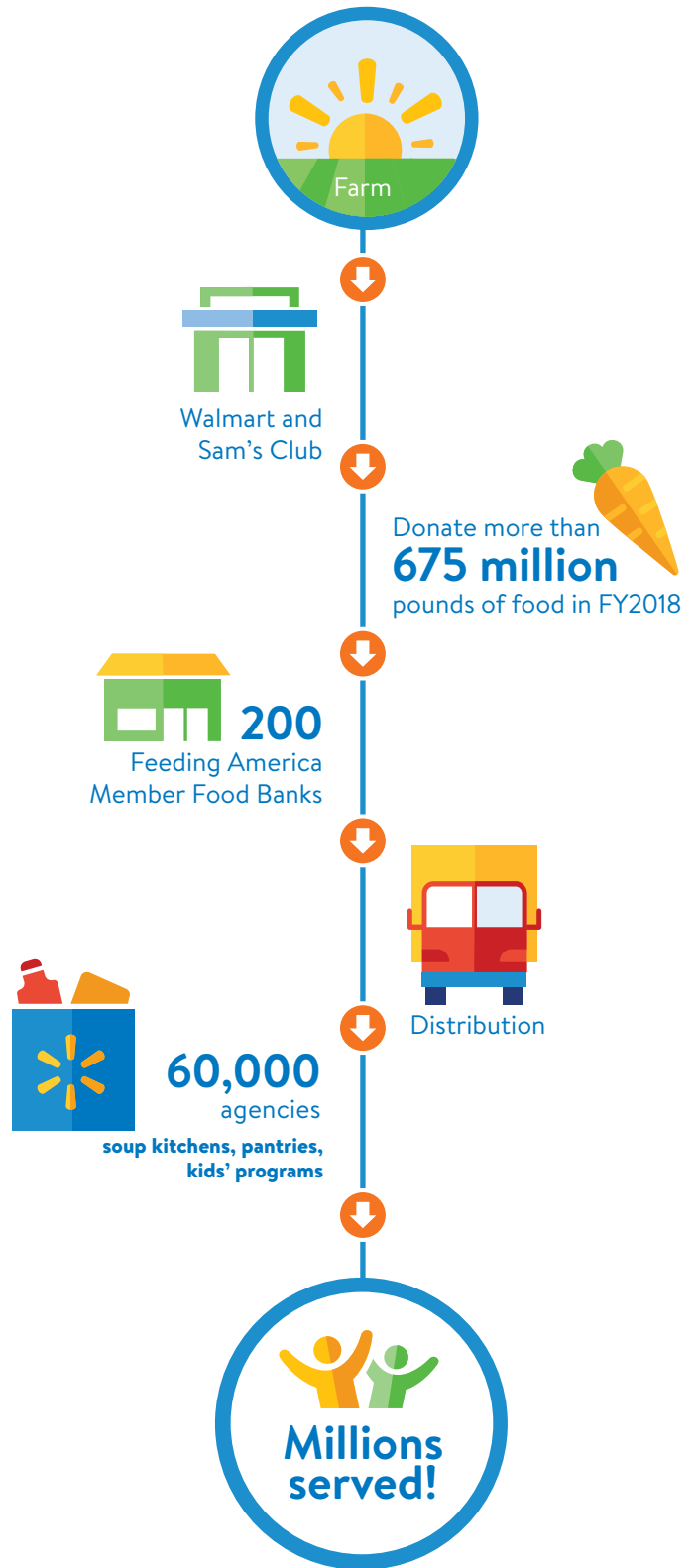
The charitable food network is only as strong as its infrastructure. Walmart and the Walmart Foundation have provided funds for equipment, trucks and logistical expertise to help organizations on the front lines of charitable food provision extend their reach and impact.

- **Helping to relieve hunger in the U.S.** Walmart and the Walmart Foundation have invested over \$100 million in Feeding America since 2005 to provide charitable meals, develop infrastructure and build out essential programs. Additionally, the Walmart Foundation has provided funding to secure nearly 218 vehicles.
- **Helping to relieve hunger internationally.** In FY2018, the Walmart Foundation invested in Food Banks Canada (FBC), a charitable organization dedicated to helping Canadians living with food insecurity. A \$2.3 million grant from the Walmart Foundation will help FBC build capacity and increase the network's ability to secure more food through the purchase of refrigerated trucks, commercial refrigerators/freezers, shelving and other equipment.



Walmart and the Walmart Foundation have invested **\$100 million** in Feeding America since 2005.

How Walmart gets food to people who need it in the U.S.



**Feeding America works with multiple contributors, in addition to Walmart and Sam's Club, including other retailers, farmers, consumer packaged goods companies and the government allowing them to serve more than 46 million individuals annually.*

Across Central America

In FY2018, Walmart Central America donated more than 9.6 million pounds of food to 10 food banks that reported serving more than 181,000 people every day.

- **Guatemala.** In FY2018, our stores in Guatemala helped support the launch of Development in Motion by providing \$100,000 in seed capital. The objective of the program is to educate beneficiaries on how to reduce the loss of edible foods and non-perishable products.
- **El Salvador.** During FY2018, our stores in El Salvador, committed to help reduce malnutrition, supported a program with the Food Bank to benefit low-income schools. The program aims to provide healthy breakfasts to children during the school year. Our associates volunteer to deliver fresh fruit and even cook for the children.

Also in El Salvador, our stores worked with Hortifruti to conduct nutrition workshops to provide customers with healthy eating tips. To date, more than 400 customers have participated in the nutrition workshops.

- **Honduras.** Our stores in Honduras made the third and final disbursement of \$23,400 for the construction of a third food bank in southern Honduras benefiting the vulnerable populations of La Paz, Valle and Choluteca in FY2018.

Relieving hunger globally

Walmart donates unsold food from its stores and distribution centers around the world. In FY2018, donations to the charitable meal system included the following:

Brazil:

Walmart stores donated more than **65,181 pounds** to food banks in Brazil.

Chile:

Walmart Chile donated **123,000 pounds** of food to Chile's first food bank, Red de Alimentos, helping benefit **293,570 people** together with the other companies that are part of this food bank.

Central America:

Walmart Central America donated more than **9.6 million+ pounds** of food to **10 food banks**, serving over **181,000 people** every day.

U.K.:

Walmart donated more than **1.8 million+ pounds** of food to organizations that distribute it to people in need.

Canada:

Walmart Canada donated more than **5 million pounds** of food to food banks.

U.S.:

Walmart U.S. donated more than **675 million pounds of food** to organizations that distribute to people in need.



Mobilizing customers and associates

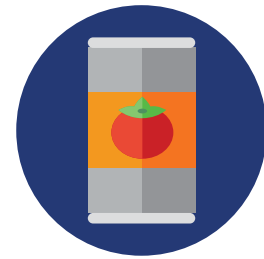
Walmart works to raise awareness of the issue of hunger by engaging our associates, suppliers and customers in cause marketing programs.



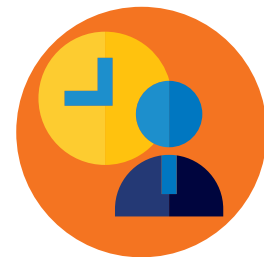
- **Supporting stakeholder donations.** In the U.S., our stores teamed up with our customers and participating suppliers to support Feeding America through our “Fight Hunger. Spark Change.” (FHSC) campaign, raising

more than \$19.8 million in funds in FY2018. Walmart Canada ran its inaugural FHSC campaign in FY2018, helping to secure over 8 million meals for Food Banks Canada.

- **Supporting volunteers.** Our associates around the world are dedicated to addressing hunger. In the U.S. alone, our associates volunteered more than 100,000 hours toward food donation and relief efforts in FY2018.



8 million+ meals secured for Food Banks Canada



In FY2018, our U.S. associates volunteered more than **100,000 hours** toward hunger relief.



Extending the reach of hunger relief programs

To help alleviate hunger, it's critical to provide meals in locations where people gather and to increase access to food benefits—especially for children and the elderly. Walmart and the Walmart Foundation are working with organizations around the world to bring meal programs into settings such as schools, recreational facilities and mobile kitchens.

Extending reach in the U.S.

In FY2018, the Walmart Foundation invested over \$11 million to support children's hunger relief programs in the U.S.

- **After school and summer meal programs.** The Food Research and Action Center reports that only one in seven low-income children who ate a school lunch during the 2015–2016 school year was reached by the USDA's Summer Nutrition Programs in July 2016. The Walmart Foundation works to fill this gap by providing grants to organizations that provide meals to K–12 school kids during the summer months. For example, over the past six years, the Walmart Foundation has granted over \$35 million to YMCA of the USA. With this funding the Y has provided over 90 million healthy meals and snacks to nearly 2.6 million in out of school time programs in 28 states and the District of Columbia.
- **Breakfast for children in need.** Studies show that eating breakfast before school improves behavior as well as academic performance. Alternative breakfast programs such as Breakfast After the Bell have increased access to breakfasts for children in need. The Walmart Foundation provides grant funding for some of the start-up costs of these alternative breakfast programs, such as equipment and technical assistance. Over the past six years, the Walmart Foundation has supported Action for Healthy Kids in providing over 38 million breakfasts to children in over 1,400 schools across 35 States.
- **Access to food benefit programs.** The Walmart Foundation is investing in organizations that help scale access to federal nutrition programs, such as the Supplemental Nutrition Assistance Program (SNAP), which provides resources to help families stretch their food budgets. We fund organizations such as Feeding America, Benefits Data Trust and Catholic Charities to help families understand eligibility and navigate the application process. The Walmart Foundation awarded a new grant to support Code for America's Integrated Benefits Initiative which is using a human-centered approach to redesign the social safety net and improve how Americans access multiple benefits programs at once.





13 mobile kitchens

donated by Massmart in FY2018 enabled the preparation of approximately

44 million meals.



Extending reach globally

From China to South Africa, Walmart has worked with local charities, governments and suppliers to help provide millions of school meals.

- **Reaching high-poverty regions in China.** Walmart and the Walmart Foundation support programs that provide nutritious meals for schoolchildren in markets around the world. Walmart China, for example, is working with charitable organizations to mobilize suppliers, customers and associates to raise funds for meals for schoolchildren in high-poverty regions. These efforts have also enabled the installation of modern electric kitchens in schools for serving hot lunches.
- **Providing nutritious meals in Africa.** Massmart stores in South Africa have long supported schools in the surrounding communities. In FY2018, through the donation of an additional 13 mobile kitchens, which brings the total number of kitchens provided to 313, Massmart enabled the preparation of approximately 44 million meals supplied through the Department of Basic Education's National School Nutrition Program.



Encouraging healthier eating

In 2014, Walmart and the Walmart Foundation set a goal of providing nutrition education to 4 million people by 2020. These efforts are focused on encouraging people to prepare meals at home and to increase their consumption of fruits and vegetables. Since making that commitment, Walmart and the Walmart Foundation have funded nutrition education for more than 3.5 million people.

- **Encouraging consumption of fruits and vegetables.** Walmart and the Walmart Foundation support programs that teach the importance of eating fresh produce and provide opportunities for tasting new foods. For example, over the past four years, the Walmart Foundation has provided \$5.7 million in funding to FoodCorps, a national service program that has placed 830 AmeriCorps service members with over 300 school, district, and community-based partners to provide hands-on nutrition education in schools and promote healthier school meals. This year alone, FoodCorps will reach more than 160,000 kids nationally in 350+ schools across 17 states and Washington, D.C.

- **Encouraging home meal preparation.** We support programs that help families build the skills needed to produce healthier meals at home. Examples include programs that provide classes on cooking and shopping and that help families make the most of the food resources available to them. We focus on programs that are culturally and geographically relevant to their communities. For example, a \$2.5 million grant by the Walmart Foundation to National 4-H will focus on expanding nutrition education across the U.S. for rural and urban youth, with a particular focus on reaching Hispanic and Native youth.



This year alone, FoodCorps will reach more than **160,000 kids** nationally in **350+ schools** across **17 states and Washington, D.C.**

- **Building capacity to measure success.**

Nonprofits have been challenged by funders in recent years to demonstrate program impact. To ensure continued funding, it is crucial that they show how their programs are making a difference. To help address this challenge, the Walmart Foundation developed a guide to help nutrition education grantees find appropriate evaluation tools to measure the success of their nutrition education programs. The guide directs these grantees to track the impact of their programs in two areas: increased fruit and vegetable consumption and increased consumption of meals at home.



Providing disaster relief

Over the past year, many of the communities in which Walmart operates suffered disasters, from earthquakes in Mexico and China to major wildfires in California and Canada, flooding in Peru and hurricanes that swept across the southern U.S. and Puerto Rico. In each case, Walmart and the Walmart Foundation responded quickly to help support the local communities that were hit hardest.

In times of disaster, Walmart aims to support the communities in which we do business, as well as the safety and well-being of our associates, by bringing to bear our logistics capability, technology, ability to source products, physical locations, associates and scale.

As with all our efforts, we aspire to improve entire systems, not just respond in the moment. Walmart and the Walmart Foundation support efforts to help communities respond more quickly and effectively in the wake of disasters. We also invest in technologies and other innovations that help communities better prepare for disasters. In FY2017, Walmart and the Walmart Foundation pledged \$25 million in cash and in-kind donations to support disaster preparedness and relief through FY2021. Recognizing the unprecedented impact of disasters during 2017, Walmart and the Walmart Foundation have given well beyond the initial pledge, providing more than \$38 million in FY2018 alone.

Walmart and the Walmart Foundation gave more than **\$38 million** in FY2018 alone.

