Now More Than Ever.

2009 GLOBAL SUSTAINABILITY REPORT

WAL*MART®

Now More Than Ever.
Walmart operates Walmart discount stores, supercenters, Neighborhood Markets and Sam’s Club locations in the U.S. The Company operates in Argentina, Brazil, Canada, Chile, China, Costa Rica, El Salvador, Guatemala, Honduras, India, Japan, Mexico, Nicaragua, Puerto Rico and the United Kingdom. The Company’s common stock is listed on the New York Stock Exchange under the symbol WMT.

### U.S.

The Walmart U.S. segment operates retail stores in all 50 states, with discount stores in 47 states, supercenters in 48 states and Neighborhood Markets in 16 states. From time to time, Walmart U.S. tests different store formats to meet market demands and needs. Customers can also purchase a broad assortment of merchandise and services online at www.walmart.com.

### International

Our International segment is comprised of our wholly-owned subsidiaries operating in Argentina, Brazil, Canada, Japan, Puerto Rico and the United Kingdom; our majority-owned subsidiaries operating in five countries in Central America, and in Chile and Mexico; our joint ventures in India and China; and our other controlled subsidiaries in China.

### Sam’s Club

The first Sam’s Club opened its doors in Midwest City, Oklahoma, in 1983. Today, Sam’s Club serves more than 47 million U.S. members with locations worldwide. Sam’s Club offers exceptional values on merchandise and services for business owners and consumers.
Wal-Mart’s Global Reach

7,873 Total Units

As of January 31, 2009. Does not include Bharti Retail in India. India retail locations are operated by Bharti Retail under a franchise agreement.

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<tr>
<th>Country</th>
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<td>Canada</td>
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<td>Japan</td>
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A Message From Mike Duke

“Now more than ever, the Wal-Mart family understands that we have a responsibility and an opportunity to make a difference with sustainability.”

As you’ll see in this Report, Wal-Mart continues to make real and measurable progress toward becoming a more sustainable company. We’ve moved closer to the three core goals we set in October 2005: to be supplied 100 percent by renewable energy; to create zero waste; and to sell products that sustain our resources and the environment. At the same time, we’ve also made additional commitments and progress in social areas, such as diversity, health care and responsible sourcing.

“Sustainability 360” is what we call the approach that has guided the expansion of our efforts. It’s a company-wide emphasis on integrating sustainability into our business by engaging Wal-Mart’s associates, suppliers, communities and customers. Together, our goal is to make an even bigger difference in people’s lives, in our businesses, and in the communities that we touch around the world. Now more than ever, the Wal-Mart family understands that we have a responsibility and an opportunity to make a difference with sustainability.

Last year brought one of the most challenging global economies in decades. Every dollar, pound, peso and yuan matters to the working families who are our customers around the world. These difficult economic times have led to an obvious question that a number of people have asked me: “Can Wal-Mart afford to continue to be so aggressive in sustainability?” My response has been very clear and direct: “We can’t afford not to. We need to accelerate and broaden our efforts.”

Making Sustainability Sustainable

I believe we’re on our way to achieving our goal of making sustainability sustainable at Wal-Mart. We’ve said many times before that our Company would remain committed to sustainability during the good times and the tough times. There’s no question that the tough times are here. And there’s no question that almost every company, including Wal-Mart, is looking to reduce costs. But what you’ll see in this Report is that we’re not scaling back or even just staying the course in sustainability. We’re expanding our efforts around the world.

How are we able to do this? We owe so much gratitude to Lee Scott for his leadership of our business, especially in the area of sustainability. One of the things that he taught me about Wal-Mart and sustainability is that it really comes down to who we are, how we work, and what we stand for as a company.

The fact is sustainability at Wal-Mart isn’t a stand-alone issue that’s separate from or unrelated to our business. It’s not...
Sustainability is built into our business. It’s completely aligned with our model, our mission and our culture. Simply put, sustainability is built into our business because it’s so good for our business.

Sustainability helps us deliver on our Every Day Low Price business model. Using more renewable energy, reducing waste and selling sustainable products helps us take costs out of the system. This year, for instance, we surpassed our goal of achieving 25 percent greater fleet efficiency. The savings from this and other sustainability initiatives translate into lower costs and low prices for our customers.

At Wal-Mart, we “save people money so they can live better.” Sustainability is a great example of how we fulfill this mission. It used to be that sustainable products were out of reach for working men and women. But Wal-Mart simply does not believe that customers should have to choose between sustainable products and products they can afford. Whether it’s compact fluorescent light bulbs (CFLs) or organic milk, we’ve helped make sustainability affordable and accessible to our customers and members.

Caring About Our Communities
Sustainability also fits with the values and culture that define our Company. I believe a lot in performance, but I also believe in caring about people and contributing to communities. Last year, Wal-Mart and its Foundation donated $378 million in cash and in-kind contributions to charities across the U.S., which is a more than 27 percent increase over the previous year. And we donated more than $45 million in other markets around the world. I’m also proud that our U.S. associates last year donated more than 1 million hours to charitable organizations. Sustainability, in the words of Sam Walton, has really helped “our people make the difference” in their own lives and in their communities.

When we set out to become a more sustainable company, we did a lot of listening. And we continue to talk with community leaders, elected officials, academic experts, supplier executives, and social and environmental non-governmental organizations. We’re grateful for the roles they’ve all played in helping us become a better company. And we’ll work hard to continue to broaden and deepen those relationships.

When we produced our first Report in 2007, we received some excellent and very candid feedback about our progress and potential. We will, of course, welcome comments and constructive criticism about this Report, as well. One improvement we’ve made is to provide more data, metrics and results. As an engineer, I love that we’ve done this, but I also recognize that we have more work to do to track progress toward our goals, especially in our buildings and packaging efforts. We’ve also captured in this Report, I believe, a fuller picture of our sustainability efforts to date. Let me share with you some of the specific highlights.

Meaningful Strides to Create Zero Waste
We’re also making strides towards our goal to create zero waste. As we learned in 2007, measuring waste is challenging because our Company simply has not historically measured the amount of waste it sends to landfills. Last year, however, we made progress in this area and now have a solid baseline – with more than 57 percent of the waste generated by our stores, clubs and distribution centers being redirected from landfills. And whether it’s CFLs in China or organic produce in Brazil, we’re putting on our shelves even more products that sustain our resources and the environment. Our decision to sell only concentrated liquid laundry detergent in our U.S. stores is making a difference.

In this Report, you’ll also see a broader discussion of social initiatives. For instance, we recently launched a project that will reduce Puerto Rico’s dependence on imported produce, create new jobs and economic growth, and provide Wal-Mart customers with even fresher and lower-cost fruits and vegetables. We’re launching local agricultural programs like this all around the world, including our Direct Farm Program, which will involve as many as 1 million farmers in China by 2011.

Sustainability Summit Ushers in New Era
At our Beijing Sustainability Summit in October, we made it clear that we expect suppliers – whether in China, Costa Rica or the U.S. – to continue to comply with ethical standards and environmental laws. These efforts will improve the lives of the workers in our supplier factories. Those workers will also have more environmentally responsible businesses in their
communities. And as for our customers, they can be proud of shopping at Wal-Mart, where the corporation is committed to doing what’s right and to providing products that meet their expectations for quality.

You will see that we have very specific metrics tables in each of the social areas. This Report shows, for example, that Wal-Mart made $789 million in 401(k) and profit-sharing contributions to hourly associates in the U.S. in 2008. And that’s in addition to the $934 million in bonuses that we distributed to hourly associates in the U.S. This Report also shows that we have made progress on diversity by growing our overall female associate base. We continue to increase the number of women and minorities in our workforce, including those in management positions.

In the coming year, you’ll also see us put more focus on associate opportunity. Even in a tough economy, as many companies reduced their workforces, we created tens of thousands of jobs around the world last year and plan to do so again this year. These are good jobs that offer competitive wages and good benefits. Thanks to improvements in our health insurance offerings, for example, we’ve had a 7.3 percent enrollment increase over the last five years. Today, nearly 95 percent of Walmart U.S. associates have some form of health care coverage. We want to make sure that we give our associates the pay, benefits and opportunities they need to make a career at Wal-Mart.

In my new role, my focus in the months ahead will be on ensuring continuity in our strategy and building even more momentum in our business. This applies to our Company in every way and all around the world. Therefore, it also applies to our efforts in sustainability. At Wal-Mart, we do not – and I will not – separate our business from our responsibility and opportunity to be a more sustainable company.

**Sustainability: Broaden and Accelerate**

As I mentioned earlier, we'll broaden our commitment to sustainability. Geographically, every associate, every store and every supplier will be expected to contribute. No area of our Company will fail to find some way to help make Wal-Mart more sustainable. You'll also see us contribute to public discussions and debates on the environment – whether it’s in the U.S. Congress or at the United Nations Climate Change Conference in Copenhagen.