Our disaster relief work encompasses three strategies:



Mobilizing products and logistics

Engaging customers and associates

Supporting associates in time of crisis



Mobilizing products and logistics

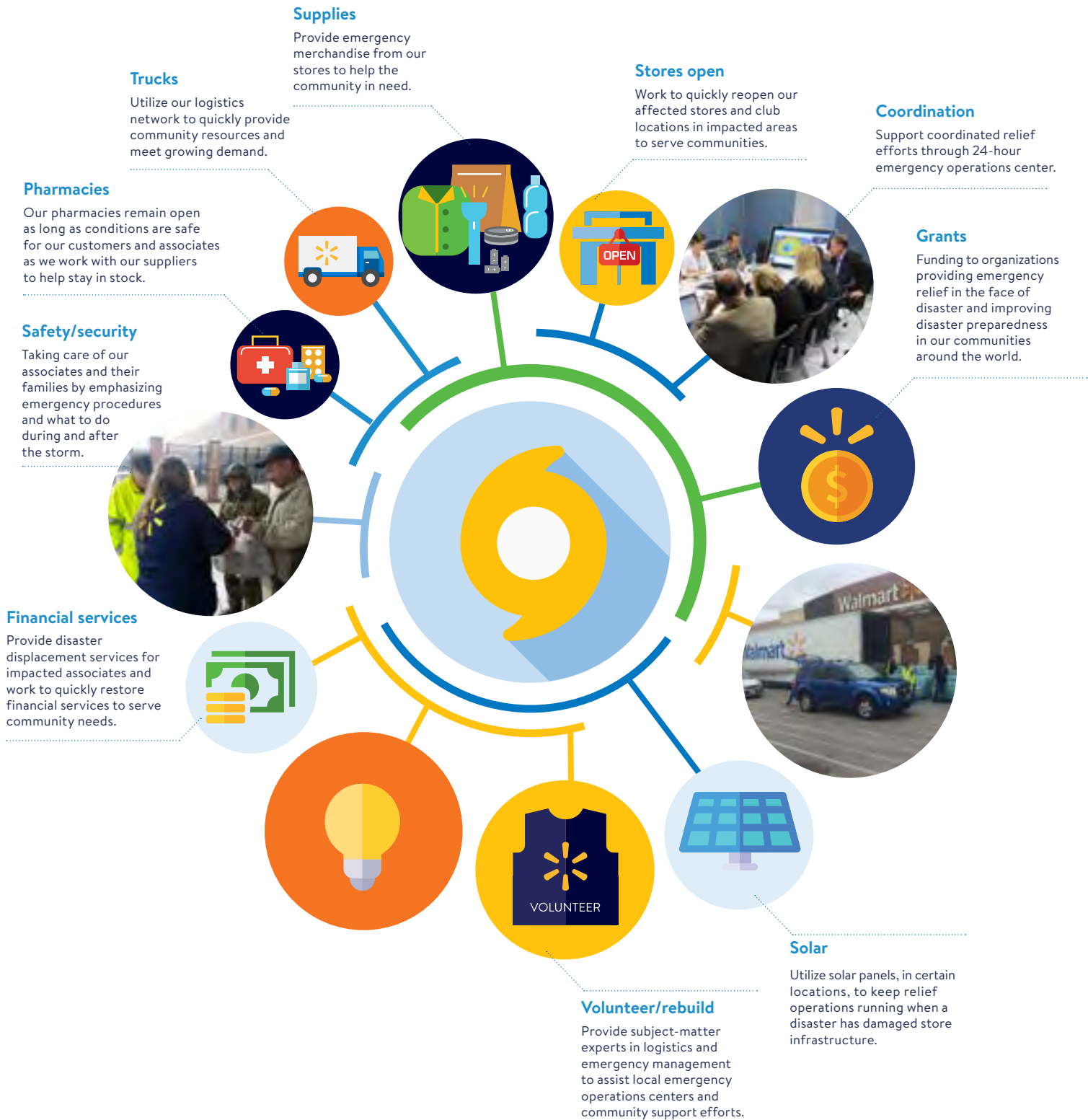
When disaster strikes, getting products when and where they are needed is critical. That's why Walmart's relief efforts are centralized in the Walmart Emergency Operations Center (EOC), which operates 24 hours a day to track storm impacts and support associates, operations and communities affected by disaster.

The EOC facilitates store recovery and supports community relief efforts, which includes shipping of emergency supplies and working to quickly reopen our affected stores and club locations. We continually work to improve our situational awareness, in order to deploy disaster relief supplies more efficiently, reduce waste and lessen the strain on the response network. In previous years, we highlighted a grant made by Walmart to the American Red Cross for the development of a tool that allows them to quickly evaluate the impact of an event. That tool, RC View, was used daily to provide strategic, operational, and tactical oversight for the Red Cross during Hurricanes Harvey, Irma and Maria to help get the right products at the right time to those in need.



Utilizing our resources to support disaster response efforts

When communities are hit by disaster, Walmart and the Walmart Foundation leverage resources in a holistic way to help those that need them most.





The 2017 hurricane season ranks as **one of the most active on record.**

Walmart China donated more than **\$77,000** to organizations responding to flooding in China.

In Mexico, the Walmart Foundation donated over **\$550,000** toward recovery and relief efforts following a major earthquake.

• **Relief for Hurricanes Harvey, Irma & Maria.** The 2017 hurricane season ranks as one of the most active on record, producing 17 tropical storms and several major hurricanes. When Hurricane Harvey struck, it was the first time since 2005 that a major hurricane had made landfall in the United States. Just weeks later, major hurricanes Irma and Maria followed, devastating communities in Florida and Puerto Rico. The storms left millions without access to food, water and power for days, and in some regions, the crisis continues. Walmart and the Walmart Foundation have a long history of providing aid in times of disasters by supporting organizations conducting relief efforts and donating emergency supplies, such as food and water along with home and personal products. Once again, we stepped-up to support

those communities facing a series of deadly events, donating over \$38 million in cash and product donations to disaster relief organizations and local government agencies in the hardest hit areas. *(See next page for more on Walmart's hurricane response efforts.)*

• **Global relief efforts.** In FY2018, the Walmart Foundation gave \$550,000 toward recovery and relief efforts following the September 2017 earthquake in Mexico. Walmart China gave \$77,000 to organizations responding to flooding in China.

Walmart's 2017 hurricane response efforts

With devastating hurricanes hitting the continental U.S. and Puerto Rico in 2017, Walmart and the Walmart Foundation responded with immediate relief efforts to help neighbors, associates and communities recover. As always, these efforts were coordinated by associates in our 24-hour Emergency Operations Center, who collaborated with first responders, nonprofits such as the American Red Cross, and local, state and federal government agencies. Walmart also gave over \$35 million to the relief efforts in the Gulf region and Puerto Rico including a two-for-one customer matching campaign to the Red Cross.

Hurricane Harvey

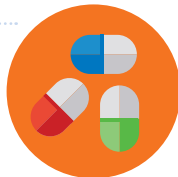
Helped support evacuees in Houston and Dallas shelters with **truckloads of food and water**, as well as clothing and everyday essentials.



Provided disaster displacement assistance to over **10,000** associates impacted by the disaster.



Placed **pharmacy staff in shelters** in the impacted regions to coordinate the delivery of prescription medication and to **provide health counseling to residents**.



Hurricane Irma

Provided disaster displacement assistance to over **40,000** associates impacted by the disaster.



Mobilized **truckloads** of water into impacted areas.



Hurricane Maria

Announced **\$2 million** in donations on The Tonight Show with Jimmy Fallon. **One million** of that donation supported Feeding America and the other **\$1 million** matched customer donations to the Walmart Hurricane Relief Fund at the Miami Foundation.



Sponsored a **relief concert** spearheaded by Marc Anthony and Jennifer Lopez in Miami.

Supplied **loads of water, supplies and critical resources, such as generators**, to the island.



Provided disaster displacement assistance to over **13,000** associates impacted by the disaster.



Utilized corporate jets to deliver emergency support and supplies, including much-needed insulin.





Engaging customers and associates

With numerous unprecedented natural disasters around the world in 2017, Walmart's customers and associates were eager to help.

- **Giving campaigns.** In FY2018, Walmart mobilized giving campaigns in our stores and clubs for disaster relief and, in some cases, matched customer donations. In addition to our cash and product donations to the Red Cross and other disaster response organizations, generous customers contributed \$38 million in cash to continue to help local communities recover.
- **Mobilizing our associates in the U.S.** Walmart also worked to mobilize our associates, who provided expertise to nonprofits in the midst of these disasters. Walmart teams embedded in Red Cross shelters to help stand up a pharmacy and donation centers to provide food, comfort and emergency assistance free of charge to disaster victims. In one instance, a team of Walmart associates embedded with the Red Cross in Houston, Texas and Dallas, Texas to provide additional logistics support for their response efforts.
- **Mobilizing our associates globally.** In communities around the world, Walmart and Walmart associates mobilize quickly in the face of disaster. For example,



Walmart associates embed with the Red Cross to help with response efforts in Texas following Hurricane Harvey.

[Learn more](#)

when a 7.1 magnitude earthquake struck Mexico in September of 2017, our associates in the states of Puebla, Morelos and CDMX worked together to staff collection centers in our offices, distribution centers, stores and clubs. These associates went beyond their routine duties to help collect merchandise donations and assemble packages for shipment to those who were left homeless or suffered damage to their homes. In FY2018, \$36 MXN million was given to 11,820 associates who incurred damage to their homes due to some natural disaster.



Supporting associates in times of crisis

Sometimes disasters strike very close to home, affecting our associates and their families. Here too, we work to provide support through difficult times.



- **Disaster displacement assistance.** In disaster situations, we work closely with our facility and human resource teams to contact all Walmart associates in impacted areas to check on their safety and to help ensure they and their families are able to find shelter. Walmart’s Disaster Displacement Assistance (DDA) program was developed to provide payments to cover basic living expenses of Walmart associates in need due to evacuation or severe damage to their homes. In FY2018, Walmart provided assistance to over 64,000 associates through the DDA program.

- **Associates in need.** In addition to Walmart’s efforts in the U.S., the Walmart Associates in Critical Need Trust (ACNT), a public charity supported by Walmart associates, Walmart alumni, the Walton Family Foundation, Walmart and the Walmart Foundation, is available to aid associates when they are dealing with sudden emergencies in their personal lives. In the U.K., the Asda Foundation’s Colleague Hardship Fund provides financial support for co-workers and their immediate family members experiencing significant financial hardship.

Similarly, in 2009, Walmart associates in Brazil began “The Charity Club,” an associate-sponsored emergency fund to help their co-workers in times of sudden, unexpected need. Associates voluntarily authorize a monthly payroll deduction that is matched by Walmart Brazil, dollar-for-dollar. Any associate with a qualifying emergency is eligible to receive help, whether or not they donate to the fund.



In FY2018, Walmart provided assistance to over **64,000** associates through the DDA program.

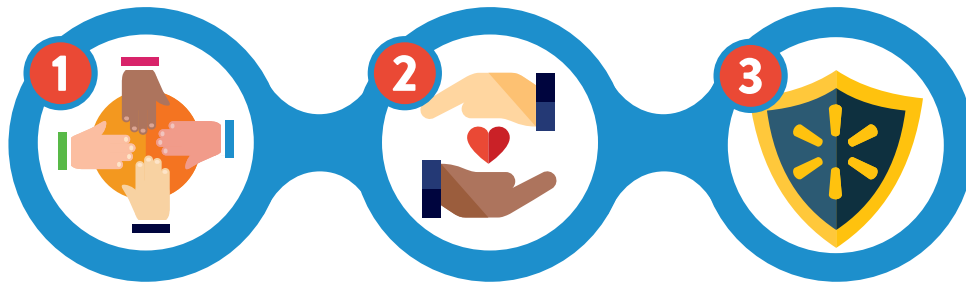
Supporting communities

Walmart's 2.3 million associates are residents, neighbors, friends and relatives in thousands of towns around the world. We aim to strengthen the health of our communities, not only by providing products, services and jobs through our retail business, but also by facilitating associate volunteerism, local donations through stores and customers, and support for strategic diversity and inclusion initiatives.

We believe that strengthening local communities creates a virtuous circle of value for business, as well as society. Inclusive, vibrant communities support business growth, which creates additional opportunities for associates. In turn, having associates and customers who are better engaged leads to more inclusive and vibrant communities.

2.3 million
associates are residents, neighbors, friends and relatives in thousands of towns around the world.

We carry out our work in this area through three strategies:



Supporting diversity and inclusion

Supporting community initiatives

Empowering our associates to give



Supporting diversity and inclusion

Walmart and the Walmart Foundation believe diversity and inclusion is a vital element of everything we do.

Therefore, in each of our giving portfolios, we think about underrepresented groups, whether it is speaking with our grantees making sure women are empowered through our smallholder farmer investments or people of color are receiving culturally-relevant nutrition education. In addition to the work we do within our focus areas, we also invest directly in issues of diversity and inclusion through work to diversify the talent pipeline, support diverse-owned businesses and build cohesive communities.

- **Diversifying the talent pipeline.** Through investments in job training programs and college access, Walmart and the Walmart Foundation are investing in the next generation of talent. For example, the Walmart Foundation has a nearly ten-year relationship with the United Negro College Fund (UNCF). Last year, Walmart Foundation made a \$500,000 grant to support UNCF's Institute for Capacity Building (ICB), which provides resources to enhance the sustainability and success of UNCF's 37 member historically black colleges and universities (HBCUs). Through ICB, members receive technical assistance, professional development, programming and grant support to improve their institutional effectiveness, fiscal management and accreditation preparation strategies.

Last year, Walmart Foundation made a **\$500,000** grant to support UNCF's Institute for Capacity Building (ICB), which **provides resources to enhance the sustainability and success of UNCF's 37 member historically black colleges and universities (HBCUs).**



IMPACT



Supporting diversity and inclusion globally

Fostering inclusion and cohesion within the communities we serve around the world is a fundamental part of our diversity and inclusion efforts. In the U.K., an Asda colleague knows the shopping experience can often be overwhelming for her four-year-old autistic son. She came up with the Happy Little Helpers game, a child-friendly shopping-list game using Velcro-backed symbols for fruits, vegetables, biscuits and other grocery items, to keep him focused and occupied. The idea worked, and we have now implemented Happy Little Helpers in more than 380 stores in the U.K. The child-friendly shopping game helps to make our store environment friendlier for children with autism and also helps these families enjoy their shopping experience in our stores.

- **Supporting diverse-owned businesses.** According to the U.S. Small Business Administration, women and minority small business owners have a difficult time accessing the capital they need to grow and sustain their businesses. To address this problem and fulfill our commitment to supporting small business owners, Walmart Foundation made a \$1.2 million grant to Small Business Majority to expand Venturize, an online portal with tools and information to help connect small firms with approved lenders and business assistance providers that want to see America's small businesses succeed. The Venturize platform was designed to empower all businesses and especially those who have the most difficulty accessing affordable financing—minority, women and younger entrepreneurs.

Walmart and the Walmart Foundation are committed to building stronger, more resilient, inclusive communities. One approach we are taking is building capacity of organizations working in local communities. Last year, Walmart Foundation made a \$500,000 grant to support the National Urban League's "Project Empower U University," a program comprised of a series of capacity-building trainings to 30 of the Urban League's local affiliates. This program builds on a longstanding partnership between Walmart Foundation and the National Urban League to deliver more integrated services to improve the economic outcomes for individuals from predominantly low-income communities of color.



Supporting community initiatives

Part of Walmart's DNA is being a strong steward of the communities in which we operate, and our giving reflects that heritage.

- **Facility giving.** We empower our stores, clubs and distribution centers to give back to their local communities in a variety of ways. Last year, our stores and clubs provided more than \$42 million in local cash grants.

These local grants are designed to address the unique needs of the communities where we operate. They include grants to animal shelters, elderly services, and community clean-up projects. The three examples below illustrate the types of grants our stores and clubs make in their local community.

Walmart Store #797 in La Harpe, Illinois recognized a need for fire safety education in their community and funded the department's fire safety education program for local elementary and high school students. In addition to supporting the program this grant also purchased new equipment for the training.