When it comes to accelerating our commitment, one of the reasons I got into retailing was because of its quick pace. My goal is that when we look back in a quarter, in a year, or in five years, we're once again surprised by how far and fast we've gone. We all need to have a sense of urgency. We all need to apply our full effectiveness to these efforts. If we do, I know we'll be proud of the difference that the Wal-Mart family makes in the world.

Michael T. Duke
President and Chief Executive Officer,
Wal-Mart Stores, Inc.
Our goal in our second Global Sustainability Report is to provide a thorough and transparent assessment of our worldwide sustainability activities. The framework we have used to measure and report our results reflects portions of the Global Reporting Initiative (GRI), including GRI’s economic, environmental and social performance indicators. We have also included areas and data that we believe give an enhanced understanding of our environment, sustainability efforts, progress and challenges to date. To obtain information for this Report, we followed much of the process that was fundamental to our first review while adding engagement with external stakeholders, as well. We believe the material to be as accurate as possible, and will make corrections as needed.
Economic

Our Mission:
Saving people money so they can live better.
Saving people money so they can live better was a goal Sam Walton envisioned when he opened the first Wal-Mart store more than 40 years ago. Today, with thousands of stores in a number of formats around the globe, this mission is embedded in our business; it lives in our culture; and it impacts every part of our Company – from our customers and our shareholders, to our associates and our communities.

Over time, we have seen the true potential and meaning of this mission. We’ve also come to understand the enormous responsibility it presents to us as a retailer. Our mission empowers us to help our customers – regardless of where they may live or what their backgrounds might be – afford the things they need to run a household or support a family, which is especially important in today’s economic climate. It means we can be an advocate for the men and women who shop in our stores because we understand their needs and the importance they place on value. It also means we can combine our role as a retailer with our responsibility as a member of the global community to help people improve their situations and build better lives.

We believe that by applying our “Save money. Live better.” mission to big global challenges like energy or the cost of prescription drugs, we can deliver both value and quality to our customers, and ensure that neither comes at the expense of responsibility. This is why we continually work to build efficient, productive and sustainable solutions into our business, and why we partner with our suppliers and stakeholders to create outlets for our customers to take advantage of our mission and purpose. We believe we have more to do and more to offer our customers and our communities in this regard. But we also believe that our mission is what strengthens our ability not only to do well as a business, but also to do good in the world.

Key Financial Indicators

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<tr>
<td>Net sales(1)</td>
<td>$401.2</td>
<td>$374.3</td>
<td>$344.8</td>
<td>$308.9</td>
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<tr>
<td>Net sales increase</td>
<td>7.2%</td>
<td>8.6%</td>
<td>11.6%</td>
<td>9.8%</td>
<td>11.4%</td>
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<td>Operating income(1)</td>
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<td>$22.0</td>
<td>$20.5</td>
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<td>Earnings per share(2)</td>
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<tr>
<td>Dividend per share(3)</td>
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<td>$0.88</td>
<td>$0.67</td>
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(1) Financial information for fiscal years 2006, 2007 and 2008 has been restated to reflect the impact of the following activities in fiscal 2009:
- The closure and disposition of 23 stores and other properties of The Seiyu, Ltd. (“Seiyu”) in Japan under a restructuring plan; and
- The sale of Gazeley Limited (“Gazeley”), a property development subsidiary in the United Kingdom.

Financial information for fiscal year 2005 has not been restated to reflect the impact of these activities, as the adjustments are immaterial.

Financial information for fiscal years 2005 and 2006 has been restated to reflect the disposition of our South Korean and German operations that occurred in fiscal 2007.

(2) Diluted income per common share from continuing operations.

(3) Annual dividend declared for fiscal year 2010 is $1.09.
Wal-Mart serves customers and members more than 200 million times per week around the world who come to Wal-Mart to buy the things they need at prices they can afford. As current economic conditions continue, we know that thousands of men and women are going to start shopping with us for the first time, while our current customers are going to lean on us a little harder. We believe we have a clear opportunity to demonstrate our value to these customers and to our communities.

In our stores, we can offer solutions that help people live better lives. Outside our own four walls, we can demonstrate that we are a good neighbor and a committed partner in communities by doing everything from generating tax revenues and lowering overall prices on goods, to boosting customer traffic at surrounding stores and creating new jobs.