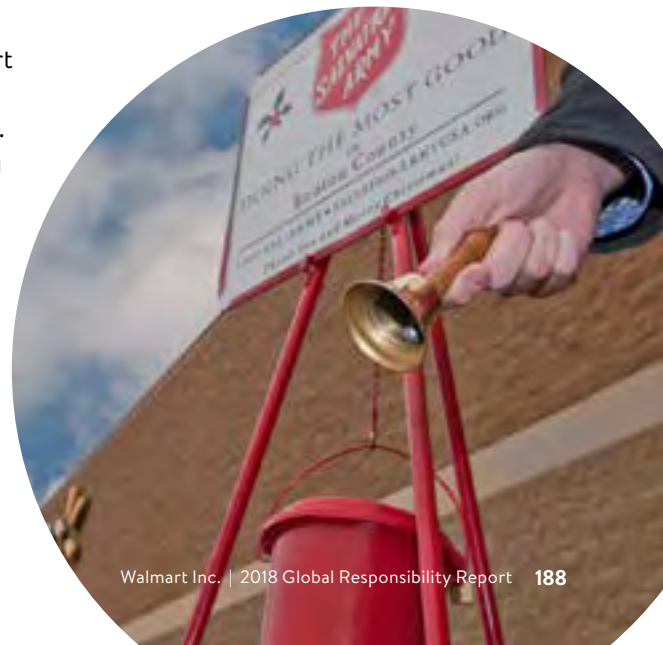
Walmart Store #3777 in Oak Point, Texas chose to provide a grant helping 25 low income students from Oak Point Elementary school to attend Camp Jolt, an outdoor science and adventure camp that uses applied learning to teach basic skills. The school believes the students profit from hands-on, project-based, collaborative and relevant experiences, which help them understand and retain the lessons they learn.

Sam's Club #8196 in Florence, Alabama saw an opportunity to support the Muscle Shoals High School Trojan band by providing funding for the purchase and maintenance of instruments and other equipment. The band has more than 125 students who travel and perform during the school year for their community, school and for special events.



Last year, our stores and clubs provided more than **\$42 million** in local grants.

Walmart and Sam's Club customers have contributed more than **\$600 million** through the Red Kettle campaign.



- **Utilizing our stores.** We use the indoor and outdoor space at our stores as places for promoting and supporting local causes. For example, Walmart and the Walmart Foundation have worked with the Salvation Army in their Red Kettle Campaign since 1996, using the space in front of our stores and clubs to collect donations for the Salvation Army. Since our relationship began, Walmart and Sam’s Clubs customers have contributed more than \$600 million through this campaign, including over \$40 million in FY2018 alone.
- **Giving back in our headquarter communities.** Walmart has headquarter facilities around that world that support our eCommerce and store operations in 28 countries. We’re proud to be a part of these thriving communities,

and we utilize our resources and people to give back in them. In FY2018, our home office in northwest Arkansas and our eCommerce facilities, from San Bruno, California, to Hoboken, New Jersey, provided more than \$10 million in community grants to local organizations.

- **Giving back through safe driving.** At Walmart, drivers play a critical role in our business—from ensuring that products make it to the shelves of our stores and clubs, to showing up during times of disaster. As a result, their ability to keep themselves and others safe on the road is our first priority. In recognition of the importance we and our drivers place on safety, Walmart supports Miles For Smiles, a giving program in which Walmart donates to charity for every accident- or incident-free mile driven.

Our eCommerce brands also have unique ways in which they support community organizations:





Empowering our associates to give

Our associates and customers around the world contribute their time, expertise and money to Walmart-supported initiatives, such as hunger relief and disaster relief, as well as to a range of causes about which they are personally passionate, such as education and healthcare.

- **Encouraging associate volunteerism in the U.S.** Volunteerism Always Pays (VAP), a Walmart U.S. program, provides associates the opportunity to raise money for eligible charities in the form of Walmart donations simply by volunteering at least 25 hours each year. In FY2018, through the VAP program, over 50,000 full- and part-time associates volunteered more than 850,000 hours, generating over \$8.5 million in Walmart donations.
- **Sharing our skills.** In FY2018, Walmart continued to expand programs to enhance skills-based volunteerism, in which associates with a particular expertise are matched with charities that need them. In one instance, a group of Walmart senior directors used their skills in strategy, planning and execution to collaborate with the Regional Food Bank of Oklahoma City to help refine the nonprofit's processes and improve their level of service to their clients.

In FY2018, through the VAP program, over **50,000** full- and part-time associates volunteered more than **850,000 hours**, generating over **\$8.5 million** in Walmart donations.



IMPACT

Donating our time and talent

In 2017, Walmart associate Adam Holland joined six other senior directors from across Walmart to assist The Regional Food Bank of Oklahoma in Oklahoma City for two weeks. Their goal? To help refine the nonprofit's process and take its services to the next level in addressing hunger. The group was part of Walmart's BRIDGE program, a program where associates use their expertise to increase efficiencies in order to strengthen operations for nonprofits. Before leaving for Oklahoma, the group defined their mission and what they hoped to deliver for the Food Bank. Once on site, they spent several days meeting with executives, touring the facilities and visiting some of the local food pantries served by the Regional Food Bank. The Walmart group used the information they gathered from their tours and interviews to develop a draft framework for scaling the network of pantries. They then presented their draft to the team at Food Bank, gathered feedback and created a final version of a framework, which included four elements:

- Expanding access to the pantries
- Expanding client choice
- Encouraging consumption of nutritious foods
- Offering additional services and connections to services



Katie Fitzgerald, CEO of the Regional Food Bank of Oklahoma, says the Walmart team helped them meet and exceed their ultimate goal. "It would have taken us months to get to where we got to with this team in a matter of a couple weeks' time," said Fitzgerald. The BRIDGE program experience was equally impactful for the Walmart volunteers. "I am humbled by what I have seen today," said Adam. "I'm proud of the company I work for, which not only allows me this time to volunteer, but also supports the Food Banks' efforts on the front lines!" The Food Bank, which serves 53 counties in Oklahoma, delivered 52.2 million pounds of food from July 2016 to June 2017, including 10.3 million pounds from Walmart. The Food Bank also assists senior citizens and children. Last year they helped feed over 44,000 kids with its Food for Kids programs.

- **Supporting our customers' and associates' generosity.** We strive to support the generosity of our associates and customers as they seek to address needs in their communities. In markets across the globe, Walmart supports fundraising and other initiatives in local communities. Examples of such programs include:



ARGENTINA

Our associates at Walmart Argentina Home Office, dedicated 1,176 volunteer hours to 14 service projects. For Christmas, Home Office associates teamed up to provide more than 50 families with Christmas dinners and gifts.



CANADA AND THE U.S.

Walmart and Sam's Club associates in the U.S. and Canada continued their support for Children's Miracle Network Hospitals (CMNH) through a fundraising campaign that ran in stores and clubs. CMNH reports that it raised over \$60 million in cash and in-kind gifts through this campaign in 2017, in addition to grants from Walmart and the Walmart Foundation. CMNH reports that over the past 30 years, Walmart, the Walmart Foundation, associates, customers, and members have contributed almost \$1 billion.



UNITED KINGDOM



One of the Asda Giving Strategy priorities is to support women's breast health.

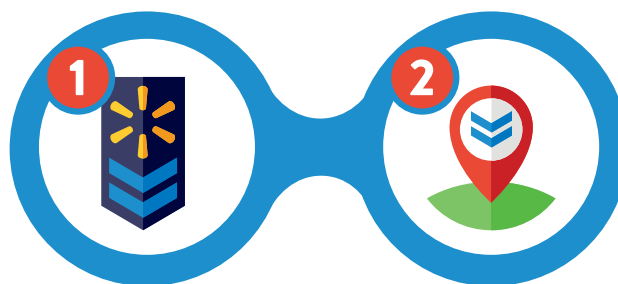
Asda Tickled Pink, working in partnership with Breast Cancer Now and Breast Cancer Care, is helping to provide lifesaving research and life changing support to anyone affected by breast cancer. Asda has supported the two Tickled Pink beneficiary charities—Breast Cancer Care and Breast Cancer Now—for 21 years, raising over \$68 million USD to date through customer, colleague and supplier support.

Supporting veterans and military families

Founder Sam Walton was fresh out of the army, where he served as a captain in WWII, when he opened his first store. Walmart has always welcomed U.S. veterans into our workforce; it's part of our history. We know the value veterans bring to our business and to our communities.

Walmart has committed to hire **250,000** veterans by 2020.

We support veterans and military families in the following ways:



Hiring and promoting veterans and supporting military families

Reintegrating veterans into local communities

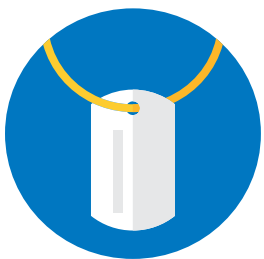


Hiring and promoting veterans and supporting military families

Veterans bring skills that are of enormous value to our operations. Because of this, Walmart is committed to aiding their transition to civilian life by supporting those who have served and continue to serve. Many of our military men and women also have spouses and families who may not wear a uniform, but serve right alongside them. Walmart is there to help with programs that may bridge financial gaps that result from transfers or deployment.

- **Providing jobs.** To aid in the transition to civilian life, Walmart made a commitment in 2013 to offer a job to any eligible, honorably discharged U.S. veteran within 12 months of active duty. We expanded that commitment in 2015 to include any veteran discharged since Memorial Day 2013, and set a goal of hiring 250,000 veterans by the end of 2020. Since Memorial Day 2013, Walmart has hired more than 194,000 U.S. veterans and has promoted more than 28,000 veterans to roles of greater responsibility.

- **Supporting family members with jobs.** We also support our veterans and their families through Walmart's Military Family Promise. This program guarantees a job at a nearby store or club for all military personnel and military spouses employed at Walmart and Sam's Club locations when they or their family members are transferred to a different part of the country by the U.S. military.
- **Supporting service men and women during deployment.** When our associates are called away to active military duty, Walmart promises to pay any difference in their regular Walmart pay if their military assignment pays less. In May 2017, Walmart announced enhancements to our Military Leave of Absence policy to include basic training. At Walmart, we want to make it not just possible, but rewarding, for active-service members and veterans to have a military career and a Walmart career. We believe that anyone who wants to serve in our Armed Forces should be able to do so without fear of losing wages or leaving their family in a financial bind. The changes we're making will help remove financial barriers for all associates serving their country, including those who are starting their service journey through basic training.



194,000
U.S. veterans have been hired by Walmart and
28,000
have been promoted, since May 2013.



Reintegrating veterans into local communities

To strengthen our support of veterans as they reintegrate into their local communities, Walmart and the Walmart Foundation committed to investing \$20 million over five years beginning in 2011, in job training, education and innovative public/private community-based initiatives.

After fulfilling the \$20 million commitment a year early, Walmart and the Walmart Foundation announced an additional \$20 million investment through 2019. We reached this goal in 2017, bringing our total investment to \$40 million over the last seven years.

Walmart and the Walmart Foundation are continuing to make investments that strengthen systems and communities to help our military, veterans and their families navigate the wide array of resources available to them at all stages of their service journey. Our focus on programs that support veteran transition, veteran entrepreneurs and engaging the public to show their appreciation of veterans has helped strengthen the security and stability of these military families in their communities.

For returning veterans, reintegrating into civilian life comes with major challenges, including the need to navigate a complex web of resources in job placement, housing, healthcare, education and training. Walmart and the Walmart Foundation support organizations that help streamline and improve access to these resources, especially in military-connected communities in California, the Carolinas and Texas. We are learning from the work that grantees like the Institute for Veterans and Military Families (IVMF), Mission Edge: zero8hundred and Goodwill Industries, International have been leading. In particular, IVMF's AmericaServes work continues to gain momentum and support due to its focus on collective impact using technology to bring organizations serving veterans into streamlined care networks, providing a single gateway to resources.

Over the past seven years, Walmart has invested **\$40 million** in programs to help veterans reintegrate into local communities.



- **Facilitating connections between veterans and services.**

AmericaServes streamlines and digitally connects the veteran services that are available in communities and has created the nation's first coordinated system of public, private and non-profit organizations. Since 2015, the Walmart Foundation has granted \$6 million in support of the ongoing implementation of existing AmericaServes communities and seeded planning investments in New York, the Carolinas and Texas. According to the 2018 [Transparency Report](#), AmericaServes programs have impacted more than 12,800 clients and successfully fulfilled over 24,500 unique service requests since its inception.

- **Using technology to streamline access to services.**

IVMF, in partnership with Unite US, a veteran-owned technology company, is accelerating relevant technological developments and implementation across the AmericaServes networks. Unite Us digitally connects community resources for veterans and creates a service history to better coordinate care. The technology platform enables AmericaServes networks to share real time data on client profiles, track outcomes and provide an evidence-based approach to serving a community's military families. Since its launch in January 2015, AmericaServes networks have connected more than 12,800 service members, veterans and families to available community resources.

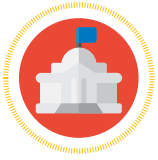
- **Supporting veteran-owned businesses.** As founding members of the Coalition for Veteran Owned Business, Walmart and Sam's Club are committed to helping the organization grow as it supports veteran-owned businesses in communities throughout the U.S. The coalition connects these businesses with education and training, small-business resources, and commercial and supplier opportunities. According to the Small Business Administration (SBA), there are currently more than 2.5 million veteran-owned small businesses in the U.S., which generate \$1.2 trillion in annual sales and employ more than 5.8 million Americans. In September 2017, Walmart hosted VetSource, a one-day event connecting veteran, military and military spouse-owned businesses to several Fortune 500 companies for procurement opportunities.

- **Engaging the public in supporting veterans.** In FY2018, Walmart celebrated the third year of Greenlight a Vet, a campaign to help create national recognition for American veterans. Walmart associates, customers and community members replaced an ordinary light in their home or business with one that was green as a way to show support for veterans and then recorded this effort on [GreenLightAVet.com](#). Walmart also continues to

remember service members and veterans through the holidays by supporting Wreaths Across America. For the tenth year, Walmart associates joined thousands of people on National Wreath Laying Day in December to lay wreaths on the graves of veterans. Since we began our collaboration with Wreaths Across America, we have donated more than \$4.5 million toward the purchase of wreaths and in-kind transportation/logistics support.

- **Helping customers support the military.** On Veterans Day 2017, Walmart announced the launch of the U.S. Military Showcase at [walmart.com/USMilitary](#), featuring officially licensed military products from all five branches of the military: Army, Navy, Air Force, Marine Corps and Coast Guard. It is a common misconception that a military logo on merchandise guarantees authenticity and financial support for the U.S. Armed Forces. Given the millions of products available online, it may be difficult for customers to find officially licensed military products associated with their affinity branches. Ultimately, we want shoppers who wish to purchase official products from the armed services to do so with confidence and convenience.

- **Helping military families in times of need.** In FY2018, our military was called to help those who were devastated by the 2017 hurricane season, including some of their own. In October 2017, the Walmart Foundation announced a \$500,000 grant to Operation Homefront for the Critical Financial Assistance program, which provides funds to military members and their families who have experienced hardship because of hurricanes. This includes members of the National Guard and Reserves who were deployed to help with recovery efforts and experienced loss in income while away.



Governance

Strong corporate governance is essential for a successful business.

Walmart Board

The Walmart Board is a strategic asset for our company, providing expert oversight and governance, helping us deliver shared value and operate in accordance with our values of excellence, integrity, service and respect for the individual. The Board met five times during FY2018 to review significant developments affecting our company, engage in strategic planning and act on matters requiring Board approval.

Board leadership and structure

Our Board leadership comprises three distinct positions and roles: Chairman, Lead Independent Director and CEO. Our Chairman, Greg Penner, focuses on Board oversight and governance, presides over meetings of the Board and shareholders, and counsels the CEO and other officers on our business and operations. Our Lead Independent Director leads the annual Board evaluation process, reviews Board and committee agendas, presides over meetings of our outside and independent directors, and performs additional duties (recently expanded and more clearly articulated in our Corporate Governance Guidelines).

The Lead Independent Director is elected annually by the independent directors of the Board. The roles of CEO and Chairman have been separate since 1988. Separating the roles of Chairman, Lead Independent Director and CEO enhances Board independence and allows our CEO, Doug McMillon, to focus on leading our complex business: the CEO is responsible for the general management, supervision and control of the business and general affairs of our company, including the execution of Board directives and resolutions.

Our Board has seven standing committees:

- 1. Audit Committee*
- 2. Compensation and Management Development Committee (CMDC)*
- 3. Executive Committee*
- 4. Global Compensation Committee*
- 5. Nominating and Governance Committee*
- 6. Strategic Planning and Finance Committee*
- 7. Technology and eCommerce Committee*

The majority of our directors are independent, in accordance with the requirements of the New York Stock Exchange (NYSE). The NYSE Listed Company Rules permit certain governance exemptions for “controlled companies,” but Walmart has never sought and has no plans to rely on those governance exemptions because we believe having a majority independent board promotes the long-term interests of our shareholders. For example, the oversight of strategic and governance matters for our company is entrusted to the Board. Each of the Audit Committee, the Compensation and Management Development Committee, and the Nominating and Governance Committee are comprised solely of independent directors, and the Strategic Planning and Finance Committee is chaired by independent directors. These committees play a critical role in our governance and strategy, and each committee has access to management and the authority to retain independent advisors as it deems appropriate.

Each committee is governed by a written charter that outlines its specific roles in our company's governance. For example, the Nominating and Governance Committee provides oversight and guidance to Walmart Corporate Giving, as well as Walmart's environmental, social and governance (ESG) strategies, commitments and progress covered in the [2018 Global Responsibility Report](#). Each committee charter is available on our corporate website.

Board composition

As we have noted elsewhere in this report, globalization, technology, shifting demographics and other societal trends are reshaping customer needs and the competitive context. A diverse leadership team, including a diverse board, is a priority for us, enabling us to better serve our customer, deliver strong business performance and create a high-performing, engaged associate base.

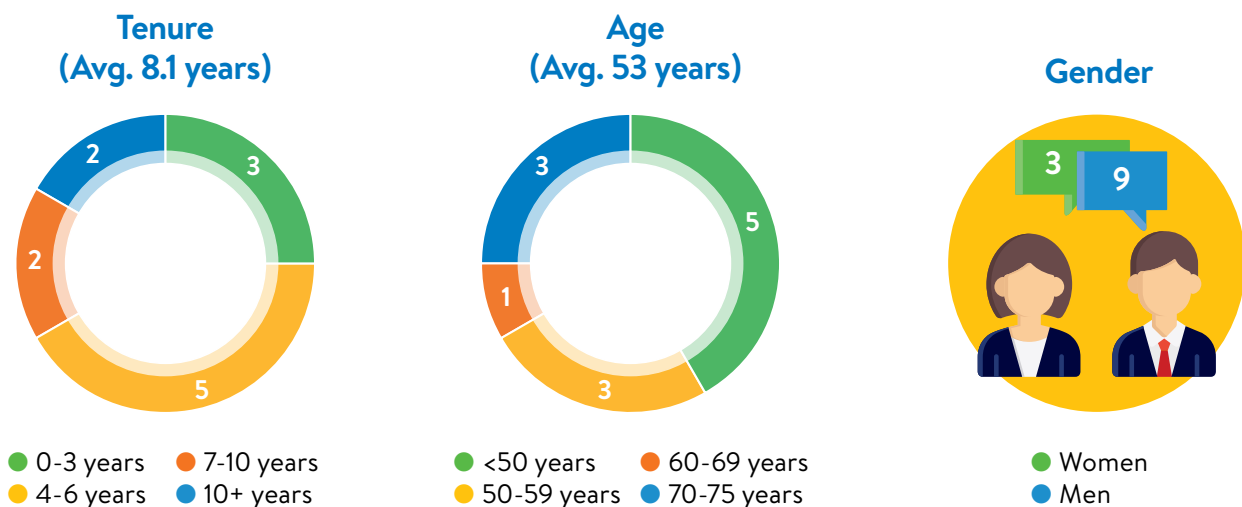
Our shareholders elect our directors annually. Unlike most other large public companies, our Corporate Governance Guidelines include a 12-year term limit generally applicable to our independent directors. Our Board believes this approach provides discipline to our overall Board refreshment process. We aim for a mix of expertise in

governance, strategy, business development, operations, sustainability and human capital development; backgrounds in retail, technology/eCommerce and marketing and brand management; as well as experience in finance, accounting or financial reporting, regulatory experience and legal skills. To ensure fresh and diverse perspectives, we also aim for balance in terms of tenure, age, gender and racial composition. As of February 2018, three members of our Board (25 percent) are women, and five (40 percent) are under 50.

In February of 2018, Walmart appointed Sarah Friar, chief financial officer of Square, Inc., as a new independent director of the Board. Friar becomes the 12th member of the board and will also serve as a member of the Board's Audit Committee and Strategic Planning and Finance Committee. She will bring a fresh perspective and skillset to the Board, which includes strong expertise in finance, operations, strategy and knowledge of technology.

Walmart's commitment to diversity and inclusion extends beyond our Board. For more information about our approach in developing a diverse workforce, please visit corporate.walmart.com/2018grr/Opportunity/Fosteringinclusion.

Board composition as of February 2018



Policy evaluations

Our Board regularly reviews our corporate governance policies and practices against other companies across industries, consulting with corporate governance experts and other stakeholders to continuously improve our approach. Each year the Board conducts an evaluation process under the leadership of our lead independent director, and every other year the Board engages a third-party consulting firm to bring an outside perspective.

In November 2017, the Board approved an amendment to our bylaws that adopts proxy access, with the following standard provisions:

- 3 percent ownership threshold
- 3 years continuous ownership
- Up to 20 shareholders can aggregate for share purposes of the 3 percent threshold
- Nominations may be made for the greater of two directors or up to 20 percent of the Board

Executive compensation

The CMDC annually reviews executive compensation to focus on a strong link between pay and performance. Approximately 75 percent of our Named Executive Officer (NEO) is performance based. The CMDC benchmarks NEO pay rates to make sure pay is fair and competitive with peers.

Two important notes regarding executive compensation:

- NEO’s cash incentive payment can be reduced by up to 15 percent if diversity objectives are not met.
- CMDC may reduce or eliminate NEO annual cash incentive for failure to meet annual compliance objectives

Balance short-term with long-term incentives

Walmart recently made changes to compensation in order to balance salaries and incentives for short term and long term NEOs and reward strong performers.

Associates subject to our culture, diversity and inclusion goals program have 10 percent of their annual performance evaluation tied to diversity and inclusion and can have their annual cash incentive reduced by up to 30 percent if they violate our discrimination and harassment policies.

WHAT WE CHANGED?	WHY WE MADE THIS CHANGE
Introduced greater differentiation to annual salary adjustments	Allows us to reward high performers and emphasize the link between pay and performance
Reduced annual cash incentive opportunities by 25 percent; reallocated to long-term performance-based restricted stock units	Appropriately balances short-term and long-term goals and increases focus on long-term results
Replaced performance share unit—which vested based on average performance over three separate performance periods—with performance equity, which have a one-year performance period followed by an additional two-year vesting period	Promotes simplicity and understandability of performance goals, while retaining long-term focus and shareholder alignment of program over a three-year period



View our most recent proxy statement on at our corporate website at stock.walmart.com.



How we operate around the world

Culture is the foundation of everything we do at Walmart. We define culture as our values in action. It's how we deliver superior customer service, create a great frontline work environment and improve performance in order to achieve our common purpose of saving people money so they can live better.



The Walmart culture is one of high performance, and it is how we live out our **Values of Service to the Customer, Respect for the Individual, Strive for Excellence and Act with Integrity** through our everyday behaviors.

The Walmart Culture is one of high performance, and it is how we live out our Values of Service to the Customer, Respect for the Individual, Strive for Excellence and Act with Integrity through our everyday behaviors that help us deliver business results and create a culture of inclusion.

Although we operate in 28 countries, source product from more than 100 countries, and employ over 2.3 million associates with a variety of ethnicities, orientations, backgrounds and life experiences, we expect ourselves, suppliers and contractors to consistently champion our culture and values, treating all people with respect; act with personal integrity; and comply with the laws of the communities in which we operate. We also aim to have our associates, suppliers and contractors be champions and ambassadors of our culture and values, including treating others with respect.

Walmart respects the right of workers to join, form or assist a trade union, or refrain from doing so as those rights are defined under applicable national law and practice in the countries in which Walmart operates and from which Walmart sources the products it sells. Those basic rights are informed by the ILO's 1998 Declaration on Fundamental Principles and Rights at Work which include freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labor; the effective abolition of child labor; and the elimination of discrimination in respect of employment and occupation.

Whether we are hourly associates or managers or senior officers, we are all associates. We value our culture of open, honest and direct dialogue. Some examples of how we engage in dialogue with our associates include things such as:

- Listening tours—leadership visits to stores
- Associate engagement surveys
- Walmart U.S. Open Door Policy — At Walmart, our open door philosophy is an integral part of our culture, reflecting a tradition of open communication and a culture of listening to our associates. We encourage and expect all associates to actively participate in making the company a better place to work and shop. The open door process offers each associate an opportunity to bring suggestions, observations or concerns to the attention of any supervisor or manager without fear of retaliation. We also welcome early identification of opportunities and challenges and mutual resolution of complaints.

We aim to create an environment where associates feel free to express opinions, in confidence when appropriate, on workplace concerns, ideas for improvement and new opportunities to make the business more successful. Additional information on Open Door and nonretaliation, as well as guidance for our associates on when/how to use these resources can be found in our Statement of Ethics.

We are also committed to upholding human rights in supply chains by promoting safe, healthy and coercion-free work environments in the retail supply chain. Our Standards for Suppliers, (which include our expectations of suppliers and their facilities regarding the ethical treatment of workers, workplace safety, freedom of association and

The Walmart culture is one of high performance, and it is how we live out our Values of Service to the Customer, Respect for the Individual, Strive for Excellence and Act with Integrity through our everyday behaviors.

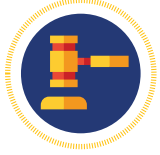
OUR ASSOCIATE FREEDOM OF ASSOCIATION POSITION:

Consistent with applicable law and practice, Walmart respects the rights of associates to join, form or not to join an employee association or trade union of their choice without interference. Associates should exercise these rights in an informed manner, and with the benefit of thoughtful consideration and available information. In the exercise of these rights, we believe in the free exchange of ideas, opinions and information, provided there is no interference.

other business practices), Responsible Sourcing program (see the Promoting Responsible Sourcing section of this report), and philanthropic investments through Walmart Giving and the Walmart Foundation to eradicate forced labor and improve market access for small producers in emerging markets, are available at corporate.walmart.com/responsible-sourcing.

In addition to these important standards and practices designed to protect people in retail operations and supply chains, we operationalize our values through a number of additional standards and practices described elsewhere in this report—for example, regarding ethics, compliance, sustainable sourcing (chemical disclosure, deforestation), data privacy and security, and so on. Finally, a major aspect of how we operate around the world is our comprehensive approach to engaging stakeholders on an ongoing basis as well as periodically to help shape our strategies, standards and programs.

Please see our stakeholder engagement section for a discussion of the issues our stakeholders have prioritized, and how we engage them.



Ethics and compliance

Sam Walton, founder of Walmart, told us that integrity “has to start with each of us.” He wanted his company to be a force for good in the community. Over 50 years later, we have grown to operate more than 11,700 stores in 28 countries and eCommerce businesses in 11. More than 6,200 of our stores are abroad, operating under banners such as Game in Africa, Best Price in India and Asda in the U.K. Walmart has been one of the world’s largest private employers since 1999 and now has 2.3 million associates. Each week we serve nearly 270 million customers worldwide.

Because of this growth, we can now make life more affordable for customers around the world and also improve the lives of people who grow or make the products we sell. Yet our success also creates a unique challenge: for Sam Walton’s values to permeate and animate a world-wide business, all of our associates—from management at the Home Office in Bentonville, to associates in stores in North America, South America, Europe, Africa and Asia—must know and follow our high ethical standards.

To that end, we have been reshaping Walmart’s ethics and compliance program over the last five years. We established an integrated, worldwide structure to enhance transparency and accountability. We built processes, aided by innovative technology systems, to reinforce that acting in the right way is part of the company culture. And we are taking similar steps to promote integrity with our many suppliers and vendors, particularly those that interact with governments for us.

As our business grows around the globe, Walmart continues to develop, refine and enhance our ethics and compliance program to keep pace with that growth. We reach customers both in stores and online in markets around the world, which requires focused ethics and compliance practices. Our program addresses 14 key areas of relevance to the changing retail sector, including industry-leading efforts in anti-corruption, food safety and responsible sourcing.

Each week we serve over
270 million
customers worldwide.

“In 2017, Walmart elected to participate in Ethisphere’s World’s Most Ethical Companies process. We were impressed by the breadth and caliber of the program and practices Walmart has put in place and commend their efforts to provide effective guidance to employees around the globe.”

Michael Byrne, Senior Vice President at Ethisphere

Below, we highlight several of those areas that are of critical importance, both to our business and our customers.

Ethics and integrity

Our culture of ethics and integrity—the attitudes and conduct that help create an honest, fair and compliant workplace—defines who we are as a company and how we treat each other, our suppliers and our customers. We summarize our ethical principles in the company’s Statement of Ethics, at WalmartEthics.com. Throughout their careers with the company, our associates are provided this and other resources to help them succeed and to promote and recognize ethical choices. These resources include:

- **Global helpline.** Walmart provides global and local phone numbers that anyone can use to ask questions and report concerns 24 hours a day, seven days a week. The helpline is equipped to handle most local languages spoken in each of the retail markets where we operate.
- **WalmartEthics.com.** This website is available in 14 languages and accessible globally. It provides a platform where stakeholders can ask questions, read our Statement of Ethics, submit ethical concerns and follow up on previously reported concerns.
- **Global case management system.** This is both a repository for ethics cases and a system for managing them.
- **Global case management process.** Walmart has an established process for handling ethical concerns that promotes consistency across our global operations.
- **Integrity in action awards.** Our global recognition program celebrates associates who model integrity or encourage others to do so. Associates nominate candidates, and Walmart recognizes the award winners at our annual Shareholders meeting. In FY2017, Walmart honored 13 associates representing 12 different countries.