**SAVINGS FOR OUR CUSTOMERS**
Simply by virtue of the fact that we serve so many millions of customers in thousands of stores around the globe every day, we are closer to working men and women around the world than just about anyone. We understand them and their needs, and we understand just how important it is to provide them with value, convenience and affordability. But most important, we understand the role and responsibility we have as a company to help deliver it to them.

**In Our Stores**
Independent research from Global Insight has shown that Wal-Mart’s U.S. stores save the average American household more than $3,100 per year – whether they shop with us or not. (Global Insight, “The Price Impact of Wal-Mart: An Update through 2007,” 2/9/09)
During National Small Business Week, thousands of small business owners participated in invoice comparison exercises at Sam’s Club locations across America. These entrepreneurs brought in past invoices from competitors and compared them with our prices. As a result, many of them learned that by shopping at Sam’s Club they could save thousands of dollars every year. In addition, our membership team commissioned an independent third-party study in 2008 which showed an overall average savings of about 38 percent on the categories surveyed.

At Our Pharmacies
In a similar vein, our $4 prescription drug program has saved our customers nearly $2 billion since its inception more than two years ago. The program has prompted other pharmacies to lower their prices as well – meaning we are helping men and women across the country save money on their medications, whether they shop in our stores or not. In 2008, the program was expanded to include 90-day supplies of more than 350 prescriptions for just $10, including a number of medications designed to combat chronic conditions as well as for specific women’s health needs.

Around the world, our customers appreciate low prices and value on the medications they need to live better, healthier lives. For example, Wal-Mart Brazil’s affordable generic pharmaceutical drug program makes medications accessible for customers at an estimated R$9.90 ($5.38 USD) and generated an estimated total savings for customers of more than R$21.5 million ($11.6 million USD) in 2008. In Mexico, Medi-Mart is a line of low-cost prescription drugs that gives our customers access to the medicines they need at prices they can afford. Recently, in alliance with 27 Mexican laboratories, we worked to expand the Medi-Mart catalog to include 456 drugs that treat the most common illnesses affecting Mexican men, women and children. As a result, in 2008 the program generated an estimated 1.6 billion pesos ($143,000 million USD) in savings for these customers – an estimated increase of more than 57 percent from the year before.

From Our Services
In this economic climate, we know that just as it is important for us to help our customers save money, it is important to offer ways to help them manage it as well. In the U.S., Walmart Financial Services helps our customers save on basic money services like check cashing, money orders, money transfers, bill payment and the Walmart MoneyCard, our prepaid VISA debit card at our in-store Walmart MoneyCenters and Service Desks. Today, there are more than 750 Walmart MoneyCenters in operation, representing nearly 20 percent of our Walmart locations in the U.S.

In Mexico, we opened Banco Wal-Mart with the overall mission of providing access to financial services products to the unbanked and the underserved. By the end of 2008 there were 38 Wal-Mart de Mexico Bank Customer and Member Service Modules (MACS), 394 consumer credit modules and 70,000 individual accounts. And we are making a difference: a full 35 percent of our account holders tell us that they have never had any kind of bank account before. We want to continue to use our position in communities and our strengths as a business to serve the needs of the underserved and unbanked around the world.
Even in the midst of the current economic crisis, our stores created approximately 63,000 jobs around the world in 2008, including more than 33,000 in the U.S. In fact, Wal-Mart regularly creates thousands of jobs – often in communities where they are needed the most – every year. We want to continue to provide these kinds of opportunities in the communities we serve, and we will continue to work to demonstrate the value and potential that a Wal-Mart job provides.

- In Argentina, our stores created more than 830 new jobs in 2008.
- In 2007, Wal-Mart Brazil created more than 4,500 jobs. In 2008, more than 7,100 additional positions became available as we opened 34 new stores and expanded into new parts of the country. In 2009, more than 10,000 new jobs will be generated as a result of the 90 new stores we plan to open throughout the year.
- Wal-Mart Canada estimates that we have created more than 100,000 store and construction jobs since we entered that country in 1994.
- Wal-Mart is one of the largest private employers in Mexico. In February 2009, we announced an 11.8 billion peso ($1 billion USD) investment plan for 2009, which will generate more than 14,500 new direct jobs as a result of 252 new units in our Bodega Aurrerá, Walmart and Superama formats, and our Sam’s Club and Suburbia apparel stores. The construction of these new stores will support the creation of an additional 25,000 indirect jobs in Mexico.