This past year, our ethics and compliance program was recognized for our digitizing efforts. Saba Beyene, a member of our digital solutions and insights team, was chosen as the global Compliance Innovator of the Year by C5. Saba and her team were recognized for their work in building operations compliance dashboards and for deploying advanced analytics techniques, artificial intelligence and machine learning to improve our ethics and compliance program.

Walmart U.S. and Sam’s Club won the 2018 Verdantix HSE Innovation Award for using big data to enhance our storm water compliance program. Among other projects, the company analyzed repair data gathered from across the nation to identify a design flaw in the water catch basins we utilize. Once the flaw was discovered, the team worked with realty construction and maintenance teams to make design and materials changes to rectify the problem.

The speed of digitization in our program has been achieved through collaboration with Walmart Technology’s global business services group, who helped build the programs, databases, and bots that won these awards.

14 global compliance subject areas

Anti-corruption	Food safety	Privacy	Anti-money laundering	Health and safety	Product safety	Antitrust
Health and wellness	Responsible sourcing	Consumer protection	Labor and employment	Trade	Environment	Licenses and permits

Responsible sourcing

Walmart is committed to working with suppliers and stakeholders to promote responsibility in the global supply chain. Through our Responsible Sourcing program, we set expectations for suppliers and their facilities, assess supply chain risk, monitor supply chain conditions through audits and investigations and provide training for our associates and suppliers.

Although primary responsibility for compliance with Walmart's Standards for Suppliers rests with the supplier,

we seek to use our size and scale to improve transparency, empower workers, promote responsible recruitment and improve sourcing practices throughout the global supply chain. As of January 2018, our Responsible Sourcing team has approximately 190 associates in the Walmart Home Office and in retail markets and sourcing offices around the world.

To learn more about our Responsible Sourcing initiatives and progress, visit the [Responsible Sourcing section](#) of this report.



IMPACT

Promoting safer working conditions in the Bangladesh garment industry

Tragedies in Bangladesh in 2012 and 2013 raised awareness among retailers, brands and NGOs regarding the fragile fire and structural safety situation in the Bangladesh apparel industry. Walmart considered directing its suppliers to stop sourcing product from Bangladesh, but ultimately decided to continue to allow sourcing while working with others for meaningful change. In 2013, Walmart helped found the Alliance for Bangladesh Worker Safety, a group of brands and retailers seeking to develop safer working conditions for men and women in the garment industry in Bangladesh. The Alliance fosters a safety-focused environment for workers that includes extensive fire safety training and access to a 24-hour, confidential helpline to report safety and other job-related concerns. Since the time the Alliance instituted training and issued remediation, workers have experienced fewer facility accidents, and there have been no deadly incidents related to fire, structural or

electrical issues within the Alliance's scope in factories in which the Alliance has overseen the remediation work. According to the Alliance's fourth annual report, issued in November 2017, the Alliance has trained more than 1.5 million factory employees on initial fire safety and over a million factory employees on refresher fire safety training. Workers have shown significant progress in knowing how to identify potential hazards and what to do in the event of an emergency. The Alliance has also worked with factory owners to provide wages for over 6,600 displaced workers in facilities that have had to close for remediation work. The Alliance has made enormous progress across the Bangladesh garment industry to improve the lives and wellbeing of workers, and they are working on a transition plan to continue their work after 2018, including the important investments in fire safety training and the helpline.



IMPACT

Making it easier for our international stores to give back

Each year, our international stores give back to their local communities by donating tens of millions of dollars in goods to a variety of charitable causes. In support of those charitable efforts, Global Anti-Corruption Compliance partnered with Global Governance Digital Solutions to develop and implement the Global Donation Management System (“GDMS”), a computerized tool that makes it easier for our international stores to donate goods locally. Associates use GDMS to scan products to be donated, and the tool automatically validates whether the donation adheres to the relevant compliance policies, thereby making the process for reviewing and executing donations more accurate and efficient. In the past year, GDMS was used to process donations in over 2,000 stores internationally, representing a value of over \$60 million in donated goods.

Anti-corruption

Walmart has developed a leading anti-corruption program, and enhances anti-corruption compliance by regularly updating our anti-corruption processes, systems and training. For a detailed look at our anti-corruption program, please see the 2018 Global Ethics and Compliance Program Report.

Antitrust

In FY2018, we continued our efforts to increase associate antitrust awareness in order to further foster conditions that help protect competition, enable open markets and enhance productivity, innovation and value for our customers. These efforts were based on risk and include:

- Training associates around the world, covering both global antitrust standards and market-specific rules
- Providing consistent guidelines and other communication tools to associates and addressing potential areas of antitrust risk
- Monitoring legal developments in antitrust and competitiveness issues worldwide to help us update and enhance our ongoing antitrust compliance initiatives

Consumer protection

As we expand our business to serve customers in new and more convenient ways, we continue to implement additional consumer protection standards and controls. As one example, in FY2018, we enhanced our program for verifying suppliers’ “Made in the USA” type claims by requiring suppliers to submit a Made in the USA Supplier Certification to a third-party test lab at the time of production testing. The Made in the USA Supplier Certification, which must be executed by an officer or general counsel of the supplier’s company, is designed to further protect our customers from false “Made in the USA” or similar claims.

Our eCommerce platforms leverage technology and automation to mitigate the risk of restricted items being sold on our website.

Environmental compliance

Walmart strives to promote sustainable business practices within our operations and throughout our supply chain. Our environmental compliance programs guide our management of waste materials, including wastewater, storm water, air emissions and recyclable materials. Our subject matter experts train associates throughout the world to comply with environmental regulations and implement best practices. In the U.S., environmental regulatory agencies inspect our facilities more than 1,600 times per year and Walmart contracts with third-party firms to do more than 30,000 environmental audits annually.

In recent years, Walmart has made significant efforts to recycle as much as possible, including lead-acid car batteries, lamps and bulbs, tires, automotive oil and spent cooking oils. These recycling efforts help preserve our natural resources. We also monitor and measure waste, and work to reduce the amount created by Walmart and our suppliers. One project launched by the Waste Minimization Team, in partnership with the Environmental Services Team, reduced our Resource Conservation and Recovery Act (RCRA) hazardous solid pesticide waste generation by 52 percent.

Anti-money laundering compliance

Walmart has continued to expand our anti-money laundering (AML) efforts by increasing AML resources to meet monitoring and reporting expectations. In FY2018, we invested in technological improvements to our AML monitoring and reporting capabilities in Argentina, China, United Kingdom and the United States. The AML team continues to support the expansion and growth of financial services by designing and implementing risk-based controls that support compliance and fraud requirements necessary for the sale of financial products and services. During FY2018, the U.S. program concluded an examination by the IRS, 174 exams by state regulators, and over 1,300 audits by business partners, incurring zero fines or penalties.

Food safety

At Walmart, food safety is more than a regulatory requirement; it is part of our culture. As leaders in the retail food business, we realize we have an important responsibility and a unique opportunity to engage suppliers, associates, customers, researchers, communities and governments around the world to advance food safety and improve public health.

Global food safety

Launched in 2000, the Global Food Safety Initiative works to recognize and benchmark certain food safety audit programs across the globe with the aim that suppliers have one audit per year that will be acceptable to all potential customers. Walmart has been at the forefront of this movement and helped to drive significant uptake across North America from 2008 onwards. Our latest challenge has been to further encourage the recognition and uptake of the initiative across other, less developed markets. During 2017, two of our International markets, Central America and China, worked on projects to make this happen.

- **Central America—the ‘GFSI School’.** Our team in CAM worked with our small and developing private label suppliers, providing information and gaining their commitment to achieving a GFSI audit. Once that commitment was obtained, they worked with various certification bodies (Delcen, NSF, Silliker, SGS, LQS), Non-Governmental Organizations (CITA, CACIA) and Governmental Entities (INA, MICIT, Procomer) to design, develop and deliver training materials, diagnostic analysis and webinars to provide free information to help suppliers move towards certification. The School was launched in September 2017 and we look forward to seeing our small and developing private label suppliers achieving great results in 2018 and beyond.
- **China—SME Capacity Building Program.** In China, our team realized that many small and medium enterprises (SMEs) simply did not have the level of food safety knowledge that we required in order for them to become Walmart suppliers. Working with the China Chain Store & Franchise Association (CCFA), they have been part of a committee that has developed an audit program based on Global Market Programs and assessment process that is being trialed by three CNCA approved certification bodies (SGS, Intertek and CQC). The program focuses on both the GFSI Global Market Program entry and intermediate level requirements and the need for compliance with the Chinese regulatory framework. This approach will act to open up the ‘path to certification’ for SMEs in China and we look forward to seeing many new suppliers take advantage of this new process.

By working with in-market partners, Walmart International continues to work to support our small and developing suppliers in order that they may improve their food safety controls and help us to try to create a future, safer, more affordable and sustainable food system, so people worldwide can live better.



Labor and employment compliance

The Labor and Employment Compliance Program supports a complex and ever-changing environment in 12 different markets across 28 countries. However, the strategy for all markets is the same: to maintain fair and consistent labor and employment practices in compliance with local law. As we do this, we also focus on promoting a work environment that supports the needs of our associates and encourages growth opportunities.

In the U.S., FY2018 was a great year of growth for the program. We further enhanced our I-9 compliance program to gain even greater visibility and to improve our reporting and escalation capabilities. In addition, we worked to bring more awareness of the American Disabilities Act compliance obligations to our U.S. associates in our stores and clubs. These materials are designed to help management better recognize requests for accommodation and to raise awareness of the resources available to guide U.S. associates through the accommodation process.

Throughout our international markets, we developed stronger controls and standards to address labor reforms in Costa Rica and Brazil, improved our understanding of the roles and challenges related to third party workers in Mexico, Argentina and Chile, and partnered with human resources to empower store-level associates to improve their own compliance in Canada, China and the UK. These program improvements have led to more consistent, accurate and timely execution of compliance-related tasks.

Looking forward, FY2019 will be another year of great change in the labor environment due to political elections, changing regulatory environments, and an evolving workforce. The Labor and Employment Compliance program stands ready to meet those challenges while never losing sight of our core belief in respect for the individual.

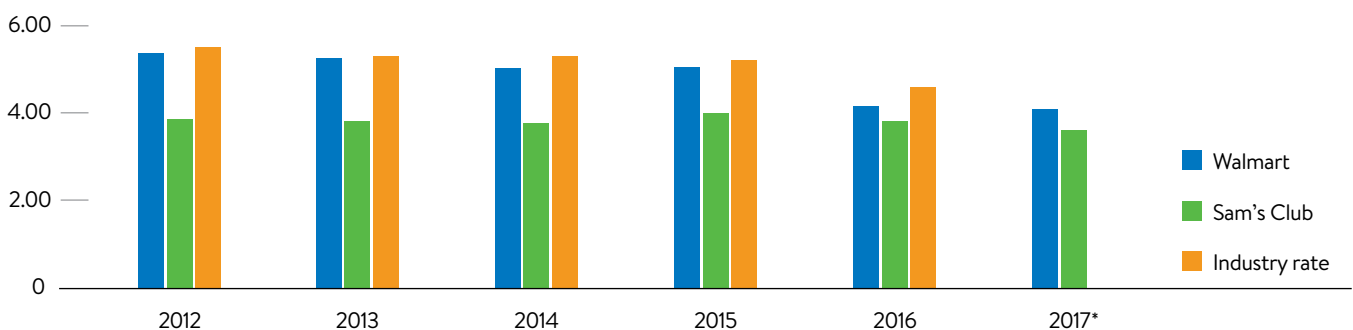
Licenses and permits

It is core to our values that we comply with applicable laws and regulations as well as our own policies wherever we operate. Each year, Walmart's licensing compliance group secures or maintains licenses and permits globally to keep our business running and make products available to customers.

Licenses and permits affect the sale of many items. Obtaining the right licenses allows us to continue to meet the needs of our customers. To maintain business continuity, our licensing compliance team works to monitor legislative and regulatory trends, enhance associate training and awareness, and evaluate the effectiveness of our program for overall continuous improvement.

Using a proprietary, web-based license-management system, our global licensing compliance teams procure and maintain required real estate, construction and operating licenses and permits. This includes licenses and permits relating to developing property, business facilities and distribution centers, owning and operating stores, selling merchandise and providing specific lines of service.

OSHA recordable incident rates: Walmart U.S. and Sam's Club vs. industry



*Industry data have a one-year lag time and therefore do not appear in this chart

Privacy

Our founder Sam Walton reminded us that “a promise we make is a promise we keep,” and it’s our promise to customers that we respect the trust they place in us and the privacy of the information they share. With more of our customers engaging with our company online, Walmart believes that maintaining a comprehensive online/offline customer privacy policy is fundamental to being a trusted retailer.

Our Privacy program rests on our comprehensive Walmart and Sam’s Club privacy policies, which govern our treatment of customer data in both our offline and online U.S. Walmart and Sam’s Club retail environments. These layered policies provide clear and concise high-level and granular explanations of the types of customer personal information we collect, how we use and share that information, and the measures we take to protect the security of that information. These policies also describe for our customers the choices that they may make regarding our use of their personal information and how they may access and update that information. Our policies provide multiple points of contact through which our customers may initiate inquiries and raise concerns to us regarding our collection, use and sharing of their personal data.

Our Walmart and Sam’s Club policies further provide that we will share customers’ personal information outside of our family of companies only with the customer’s affirmative consent, except in certain limited circumstances that we describe. Our Walmart and Sam’s Club policies also state our goal to limit the personal information we collect to that needed to support our business. Finally, we post our policies on our websites and make them available in our stores and clubs. We state on our posted policies the date they were last updated. If we make significant updates to our policies, we provide our customers additional notice of the changes.

The commitments that we make in our privacy policies are backed up by a comprehensive privacy compliance program, led by our Vice President, Chief Privacy Officer (CPO). While our CPO sets the strategy for and leads the execution of our privacy program, our CPO reports through our compliance governance structure, which

includes an enterprise committee specifically dedicated to data governance policy and compliance. Our CPO is supported by a global staff of trained privacy professionals. Many of our professional privacy staff have earned the Certified in Information Privacy designation conferred by the International Association of Privacy Professionals.

Our professional privacy staff routinely conducts programmatic privacy risk and maturity assessments, and leads the development of yearly associate privacy training, including privacy training delivered through our computer-based learning system. Our professional privacy staff also works closely with our business teams to implement Privacy by Design principles in our development of new information-based products and services. Finally, our professional privacy staff monitors and responds to customer inquiries and concerns directed through the points of contact set forth in our Walmart and Sam’s Club privacy policies.

Our full Walmart U.S. policy may be found at <https://corporate.walmart.com/privacy-security>.

Product safety

Walmart remains committed to selling products that comply with applicable safety laws and regulations, as well as holding suppliers accountable for adhering to our standards. We build trust in the products we sell when we focus our attention on product safety and compliance along our supply chain.

Walmart continues to work with regulators to provide safety-related information and education to consumers. In FY2018, the Product Safety and Compliance team expanded Walmart’s participation in national consumer education campaigns on topics identified as potential issues by federal agencies, such as swimming pool safety. In recognition of Walmart’s continued support of the Consumer Product Safety Commission’s (CPSC) Pool Safety campaign, Walmart was named September’s PoolSafely.gov featured partner. During the year, the Product Safety and Compliance Team also worked with the National Highway Traffic Safety Administration (NHTSA) to promote car seat safety and with the CPSC’s Anchor-It campaign dealing with hazards associated with furniture tip-over.



IMPACT

Halloween costume safety


The safety of children's Halloween dress up costumes is of the utmost importance to Asda and has been subject to intense media scrutiny within the U.K. The U.K. Product Safety team has worked hard on the dress up strategy and Halloween 2017 proved to be a significant milestone. The Product Safety team led a strategic working group with key business partners across the Asda and George business, third party test houses, and the British Retail Consortium (BRC) to develop our products and our public-facing materials to directly address customer education with regard to fire safety. We worked with our trusted suppliers to remove materials from our products that promote the spread of flames and implemented new design features to reduce the risk of burning. By doing this, the costumes were designed to exceed legal requirements by passing the additional requirements of the British Nightwear Standard. Utilising our in-store 'Good Living' magazine that is available to all of our customers, the Product Safety team worked with West Yorkshire Fire & Rescue Service to share tips on how to stay safe around Halloween, such as replacing lit candles with a much safer LED equivalent. We also launched a simple, clear policy for our suppliers specifying the safety and regulatory requirements for all dress up products.

Additionally, in FY2018 the Product Safety and Compliance team revised its testing verification program to permit suppliers to skip pre-production testing and conduct only production testing on certain items. By eliminating this duplicative round of testing, suppliers' testing costs are reduced while the items are still verified as compliant through production testing. This new option can help suppliers while still maintaining a high level of safety and compliance.

The Product Safety and Compliance team continues to seek out opportunities to use in-store events and social media resources to communicate broadly with our customers.

Product recalls and reporting

In addition to traditional communication methods, the Product Safety and Compliance team leveraged Facebook in FY2018 to notify customers of product recalls and worked with the Customer Experience Team to begin posting recall notices on monitors in select stores. When a recall involved a product sold at Walmart or Sam's Club, we worked to remove the product and implement sales blocks at the register as we informed our customers and members. From October 2016 through September 2017, the CPSC conducted 295 consumer product recalls. Of these recalls, 35 affected Walmart and Sam's Club locations. The CPSC assessed more than \$29 million in civil penalties for the fiscal year. Walmart has not incurred any such penalties.



During the past year, we have continued to build and enhance our compliance program. Our program has focused on strengthening our procedures and ensuring that our compliance controls function as they should.

For updates on compliance program enhancements, please see our [Global Ethics and Compliance White Paper](#).

Trade

During the past year, we have continued to build and enhance our compliance program. Our program has focused on strengthening our procedures and ensuring that our compliance controls function as they should. We implemented customs post-entry review procedures, and supported several international markets with the application or renewal of their Authorized Economic Operator status.

In the U.S., we focused on delivering an enhanced export compliance program. This has enabled trade to our Mexico operations from the US, and further supported the Sam's Club and ecommerce export programs.

We also strengthened our trade-sanctions program by completing policies or procedures across all of our markets. Relevant associates received training and we conducted several awareness campaigns across our markets. We further enhanced our vendor screening process, and developed new controls to manage the country of origin of the products we buy and sell.

Conflict minerals

In calendar year 2017, Walmart did not manufacture or contract to manufacture any products which contained tin, tantalum, tungsten or gold, and therefore was not required to file a report on Form SD or a Conflict Minerals Report with the Securities and Exchange Commission.



Cybersecurity and data privacy

In recent years, cybersecurity and data privacy have risen to the top of the corporate agenda as the risks of cyberhacking have become more urgent. At Walmart, protecting our customers' personal information as well as the integrity of our own operations is of the highest priority.

We have developed a program designed to protect our global enterprise that is built on the National Institute of Standards' Framework for Improving Critical Infrastructure Cybersecurity. We have also established defined procedures for responding in the event of a breach, including when and how to engage with internal management, stakeholders and law enforcement. Our program includes the following elements:

- **Technology**
- **Benchmarking and external engagement**
- **Third-party assessments**
- **Internal assessments**

Technology

At Walmart, we employ a layered defense strategy, also known as defense-in-depth, to protect our information systems. This means that we rely on multiple technologies to protect the organization, knowing that any single technology can be defeated by a determined adversary. By layering technologies, any entity bent on penetrating our cyber defenses would have to avoid or defeat each

layer, significantly increasing the likelihood of detection by network defenders.

Traditionally, information security investments were biased towards defense, but this thinking has shifted in recent years to include an equal emphasis on detection and response. For the last several years, Walmart has invested in all three technology types: defense, detection, and response.

Benchmarking and external engagement

To help Walmart remain on the leading edge of information security practices, we benchmark ourselves against various organizations with similar risk profiles including retail, financial, government and Fortune 100 companies.

We also remain active in the information security community and contribute to a number of formal and informal groups, such as Microsoft CSO Council, Executive Security Action Forum, Security for Business Innovation Council, Information Security Forum, Homeland Security Information Network, FBI InfraGard, Corporate Research Board, and a number of others at either the individual or team level.

Third-party assessments

Walmart engages a range of outside experts to continually assess our organizational security. Some assessments are driven by regulatory requirements, but others are voluntary, part of our ongoing efforts to maintain the thoroughness and effectiveness of our information security programs, processes, and capabilities.

Mandated third-party assessments

- **Payment Card Industry (PCI) assessment of information security:** PCI assessments are conducted by external Qualified Security Assessor (QSA) companies. We normally use two or three QSAs each year and we rotate them to benefit from a variety of perspectives.
- **Sarbanes-Oxley review of IT General Controls:** Assessments are conducted by our external auditor, Internal Audit, and the Controller's office.

Voluntary third-party assessments

- **External penetration tests:** We hire outside firms several times per year to conduct tests under various threat simulations. For example, we've engaged third parties to conduct tests against point-of-sale, global eCommerce sites, and the corporate network.
- **Security Operations Center assessment:** This assessment, known as a Capability Maturity Model Integration (CMMI), is the standard assessment for Security Operations Centers. The scale is 1-5 with 3 being considered a managed, defined, and effective organization. In our most recent assessment, our Security Operations Center was scored at a 3.89, the highest score achieved by any organization evaluated by Hewlett-Packard, our outside vendor for this test.
- **Forensics and eDiscovery assessments:** These practices are assessed annually against ISO 17025 by the American Society of Crime Laboratory Directors, the same organization and standard used by federal agency crime labs. Walmart is one of fewer than three dozen private labs to achieve this level of accreditation and the first to ever achieve the accreditation around technical eDiscovery practices.
- **Annual NIST CSF assessment:** This assessment evaluates against five core functions and 22 categories to assess the organization's cybersecurity maturity level.

Internal assessments

In addition to the outside experts we engage, our internal teams are regularly testing and improving all of our information systems. These ongoing assessments include the following:

- **Security Risk and Compliance Review (SRCR):** Our Information Security engineers conduct thousands of SRCR assessments each year. The tests focus on new applications, systems, and architectures entering the Walmart enterprise to assess compliance with our security standards and policies.
- **User access campaigns:** Walmart reviews access rights to our networks quarterly. We provide supervisors with a view of all access held by users reporting to them. They must either confirm the access or flag the access for removal. Additionally, processes are in place to modify or revoke access when users change roles or leave the company.
- **Red Team/Blue Team simulations:** Red Teams (simulating adversaries) engage in sanctioned offensive attack operations against the enterprise as a way to test the environmental controls, configurations, and technologies of the Blue Teams (Security Operations and Incident Response).
- **Annual security posture assessment:** This assessment, conducted in each market, covers 19 technology domains built upon ISO standard 27001/27002. Any necessary remediation is handled by the market CIO.

Effective cybersecurity requires constant vigilance and regular upgrading of procedures and technology, as the nature of the threat is continually evolving. At Walmart we take that threat seriously. We work to regularly improve our systems and processes to provide the most effective security possible to protect our data and that of our customers.



Public policy and political engagement

We have dedicated policy experts focused on new and emerging issues such as food, supply chain, environmental, labor and e-commerce policy.

Walmart's mission is to save people money so they can live better, and customers around the world trust us to deliver on that promise.

We pursue our mission by creating more economic opportunity for our customers and associates, while putting tools in place that can help grow our suppliers, partners and the economy more broadly. Through our store and e-commerce growth and presence in 28 countries, including the U.S., we work to help strengthen local communities in a way that is sustainable for the planet and people.

In addition to subject matter experts in international, national, state/provincial and local markets, we have dedicated policy experts focused on new and emerging issues such as food, supply chain, environmental, labor and e-commerce policy. A new emphasis of our public policy engagement is facilitating conversations about the future of work and helping to outline the skills that employers will need in their future workforce. We are continuing our work with governments, NGOs and international organizations to assist

in shaping public policy that helps improve the lives of our customers, associates, workers in our supply chain and communities we serve. 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.

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.

In the United States, Walmart Inc. Political Action Committee for Responsible Government (WALPAC) is our primary vehicle for financially contributing to the political process at the Federal level. WALPAC is funded solely with voluntary contributions from eligible associates. To access information about federal contributions made from WALPAC in the U.S., please go to www.fec.gov and search the appropriate disclosure database for "Walmart."

Walmart is a member of a number of U.S.-based trade associations that the company believes can assist Walmart in achieving its long-term strategic objectives (for example,

the Business Roundtable on Trade and the U.S. Chamber of Commerce). 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 U.S. We frequently review our process to help file public reports accurately and appropriately. In FY2016, we made it easier for shareholders and other interested parties to understand details around our state lobbying efforts and related reported expenses. A state lobbying "report card" is posted on our corporate website providing our annual reported lobbying expense and links to state lobbying reports. In FY2017, we began updating the website to include the expenses reported for federal lobbying so that information is easier to access. The state and federal lobbying information is updated quarterly. Links to other publicly available information concerning our federal policy-oriented activities in the U.S., such as federal lobbying disclosure reports, which are maintained by the United States House of Representatives and the United States Senate, can be found at lobbyingdisclosure.house.gov and senate.gov/legislative/lobbyingdisc.htm.



The above links, as well as our [corporate government relations policy](#), are available on our Walmart corporate website.

“We are building on investments we’ve been making in associates, in their wages and skills development,” said Doug McMillon, Walmart president and CEO. “It’s our people who make the difference and we appreciate how they work hard to make every day easier for busy families.”



Tax Reform: Walmart announces increase to starting wage rate for all hourly U.S. associates

Walmart is in the early stages of determining how to invest proceeds from 2017 U.S. tax reform. Some guiding themes are clear and consistent with how we’ve been investing in general over the past few years—lower prices for customers, better increased wages and training for associates and investments in the future of our company, including in technology. Tax reform gives us the opportunity to accelerate our planned initiatives to enhance performance and competitiveness, be more competitive globally and to accelerate plans for the U.S.

For example, as we announced in January 2018, one way we are using tax proceeds is to increase the starting wage rate of all hourly associates in the U.S. to \$11, expand maternity and parental leave benefits and provide a one-time cash bonus for eligible associates of up to \$1,000. Walmart also created a new benefit to assist associates with adoption expenses. The combined wage and benefit changes will benefit the company’s more than one million U.S. hourly associates.

“We are building on investments we’ve been making in associates, in their wages and skills development,” said Doug McMillon, Walmart president and CEO. “It’s our people who make the difference and we appreciate how they work hard to make every day easier for busy families.”



ESG commitments and progress

As of Fiscal Year End 2018, unless otherwise noted

PRIORITIES (COMMITMENTS NOTED AND ITALICIZED)	METRIC	RESULTS
Opportunity		
Providing great jobs and advancement		
Walmart associates	People employed, globally	2.3 million
	People employed, U.S.	1.5 million
Compensation and benefits (U.S.)	U.S. average full-time hourly wage	\$14.08—effective April 2018
	U.S. minimum starting wage	\$11.00/hour—effective February 2018
	U.S. quarterly bonuses paid to hourly associates	\$625 million
	U.S. paid time off (PTO) for hourly associates (full-time and part-time)	<p>Full-time hourly: Up to 304 hours, based on tenure. Associates may roll over up to 80 hours at the end of the year. Any remaining PTO is cashed out and paid back to the associate.</p> <p>Part-time hourly: Up to 144 hours, based on tenure. Associates may roll over up to 48 hours at the end of the year. Any remaining PTO is cashed out and paid back to the associate.</p>
	U.S. full-time hourly or salaried paid maternity leave (stackable with parental leave)*	10 weeks—effective March 2018
	U.S. full-time hourly or salaried paid parental leave after 12 months of service*	6 weeks—effective March 2018
	U.S. health insurance for all full- and part-time associates who have worked an average of 30 hours per week over the past 12 months	Starting at around \$26/pay period

*Salaried associates—eligible as of hire date/full-time hourly associates—eligible following 12 months of service

PRIORITIES (COMMITMENTS NOTED AND ITALICIZED)	METRIC	RESULTS
Additional benefits (U.S.)	Store discount (effective after 90 days of employment)	Walmart full- and part-time associates save 10 percent on regularly priced general merchandise and fresh fruits and vegetables at any Walmart store
	401K	Full- and part-time associates can start contributing to their 401(k) on their first day with the company. Walmart provides up to a 6 percent company match after one year/ 1,000 hours on the job.
	Stock purchase	Walmart matches 15 percent of the first \$1,800 U.S. associates contribute to the stock purchase program, up to \$270 per plan year (age restrictions apply).
Promotions (U.S.)	U.S. associates promoted to jobs of greater responsibility and higher pay	>230,000
Training (U.S.) <i>Commitment: By 2025, Walmart U.S. will put millions of associates through focused training programs to equip them with skills to improve career growth, from entry-level positions to jobs with more responsibility and higher pay</i>	U.S. associates trained, Pathways program (estb. 2016)	>400,000 (cumulative)
	U.S. associates trained, Walmart Academy (estb. 2016)	>250,000 (cumulative)
	Number of U.S. Academy training facilities	183
Fostering inclusion		
<i>Commitment: Signatory to Catalyst CEO Champions for Change; CEO Action for Diversity and Inclusion; Paradigm for Parity</i>	U.S. associates who are women; people of color	55 percent; 44 percent
	U.S. managers who are women; people of color	43 percent; 32 percent
	Percent of U.S. hourly promotions who are women; people of color*	55 percent, 46 percent
	Percent of U.S. management promotions who are women; people of color*	44 percent, 37 percent
	U.S. officers who are women; people of color	30 percent; 20 percent
	Percent of Walmart Board who are women	25 percent as of February 2018 (S&P 500 average is 21 percent)
Enhancing retail opportunity across the sector		
<i>Commitment: \$100 million philanthropic commitment (launched 2015) from the Walmart Foundation and Walmart to make it easier for frontline employees in the retail and adjacent sectors to gain new skills and advance in their careers of retail and adjacent sector workers</i>	Retail Opportunity grants awarded to date by Walmart and the Walmart Foundation	\$80 million