- In Central America, we have more than 30,000 associates. We created 2,000 new jobs during 2008 alone.
- Wal-Mart is one of the largest private employers in Puerto Rico with nearly 14,000 associates. We created nearly 800 new jobs just this fiscal year. Last year, Wal-Mart Puerto Rico received the President’s Award from the Puerto Rico Products Association for its contributions to job creation on the island.
- In 2008, through our Bharti Retail joint venture and our cash-and-carry operations there, 395 new jobs were created in India.
- In January 2009, ASDA announced that it would add 7,000 jobs in the United Kingdom and recruit 3,000 long-term unemployed individuals for existing positions. A full 3,700 of these jobs will be created at nine new food stores, five new non-food retail outlets and expansions of 15 other stores.
- Local Chinese nationals manage 100 percent of our Wal-Mart stores in China, and approximately 75 percent of the store management team have been promoted from within.

In Puerto Rico, for example, we are testing the Wal-Mart MoneyCard. Our U.S. stores have been offering MoneyCards since June 2007, but in February 2009, we began offering these reloadable, pre-paid Visa debit cards for just $3 – a savings of more than 60 percent from the original price of $9. With more than 35 million American families underserved by traditional financial institutions, these cards are a way to provide our customers with many of the advantages of a checking account – like being able to deposit their paychecks on a safe and secure card, checking their balances, paying bills and shopping wherever Visa cards are accepted. We expect the MoneyCards to save our customers in the U.S. roughly $50 million every year when compared to similar cards, and we want to bring these same kinds of savings to other markets around the world as well.
OPEN DOORS FOR OUR SUPPLIERS
We do business with more than 100,000 suppliers. We recognize that we have a role and responsibility to leverage our stores and our presence in thousands of communities to help these men and women grow their businesses and create new markets for their products. We believe this is one way we can positively impact the communities we serve and help people all around us live better lives.

For example, Wal-Mart China has a goal of engaging 1 million local farmers in its direct-farm program by 2011. Today, we work with nearly 100,000 Chinese farmers who farm 25,000 acres of farmland to supply our stores in the region. In Japan, 300 of our nearly 400 Seiyu stores have special sections allocated for fresh produce delivered daily by local growers.

In Central America, our stores in Guatemala, Honduras, Costa Rica, El Salvador and Nicaragua support Tierra Fertil, a program to help local producers learn new agricultural techniques that allow them to produce high-volume, high-quality products for the retail market. Through this program, it is estimated that we have helped create more than 4,300 jobs with 5,300 farms, impacting more than 9,700 families in the region. As an example, in Nicaragua, a workforce of 50 growers and an offering of four products grew to more than 400 working with more than 215 products for local consumption or export in just a few years. Today, 90 percent of the current demand for fruits, vegetables and grains at our Pali and La Unión stores in Nicaragua is covered through local production.

Wal-Mart Brazil’s Producers’ Club program helps small and medium-sized farmers commercialize and open new markets for their products. The initiative supports communities, provides customers with more high-quality, local goods at competitive prices, and promotes sustainable practices as well. Currently, more than 2,800 families take part in the Producers’ Club in six Brazilian states: Paraná, Santa Catarina, Rio Grande do Sul, Bahia, São Paulo and Sergipe. As a result of this program and others, in 2008, our stores around the world sold more than R$750 million ($330 million USD) in Brazilian products – an increase of 4 percent from the previous year.

Beyond agricultural suppliers, we also work with businesses of all shapes and sizes to supply our stores with the kind of merchandise we need to be relevant to our broad and diverse customer base. In Argentina, for example, more than two dozen companies have joined our “Pyme” program for small- and medium-sized suppliers in the Buenos Aires, Tucuman, Salta and Santiago del Estero provinces. Through this program and others in provinces across the country, we help local
Economic

companies become more productive, regional suppliers. Today, 154 of these enterprises are currently selling their products in Wal-Mart stores.

In 2007 alone, Wal-Mart Canada conducted more than $11 billion ($10.2 billion USD) in business with more than 6,000 Canadian suppliers. We have also conducted 10 local supplier fairs in Canada over the past three years to build on our relationships with Canadian suppliers and to expand our range of local products.