*The methodology for calculating promotions has been refined; under the new methodology the FY2017 stats would have been; Percentage of promotions hourly—56% women; 45% people of color
Percentage of promotions management—45% women; 34% people of color

PRIORITIES (COMMITMENTS NOTED AND ITALICIZED)	METRIC	RESULTS
Creating economic opportunity for retail suppliers		
<i>Commitment: Source incremental \$250 billion in products supporting American jobs, 2013-2023</i>	Sourcing of products supporting American jobs	On track
<i>Commitment: Double Walmart U.S. sales of locally grown produce between Fiscal Year End 2017 and Fiscal Year End 2026.</i>	Amount sourced from locally grown produce for FY2018	\$998,832,541
Supplier diversity		
<i>Commitment: Source \$20 billion from women-owned businesses for our U.S. operations through 2016 (beginning in 2011)</i>	Amount sourced from diverse suppliers FY2018	\$13.9 billion
	Amount sourced from women-owned businesses 2011-2016	\$21.2 billion, achieved 2016
<i>Commitment: Provide funding through Walmart and the Walmart Foundation and resources to empower nearly 1 million women on farms, in factories, in retail and in workforce through 2016</i>	Women farmers trained 2011- 2017	>678,000
	Women in factories trained 2011-2017	>131,000
	Women in U.S. trained 2011-2017	>249,000
	Women trained in retail in emerging markets 2011-2017	>145,000
<i>Commitment: Provide funding through Walmart and the Walmart Foundation to train 1 million farmers and farm workers, half of whom will be women, in emerging markets by the end of 2016</i>	Farmers trained 2011-2017	>1.2 million
	Women farmers trained 2011-2017	>678,000
Sustainability in retail operations		
Reducing emissions in our operations		
<i>Commitment: Achieve an 18 percent emissions reduction in Walmart's own operations by 2025 (over 2015 baseline); (science-based target)</i>	Change in Scope 1 and 2 absolute emissions since 2015	1.2 percent increase; calendar year 2016; program launched and on track
	Change in carbon intensity, year over year	0.4 percent increase (per revenue); calendar year 2016
		0.1 percent increase (per sq ft); calendar year 2016
Change in carbon intensity globally per total revenue since 2005	30 percent decrease	
Scaling affordable, renewable energy		
<i>Commitment: Be powered by 50 percent renewable sources by 2025</i>	Estimated percentage of electricity needs supplied globally by renewable sources	28 percent
<i>Commitment: 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</i>	Total renewable energy produced or procured	2.9 billion kWh
	New renewable generation capacity brought on by Walmart worldwide since 2008 (net new to the grid vs. purchases)	800 megawatts
	Onsite and offsite renewable projects globally	500 in operation or under development in nine countries, 16 U.S. states and Puerto Rico
<i>Commitment: Double the number of on-site solar energy projects at our U.S. stores, Sam's Club locations and distribution centers by 2020, compared with our 2013 baseline</i>	Onsite solar installations in the U.S.	364 installations; more than any other company; on track to reach 500 by 2020

PRIORITIES (COMMITMENTS NOTED AND ITALICIZED)	METRIC	RESULTS
Improving energy efficiency in our buildings		
<i>Commitment: 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</i>	Change in global kWh-per-sq-ft energy intensity	12 percent decrease
Maximizing efficiency and safety of our trucking fleet		
<i>Commitment: Double our fleet efficiency, 2005-2015</i>	Change in fuel efficiency of U.S. fleet, 2005-2015	Doubled; achieved in 2015, saving nearly \$1 billion
Eliminating waste in our operations		
Waste diversion	Percent of waste materials diverted globally from landfill and incineration ¹	78 percent
<i>Commitment: Achieve zero waste to landfill from our own operations in key markets, including the U.S., U.K., Japan, and Canada by 2025 in accordance with Zero Waste International Alliance guidelines²</i>	Percent of waste materials diverted from landfill and incineration per market:	
	Walmart U.S.	81 percent
	Walmart Canada	83 percent
	Walmart Japan	78 percent
	Walmart U.K.	87 percent
Food donations	Food donated globally in 2017	755 million lbs
Stewarding land		
<i>Commitment: Conserve 1 acre of land for every U.S. acre developed</i>	Acres conserved per acre of land developed through support to Acres for America	10
	Total acres conserved by Acres for America	1.3 million
Sustainability in product value chains		
Enhancing environmental sustainability of key commodities		
<i>Commitment: More sustainably source 20 key commodities by 2025</i>	Commodities more sustainably sourced	Work in progress: we have identified 20 commodities for work in this area, including shrimp, tuna, coffee, produce (bananas, grapes, tomatoes), beef, corn, wheat, textiles
Seafood <i>Commitment: By 2025, all Walmart U.S., Sam's Club, ASDA, Walmart Canada, Walmart Brazil, Walmart Mexico, and Walmart Central America fresh and frozen, farmed and wild seafood suppliers will source from fisheries who are third-party certified as sustainable, actively working toward certification or engaged in Fishery Improvement Projects</i>	Sustainably sourced, according to supplier reports based on Walmart's Seafood policy	100 percent sustainable (Walmart U.S. & Sam's Club)
	Wild	
	• MSC or GSSI	76 percent
	• Fishery Improvement Project	24 percent
	Farmed: BAP or ASC	98 percent <2 percent have plans in place to obtain certification

¹ Based on review of material handling and waste diversion processes in Argentina, Brazil, Canada, Central America, Chile, Japan, Mexico, South Africa, U.K. and U.S., as 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.

² Meeting or exceeding Zero Waste International Alliance business recognition program requirements, which include adoption of ZWIA definition of Zero Waste and achievement of 90 percent or more diversion of all discarded resources from landfills, incinerators and the environment.

PRIORITIES (COMMITMENTS NOTED AND ITALICIZED)	METRIC	RESULTS
Row crops <i>Commitment: Encourage suppliers to develop fertilizer optimization plans for 14 million acres of U.S. farmland by 2020</i>	Estimated committed acres reported by suppliers	34 million (fertilizer program and Project Gigaton™)
	Number of suppliers participating	17 suppliers
Soil health Midwest Row Crop Collaboration	Number of demonstration farms in Soil Health Partnership	100 farms
Animal welfare Advancing humane treatment of farm animals in accordance with 5 Freedoms of Animal Welfare	Supplier implementation of video monitoring on sow farms for 100 percent of Walmart U.S. by end of 2018	On track
	Percent of shell eggs at Walmart U.S. and Sam's Club meeting United Egg Producers animal welfare requirements or equivalent	100 percent
Reducing emissions in product supply chains		
<i>Commitment: Will also work to reduce 1 billion metric tons of CO2e emissions from Scope 3 by 2030.³ (science-based target; Project Gigaton™)</i>	Number suppliers participating	>400 suppliers
	Emissions reductions reported by suppliers	>20 million metric tons
<i>Commitment: Engage 70 percent of our China-sourced business in a factory energy efficiency program by 2017</i>	Percent of China-sourced volume enrolled in the Walmart Factory Energy Efficiency Program	Achieved >70 percent enrolled
	Number of supplier factories enrolled	800 factories
	2017 calendar year annual supplier savings: • Operating expense • CO2 equivalent	\$40 million in total 270,000 metric tons in total
Achieving zero net deforestation		
<i>Commitment: Walmart will source and use RSPO or equivalent-certified palm oil (mass balance and segregated supply chain systems) in 100 percent of Walmart private brand products by 2020</i>	In FY2017, percentage sourced in accordance with principles of RSPO Next or equivalent, according to supplier reported data: • Identity preserved • RSPO segregated • Mass balance • Green Palm certificates FY2018 numbers will be available later this year.	100 percent RSPO 0.4 percent 8.4 percent 39.5 percent 51.8 percent
<i>Commitment: Source 100 percent sustainable beef that is zero net deforestation from all sensitive biomes in Brazil by the end of 2020</i>	Percent of suppliers from Amazon and Cerrado region reporting through Walmart's Brazil's Beef Risk Monitoring System	100 percent
	Number of farms registered in Walmart's Brazil Beef Risk Monitoring System	Over 100,000
	Soy moratorium	Support

³ Avoided and absolute emissions reductions reported by suppliers will be counted toward Project Gigaton™ and will not be differentiated when speaking about Project Gigaton™ publicly. Absolute GHG emissions reductions occur when the overall concentration of greenhouse gases in the atmosphere is reduced, regardless of economic growth. Avoided emissions occur when the impact of an emissions reduction activity is calculated off a "business as usual" scenario and therefore is a positive action but cannot be proven to have lowered the concentration of greenhouse gases in the atmosphere.

PRIORITIES (COMMITMENTS NOTED AND ITALICIZED)	METRIC	RESULTS
Preventing products and packaging from becoming waste		
Customer recycling	Pounds diverted through customer recycling programs at Walmart Argentina, Chile, Japan, Mexico and ASDA in U.K. in 2017	5.7 million lbs collected for recycling
Labeling	Percent private brand suppliers using “Best if Used by” date label terminology in the U.S. unless a food safety or regulatory reason might prevent us from doing so	92 percent
	Number private brand suppliers in How2Recycle program in the U.S.	>100 suppliers
	Number products assessed for recyclability using How2Recycle label in U.S.	>1,900 products
Providing affordable, safer and healthier products		
<i>Commitment: Reduce, restrict and remove use of High-Priority and Priority Chemicals using informed substitution principles</i>	Cumulative percent of High-Priority Chemicals removed by Walmart suppliers from assortment by weight between 2014 and 2016 (Walmart U.S. in scope consumable products)	96 percent
<i>Commitment: By 2022, aim to reduce the footprint of priority chemicals in U.S. Walmart and Sam’s Club assortments by 10 percent</i>	A progress update will be available later this year	
<i>Commitment: In 2016, Walmart and the Walmart Foundation committed to invest \$25 million in projects to advance food safety in China over five years</i>	Percent of \$25 million invested in projects to date	On track
<i>Commitment: Improve the nutritional quality of our private brands, including our Great Value brand and national food brands in the U.S. By the end of 2015, compared with 2008 baseline, reduce sodium by 25 percent and added sugars by 10 percent; remove industrially produced trans fats.</i>	Percent ingredients removed by suppliers from private brand packaged food in Walmart U.S. since 2011 <ul style="list-style-type: none"> • Sodium • Added sugar • Trans fats eliminated 	18 percent (FY2017) 10 percent (FY2017) 100 percent (FY2017)
Supporting measurement and transparency in the value chain		
<i>Commitment: By the end of 2017, Walmart will buy 70 percent of the goods we sell in U.S. stores and in U.S. Sam’s Clubs only from suppliers in the U.S., China and around the world who use the Sustainability Index, for categories where the Index is available</i>	Products covered by the Sustainability Index <ul style="list-style-type: none"> • Sales • Participation rate, where the Index is available • Participation in Index <p>Increase in average scores of KPIs</p>	Achieved 2016 \$200 billion 70 percent 1,800 suppliers; 300 buyers 5 percent versus FY2017

PRIORITIES (COMMITMENTS NOTED AND ITALICIZED)	METRIC	RESULTS
Community		
Relieving hunger		
<i>Commitment: Between 2014 and 2019, provide 4 billion meals to those who need them through grants from Walmart and the Walmart Foundation and food donations from Walmart stores, Sam's Club locations and distribution centers</i>	Pounds of food donated	On track
<i>Commitment: In 2014, Walmart and the Walmart Foundation set a goal to provide nutrition education to 4 million people by 2020</i>	Number of people funded for nutrition education (Walmart U.S.)	3.5 million
Providing disaster relief		
<i>Commitment: Between 2016 and 2021, invest \$25 million through Walmart and the Walmart Foundation in response and preparedness</i>	Grants awarded to date	>\$44 million since FY2017
Supporting veterans		
<i>Commitment: Offer a job at Walmart or Sam's Club locations to any eligible honorably discharged U.S. veteran who has been discharged since Memorial Day 2013. Commit to hire 250,000 veterans by 2023.</i>	Number of veterans hired	>194,000
	Number of veterans promoted	>28,000
<i>Commitment: \$20 million from Walmart and the Walmart Foundation over five years to support U.S. veterans (2014-2019)</i>	Grants awarded to date	\$20 million
Giving locally		
Local grants	Local grants made by stores, clubs, other facilities in the U.S. FY2018	\$42 million
Associate giving	U.S. associate hours volunteered	850,000 hours
	Money donated by Walmart to match volunteerism through the Volunteerism Always Pays program in the U.S.	\$8.5 million



Global reporting index

GENERAL STANDARD DISCLOSURES

Disclosure Number	Disclosure Title	2018 Response
GRI 102: General disclosures		
Organizational profile		
102-1	Name of the organization	Walmart Inc.
102-2	Activities, brands, products, and services	2018 Form 10-K, page 8
102-3	Location of headquarters	Bentonville, Ark.
102-4	Location of operations	2018 Form 10-K, pages 7-8, 27-29
102-5	Ownership and legal form	2018 Form 10-K, page 31
102-6	Markets served	2018 Form 10-K, pages 7-8, 27-29
102-7	Scale of the organization	Our business, page 1 2018 Annual Report, IFC 2018 Form 10-K, page 33
102-8	Information on employees and other workers	2018 Form 10-K, page 14 Fostering inclusion, pages 28-34
102-9	Supply chain	Growing a local and inclusive supply base, pages 41-51 Enhancing sustainability in our value chains, pages 95-169 2018 Form 10-K, page 14 Promoting responsible sourcing, page 109 Standards for suppliers
102-10	Significant changes to the organization and its supply chain	During 2017, there have been no significant changes to the organization or our supply chain.
102-11	Precautionary Principle or approach	Walmart addresses the precautionary approach for products with the application of the Walmart Sustainability Index. We ask suppliers in our consumer goods product categories to complete an assessment to inform our merchandising and product-placement decisions for 2017 and beyond. Additionally, suppliers of merchandise are expected to adhere to our Standards for Suppliers—Walmart’s fundamental expectations for our suppliers and those who supply to them. Among other topics, our Standards require compliance with all applicable laws, transparency, not using involuntary or underage labor, and safe working conditions in facilities producing merchandise for sale by Walmart.
102-12	External initiatives	United Nations Global Company (UNGC), Paris Climate Agreement, Environmental Defense Fund UL’s WERCSmart, Closed Loop Fund, TSC Common Chemical Criteria Task Force, CDP, GRI, ILO
102-13	Membership of associations	We work with industry groups in many countries in which we operate, including, but not limited to, the Consumer Goods Forum, Leadership Group for Responsible Recruitment, Responsible Business Alliance, Issara Institute, Collaboration for Forests and Agriculture, Fair Food Program, Ocean Disclosure Project, Seafood Task Force, Coalition for Veteran Owned Business, Business Roundtable, National Retail Federation and Retail Industry Leaders Association.