In January 2008, Wal-Mart de Mexico, in alliance with the Secretary of Economy, state governments, the United Nations Development Program (UNDP) and Canacintra, a non-profit organization representing the industrial sector, launched a strategic initiative to establish the small and medium-sized enterprise (SME) Supplier Development Program, to drive production chains and strengthen the internal market. We also have a program, called “Adopt-an-SME,” through which buyers commit to work with these enterprises for 18 months to help them bring their products to our shelves. In 2008, 104 suppliers were “adopted,” and their products produced sales of more than 556 million pesos ($49.8 million USD), an increase of 26.5 percent in a single year. Additionally, these suppliers increased their profitability by 16 percent and their sales floor presence by 28 percent in 264 of our stores. A major priority of the Wal-Mart de Mexico Foundation involves supporting productive projects of rural and indigenous communities with resources and training to help them market, transport and sell their products in our stores. In 2008, total purchases from more than 50,000 of these products exceeded 2.1 million pesos ($188,000 USD), supporting craftsmen in 62 communities and benefitting more than 5,600 indigenous men, women and children.

Likewise, Wal-Mart Puerto Rico is helping small and medium-sized businesses through an alliance with the Puerto Rican Minority Business Enterprise Center, providing business seminars through our Sam’s Club Business Member Support Center. Along with the Puerto Rico Products Association, Wal-Mart Puerto Rico is also a major sponsor of the “Find the Stamp” awareness campaign, designed to promote consumption of local products. During 2008, we exported $7 million in Puerto Rican-manufactured products to our stores around the world.

In Central America, we have created a Private Brand Development Program that is helping us establish closer relationships with our customers and allowing us to offer them a wider assortment of high-quality products at low prices. This program has also become an important source of income for a number of small and medium-sized companies in the region. In fact, during 2008, our private-brand products were produced by 146 suppliers, 98 of which were small and medium-sized companies. Working with these suppliers, we help them make continual improvements in their manufacturing processes and procedures, focusing on areas like new product development and sustainable business practices.

Though Bharti-Wal-Mart has only been in India through a Joint Venture with Bharti Enterprises for a short time, in the nine month period from March through November 2008, Bharti Retail sourced more than $4.5 million (USD) in merchandise from a number of local suppliers there, including farmers. In the soft-lines category – meaning items like clothing, bedding and home décor – Bharti-Wal-Mart sourced between 70 and 80 percent of our merchandise from suppliers who employ a large number of skilled and unskilled workers and whose annual revenues are less than $6 million (USD).
Economic

**ASDA MONTHLY INCOME TRACKER**

Without question, the entire world is feeling the pressures associated with the global financial crisis. As our customers continue to depend on us to deliver value for them, we want to continue to demonstrate that we are an advocate for them – and that our “Save Money. Live Better.” approach to solving major global challenges is relevant in their lives. Moreover, we believe we can play a role in helping policymakers and influencers understand the situations of our customers, while bringing about the kinds of solutions that our customers want and need.

As an example, in March 2008, our ASDA stores in the U.K. released the first-ever ASDA Monthly Income Tracker, as a monthly barometer of the economic welfare of British consumers. Compiled with the help of the Center for Economics and Business Research Ltd., the reports show, in real terms, how much money British consumers have to spend each month, and offer a glimpse into the true cost of living in the U.K.

With the tracker’s data, ASDA has become a respected, sought-after authority on the typical British family’s spending power after taxes and other necessary expenses. The tracker has allowed us to demonstrate the role retailers play in keeping inflation down and lowering the cost of living for British families. It also serves as an internal motivator to our buyers, who can better understand the importance of delivering low prices each day. But perhaps most important, the tracker highlights how closely ASDA’S customer base matches the demographics of the U.K., making it a valuable tool for policymakers, influencers and thought leaders throughout the country.

In 2008, members of the media routinely cited the income tracker as an indicator of how British families were weathering the economic slowdown. Major national newspapers, including the Telegraph, Independent, Times, Mail, and Sun and Mirror, have all cited the tracker, as have prominent British broadcasters and politicians. The income tracker has even been used on the floor of Parliament, as the Tories highlighted income tracker data as evidence of the increased cost of living for the average U.K. family.

On a quarterly basis, ASDA also provides reports on spending power, by region, income, occupation and household-type – further cementing our role as an expert on the welfare of British consumers and as an advocate for them in a challenging economic climate.
ADDITIONAL COMMUNITY SUPPORT
In addition to jobs, savings, and supplier development and support, we strive to be a good neighbor in the communities where we operate and source merchandise. In fiscal year 2008, our Company generated more than $13.2 billion in state and local tax revenue in the U.S., and collected millions more in sales taxes. These revenues help support key priorities like education, transportation projects and civil services.

In 2008, Wal-Mart and the Wal-Mart Foundation made more than $378 million in cash and in-kind donations to local charitable organizations in the U.S. Combined with more than $45 million in international donations, our global giving number exceeds $423 million. We were also so proud to see our associates contribute a total of more than 1 million volunteer hours to local charitable organizations in their communities that same year.

What others are saying:

“…Wal-Mart now aspires to be like the government, bursting through political logjams and offering big-picture solutions to intractable problems…”
New York Times, 02/03/08

“Wal-Mart is the greatest thing that ever happened to low-income Americans.”
W. Michael Cox, chief economist at the Federal Reserve Bank of Dallas, New York Times, 07/13/08

“Some economists give more credit to the company [Wal-Mart] than to Alan Greenspan for the low inflation of the past 20 years, given how greatly its low-cost model has rippled through the industry and the economy.”
Forbes, Tom Van Riper, 01/17/08

“Whether it’s climate change, health care reform, or natural-resources depletion, we can’t take on the world’s challenges without Wal-Mart...at this point, we now believe that we can have a bigger impact by partnering with Wal-Mart than by shunning it.”
Jeffrey Hollender, CEO of Seventh Generation in a blog post, 10/06/08

“Supermarkets led by Wal-Mart’s ASDA have set out plans to create thousands of jobs as the UK’s food retailers show they are weathering the economic storm better than their non-food counterparts.”
Financial Times, Tom Braithwaite, 01/29/09

“When Wal-Mart comes to town, it makes other businesses better.”
Paul McElhone, associate director of the retailing school at the University of Alberta’s School of Business, The Globe and Mail, 10/24/08
Environment

In 2005, we made a commitment to become a more environmentally sustainable retailer.
In 2005, we made a commitment to become a more environmentally sustainable retailer. We set ambitious goals for our Company and adopted an approach we call “Sustainability 360.” This approach involves taking a comprehensive view of our business – both inside and out – to find ways to reduce our own environmental impact while engaging our suppliers, associates and customers around the world in our sustainability efforts. Overall, Sustainability 360 recognizes our ability to make a difference on the environment, and that this difference pales in comparison to the results we can achieve by leveraging our entire global supply chain.

Our sustainability goals are: To be supplied 100 percent by renewable energy; to create zero waste; and to sell products that sustain our resources and the environment.

Since our last sustainability report in 2007, we have continued to make progress on these goals and expand upon and improve our initiatives in each area. We have also identified new opportunities for improvement and set new goals that will help us achieve even greater results as we work to become a more sustainable company.

To date, we have made progress in becoming a more sustainable company by bringing more affordable and environmentally preferable products to our customers and working with our suppliers and their factories to improve the environmental and social responsibility of our supply chain. But we still have a long way to go to reach our three larger goals. We recognize that we have room for improvement in every area and will continue to develop innovative ways to approach the challenges we face.

Despite these challenges, we believe that we can be an even better steward of the environment and a good neighbor to communities around the world while growing a profitable business. By bringing these ideas together, we have built our sustainability program to maximize our unique opportunity to drive positive and sustainable change throughout our supply chain and into the homes of millions of people. Ultimately, we hope our changes will shift the way products are sourced, manufactured, delivered and sold while saving our customers money so they can live better.
OUR MISSION

Sustainability 360 is the framework we are using to achieve our goals and bring sustainable solutions to our more than 2 million associates, more than 100,000 suppliers and the more than 200 million customers and members we serve each week. Sustainability 360 lives within every aspect of our business, in every country where we operate, within every salaried associate’s job description, and extends beyond our walls to our suppliers, products and customers.

Sustainability 360 also requires a new way of integrating sustainability into our business. To help us do this, we established 12 Sustainable Value Networks (SVNs) in the U.S. Each network is led by the management team and associates within the division most closely aligned with the business and the real-world applications of the SVN goals. We believe that our SVNs can more effectively drive and promote sustainability within their own business area — whether it is seafood, logistics or buildings — instead of simply creating a “Corporate Social Responsibility” division.