Disclosure Number	Disclosure Title	2018 Response
Strategy		
102-14	Statement from senior decision-maker	Letter from Chief Executive Officer, page 3
102-15	Key impacts, risks, and opportunities	Letter from Chief Executive Officer, page 3 A letter from our Chief Sustainability Officer, page 4 Shared value: Our approach to ESG, page 7 2018 Form 10-K, pages 17-26
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	Ethics and compliance, pages 202-210
102-17	Mechanisms for advice and concerns about ethics	Ethics and compliance, pages 202-210
Governance		
102-18	Governance structure	Governance, pages 197-198 2018 Proxy Statement, page 22
102-19	Delegating authority	2018 Proxy Statement, page 29 CNGC Charter
102-20	Executive-level responsibility for economic, environmental, and social topics	Governance, pages 197-198 CNGC Charter
102-21	Consulting stakeholders on economic, environmental, and social topics	2018 Proxy Statement, page 29 Corporate governance guidelines
102-22	Composition of the highest governance body and its committees	2018 Proxy Statement, pages 8, 12-19 Corporate governance guidelines
102-23	Chair of the highest governance body	Governance, pages 197-198
102-24	Nominating and selecting the highest governance body	2018 Proxy Statement, pages 10-11 CNGC Charter
102-25	Conflicts of interest	2018 Proxy Statement, page 51 Ethics and compliance, pages 202-210
102-26	Role of highest governance body in setting purpose, values, and strategy	Governance, pages 197-198 CNGC Charter
102-27	Collective knowledge of highest governance body	Governance, pages 197-198 CNGC Charter
102-29	Identifying and managing economic, environmental, and social impacts	2018 Proxy Statement, pages 28-29
102-30	Effectiveness of risk management processes	2018 Proxy Statement, pages 24, 28-29 CNGC Charter
102-31	Review of economic, environmental, and social topics	2018 Form 10-K, pages 24, 28-29
102-33	Communicating critical concerns	Ethics and compliance, page 208
102-35	Remuneration policies	2018 Proxy Statement, pages 41-49
102-36	Process for determining remuneration	2018 Proxy Statement, pages 41-49
102-37	Stakeholders' involvement in remuneration	2018 Proxy Statement, page 43
Stakeholder engagement		
102-40	List of stakeholder groups	Stakeholder engagement, pages 10-15
102-41	Collective bargaining agreements	How we operate around the world, pages 200-201
102-42	Identifying and selecting stakeholders	Stakeholder engagement, pages 10-15

Disclosure Number	Disclosure Title	2018 Response
102-43	Approach to stakeholder engagement	Stakeholder engagement, pages 10-15
102-44	Key topics and concerns raised	Stakeholder engagement, pages 10-15
Reporting practice		
102-45	Entities included in the consolidated financial statements	2018 Form 10-K, page 7
102-46	Defining report content and topic Boundaries	Defining our ESG priorities, commitments, and targets, pages 8-9
102-47	List of material topics	Our priorities, pages 16-17
102-48	Restatements of information	For suppliers, this includes our Standards for Suppliers—Walmart’s fundamental expectations for our suppliers and those who supply to them. Among other topics, our Standards require compliance with all applicable laws, transparency, not using involuntary or underage labor, and safe working conditions in facilities producing merchandise for sale by Walmart.
102-49	Changes in reporting	None
102-50	Reporting period	FY2018 (February 1, 2017 through January 31, 2018) Limited inclusion of 2018 (January-April)
102-51	Date of most recent report	2018
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	CASSR@wal-mart.com
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	Our GRI Content Index begins on page 224
102-56	External assurance	We did not seek external assurance for this report

TOPIC-SPECIFIC DISCLOSURES

GRI 203: Indirect economic impacts		
103-1	Explanation of the material topic and its Boundary	Opportunity, page 18 Community, page 170
103-2	The management approach and its components	Opportunity, page 18 Community, page 170
103-3	Evaluation of the management approach	Opportunity, page 18 Community, page 170
203-1	Infrastructure investments and services supported	Sparking a movement across retail, pages 35-40 Investing in American jobs, pages 42-43 Supporting communities, pages 185-193 Supporting small producers in emerging markets, pages 44-47 Community, pages 170-196
GRI 204: Procurement practices		
103-1	Explanation of the material topic and its Boundary	Growing a local and inclusive supply base, page 41
103-2	The management approach and its components	Growing a local and inclusive supply base, pages 41-51
103-3	Evaluation of the management approach	Growing a local and inclusive supply base, pages 41-51
204-1	Proportion of spending on local suppliers	Growing a local and inclusive supply base, pages 41-51

Disclosure Number	Disclosure Title	2018 Response
GRI 302: Energy		
103-1	Explanation of the material topic and its Boundary	Reducing greenhouse gas emissions, page 54 Enhancing sustainability in our value chains, pages 95-169
103-2	The management approach and its components	Reducing greenhouse gas emissions, pages 54-71 Enhancing sustainability in our value chains, pages 95-169
103-3	Evaluation of the management approach	Reducing greenhouse gas emissions, pages 54-71 Enhancing sustainability in our value chains, pages 95-169
302-1	Energy consumption within the organization	Reducing greenhouse gas emissions, pages 54-71 ESG commitments and progress, page 217-223
302-2	Energy consumption outside of the organization	Reducing greenhouse gas emissions, pages 54-71 Enhancing sustainability in our operations, pages 54-96
GRI 305: Emissions		
103-1	Explanation of the material topic and its Boundary	Reducing greenhouse gas emissions, page 54 Enhancing sustainability in our value chains, page 86
103-2	The management approach and its components	Reducing greenhouse gas emissions, page 54 Enhancing sustainability in our value chains, pages 97-98
103-3	Evaluation of the management approach	Reducing greenhouse gas emissions, page 54 Enhancing sustainability in our value chains, pages 95-169
305-1	Direct (Scope 1) GHG emissions	Reducing greenhouse gas emissions, pages 54-68 Enhancing sustainability in our value chains, pages 128-135 ESG commitments and progress, pages 217-223
305-2	Energy indirect (Scope 2) GHG emissions	Reducing greenhouse gas emissions, pages 54-71 Enhancing sustainability in our value chains, pages 128-135 ESG commitments and progress, pages 217-223
305-3	Other indirect (Scope 3) GHG emissions	Reducing greenhouse gas emissions, pages 54-68 Enhancing sustainability in our value chains, pages 136-143 ESG commitments and progress, page 217-223
305-4	GHG emissions intensity	Reducing greenhouse gas emissions, pages 54-68 ESG commitments and progress, pages 217-223
305-5	Reduction of GHG emissions	Reducing greenhouse gas emissions, pages 54-71 Enhancing sustainability in our value chains, pages 96-135 ESG commitments and progress, pages 217-223
GRI 306: Effluents and waste		
103-1	Explanation of the material topic and its Boundary	Reducing waste, page 72
103-2	The management approach and its components	Reducing waste, pages 72-73
103-3	Evaluation of the management approach	Reducing waste, pages 72-83
306-2	Waste by type and disposal method	Reducing waste, pages 72-83

Disclosure Number	Disclosure Title	2018 Response
GRI 308: Supplier environmental assessment		
103-1	Explanation of the material topic and its Boundary	Enhancing sustainability in our value chains, page 109 Standards for suppliers
103-2	The management approach and its components	Enhancing sustainability in our value chains, pages 109-169 Standards for suppliers
103-3	Evaluation of the management approach	Enhancing sustainability in our value chains, pages 109-169 Standards for suppliers
308-2	Negative environmental impacts in the supply chain and actions taken	Enhancing sustainability in our value chains, pages 126-135 Standards for suppliers
GRI 401: Employment		
103-1	Explanation of the material topic and its Boundary	Increasing economic opportunity, page 18
103-2	The management approach and its components	Increasing economic opportunity, page 18
103-3	Evaluation of the management approach	Increasing economic opportunity, page 18
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Working with associates to improve stability, pages 22-25 ESG commitments and progress, pages 217-223
401-3	Parental leave	Working with associates to improve stability, pages 22-25
GRI 402: Labor/Management relations		
103-1	Explanation of the material topic and its Boundary	Increasing economic opportunity, page 18 How we operate around the world, pages 200-201
103-2	The management approach and its components	Increasing economic opportunity, page 18 How we operate around the world, pages 200-201
103-3	Evaluation of the management approach	Increasing economic opportunity, page 18 How we operate around the world, pages 200-201
402-1	Minimum notice periods regarding operational changes	How we operate around the world, pages 200-201
GRI 404: Training and education		
103-1	Explanation of the material topic and its Boundary	Increasing economic opportunity, page 18
103-2	The management approach and its components	Increasing economic opportunity, page 18
103-3	Evaluation of the management approach	Increasing economic opportunity, page 18
404-2	Programs for upgrading employee skills and transition assistance programs	Providing a ladder of opportunity to increase mobility, pages 26-27 ESG commitments and progress, pages 217-223
GRI 405: Diversity and equal opportunity		
103-1	Explanation of the material topic and its Boundary	Providing great jobs and inclusive advancement in retail, pages 20-21 Fostering inclusion, pages 28-34
103-2	The management approach and its components	Fostering inclusion, pages 28-34
103-3	Evaluation of the management approach	Fostering inclusion, pages 28-34
405-1	Diversity of governance bodies and employees	Fostering inclusion, pages 28-34 ESG commitments and progress, pages 217-223 2018 Proxy Statement, page 7

Disclosure Number	Disclosure Title	2018 Response
GRI 408: Child labor		
103-1	Explanation of the material topic and its Boundary	Enhancing sustainability in our value chains, page 200 How we operate around the world, pages 200-201 Standards for suppliers
103-2	The management approach and its components	Enhancing sustainability in our value chains, page 200 How we operate around the world, pages 200-201 Standards for suppliers
103-3	Evaluation of the management approach	Enhancing sustainability in our value chains, page 200 How we operate around the world, pages 200-201 Standards for suppliers
408-1	Operations and suppliers at significant risk for incidents of child labor	Enhancing sustainability in our value chains, page 200 How we operate around the world, pages 200-201 Standards for suppliers
GRI 409: Forced or compulsory labor		
103-1	Explanation of the material topic and its Boundary	Enhancing sustainability in our value chains, page 109 How we operate around the world, pages 200-201 Standards for suppliers
103-2	The management approach and its components	Enhancing sustainability in our value chains, page 109 How we operate around the world, pages 200-201 Standards for suppliers
103-3	Evaluation of the management approach	Enhancing sustainability in our value chains, page 109 How we operate around the world, pages 200-201 Standards for suppliers
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability in retail operations and value chains, page 53 Enhancing sustainability in our value chains, page 109 Leading industries toward positive change, pages 117-118 How we operate around the world, pages 200-201
GRI 412: Human rights assessment		
103-1	Explanation of the material topic and its Boundary	Enhancing sustainability in our value chains, page 201 How we operate around the world, pages 200-201 Standards for suppliers
103-2	The management approach and its components	Enhancing sustainability in our value chains, page 201 How we operate around the world, pages 200-201 Standards for suppliers
103-3	Evaluation of the management approach	Enhancing sustainability in our value chains, page 201 How we operate around the world, pages 200-201 Standards for suppliers
412-1	Operations that have been subject to human rights reviews or impact assessments	Enhancing sustainability in our value chains, page 201 How we operate around the world, pages 200-201 Standards for suppliers

Disclosure Number	Disclosure Title	2018 Response
GRI 413: Local communities		
103-1	Explanation of the material topic and its Boundary	Growing a local and inclusive supply base, page 41 Community, pages 170-196
103-2	The management approach and its components	Growing a local and inclusive supply base, page 41 Community, pages 170-196
103-3	Evaluation of the management approach	Growing a local and inclusive supply base, page 41 Community, pages 170-196
413-1	Operations with local community engagement, impact assessments, and development programs	Growing a local and inclusive supply base, page 41 Community, pages 170-196 ESG commitments and progress, pages 217-223
GRI 414: Supplier social assessment		
103-1	Explanation of the material topic and its Boundary	Growing a local and inclusive supply base, page 41 Enhancing sustainability in our value chains, pages 109-125 Standards for suppliers
103-2	The management approach and its components	Growing a local and inclusive supply base, page 41 Enhancing sustainability in our value chains, pages 109-125 Standards for suppliers
103-3	Evaluation of the management approach	Growing a local and inclusive supply base, page 41 Enhancing sustainability in our value chains, pages 109-125 How we operate around the world, pages 200-201 Standards for suppliers
414-1	New suppliers that were screened using social criteria	Growing a local and inclusive supply base, page 41 Enhancing sustainability in our value chains, pages 200-201 How we operate around the world, pages 217-223 Standards for suppliers
GRI 416: Customer health and safety		
103-1	Explanation of the material topic and its Boundary	Supporting measurement and transparency, page 161 Providing access to affordable, safer, healthier food and products, pages 144-160
103-2	The management approach and its components	Supporting measurement and transparency, page 161 Providing access to affordable, safer, healthier food and products, pages 144-160
103-3	Evaluation of the management approach	Supporting measurement and transparency, page 161 Providing access to affordable, safer, healthier food and products, pages 144-160
416-1	Assessment of the health and safety impacts of product and service categories	Supporting measurement and transparency, page 161 Providing access to affordable, safer, healthier food and products, pages 144-160 ESG commitments and progress, pages 217-223



Forward-looking statements

This report contains statements that are based on Walmart management's current expectations and beliefs. Walmart believes such statements are "forward-looking statements" as defined in, and are intended to enjoy the protection of the safe harbor for forward-looking statements provided by, the Private Securities Litigation Reform Act of 1995, as amended. Assumptions on which such forward-looking statements are based, including without limitation assumptions regarding Walmart's sustainability goals and programs, are also forward-looking statements. Walmart's results may differ materially from our projected results as the result of changes in circumstances, assumptions not being realized, or other risks, uncertainties and factors.

Such risks, uncertainties and factors also include the risks relating to Walmart's strategy, operations and performance and the financial, legal, tax, regulatory, compliance, reputational and other risks discussed in Walmart's most recent annual report on Form 10-K filed with the Securities and Exchange Commission. You should consider the forward-looking statements in this report in conjunction with that annual report on Form 10-K and Walmart's quarterly reports on Form 10-Q and current reports on Form 8-K filed with the SEC. Walmart urges you to consider all of the risks, uncertainties and factors identified above or discussed in such reports carefully in evaluating the forward-looking statements in this report.

Walmart cannot assure you that the results reflected or implied by any forward-looking statement will be realized or, even if substantially realized, that those results will have the forecasted or expected consequences and effects. The forward-looking statements made in this report are as of the date of this report, unless otherwise indicated. Walmart undertakes no obligation to update these forward-looking statements to reflect subsequent events or circumstances.



Walmart 

Walmart Inc. (NYSE: WMT)
702 S.W. 8th Street
Bentonville, Arkansas 72716 USA
479-273-4000
walmart.com