Each SVN includes representatives from non-governmental organizations (NGOs), government agencies, academic institutions and supplier companies who help build a collective center of knowledge within each area and generate innovative, practical solutions for the business.
The 12 U.S. Sustainable Value Networks are organized under our three overall goals*:

1. To be supplied 100 percent by renewable energy.  
   **Energy Goal:** Greenhouse Gas Network, Alternative Fuels Network, Sustainable Buildings Network and Logistics Network

2. To create zero waste.  
   **Waste Goal:** Waste Network and Packaging Network

3. To sell products that sustain our resources and the environment.  
   **Products Goal:** Food, Agriculture and Seafood Network, Wood and Paper Network, Jewelry Network, Textiles Network, Chemicals Network and Electronics Network

*As of January 31, 2009
Our SVN Structure

Our Sustainability 360 approach is a global program for Wal-Mart, with each of our international markets – from China to Costa Rica – creating sustainability programs that align with our company’s overall goals. Some of the countries, such as China, are also developing their own SVN systems. They are creating initiatives with benchmarks that best fit issues of special importance, whether it is a waste, energy or social issue, to their country and communities. In doing so, our international operations can focus on efforts that have the greatest impact while helping our Company move toward its sustainability goals.

Networks (As of January 31, 2009)

- **Chief Executive Officer**: Quarterly updates provided through executive management
- **Executive Network Sponsor**
  - **Sustainability Team**: Executive Network Sponsor: Senior Vice President level or higher
  - **Sustainability Team**: Members oversee network activities, align overall efforts, provide guidelines
- **Network Captains**: Network Captains: Director or Vice President level, guide network efforts and drive SVN initiatives toward goals
- **Sustainable Value Networks**: SVNs: Wal-Mart Associates, Non-Governmental Organizations, Academics, Government Agencies, Supplier Companies

What others are saying:

“Wal-Mart’s commitment gets to the larger point I have been trying to hammer home like a broken record since we’ve started on this climate change thing. All the talk in the world is fine, but you must have a specific strategy. People have to have operational plans that they can all be a part of. Matt Kistler and the whole Wal-Mart team are geniuses at breaking big problems down into very bite-sized, chewable component parts and then chewing through it until you add it all up.”

President Bill Clinton at the 2008 Clinton Global Initiative in New York City, September 2008
Environment

Since 2005, we have made a number of commitments that align with and move our Company toward achieving our three overall sustainability goals.

1. To be supplied 100 percent by renewable energy.

<table>
<thead>
<tr>
<th>Commitment Area</th>
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<th>Progress to Date</th>
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<tbody>
<tr>
<td>Energy</td>
<td>Reduce greenhouse gases at our existing store, club and distribution center base around the world by 20 percent by 2012 (2005 Baseline).</td>
<td>In 2007, we measured our direct greenhouse gas (GHG) footprint to be 20.2 million metric tons, an increase from 19.2 million metric tons in 2006. Due to our energy efficiency retrofit programs, we have increased the efficiency of our buildings built before 2006 and decreased CO₂ emissions associated with these buildings.</td>
</tr>
<tr>
<td>Energy</td>
<td>Design and open a viable store prototype in the U.S. that is up to 25 to 30 percent more efficient and will produce up to 30 percent fewer greenhouse gas emissions by 2009 (2005 Baseline).</td>
<td>We are on track to open a prototype that is 25 to 30 percent more efficient in 2009.</td>
</tr>
<tr>
<td>Energy</td>
<td>Retrofit low- and medium-temperature refrigerated display cases at more than 500 U.S. stores with energy-saving, light-emitting diode (LED) lighting by 2009 (2005 Baseline).</td>
<td>We met this commitment ahead of schedule in 2008 and currently have more than 500 retrofitted stores.</td>
</tr>
<tr>
<td>Energy</td>
<td>Achieve a 25 percent increase in fleet efficiency in the U.S. by October 2008 (2005 Baseline).</td>
<td>We surpassed this goal in 2008. We calculate our fleet efficiency by first dividing the number of miles we traveled by the average fuel efficiency we achieved in our trucks as measured in miles per gallon. This leaves us with the amount of fuel we used to travel those miles. We next take the number of cases we delivered during the same time period and divide it by the amount of fuel we used to deliver the cases. By calculating our efficiency in this way, we can tie in all of the aspects that play a role in our fleet efficiency.</td>
</tr>
<tr>
<td>Energy</td>
<td>Double fleet efficiency in the U.S. by October 2015 (2005 Baseline).</td>
<td>We have achieved a 38 percent increase in fleet efficiency since 2005 and are continuing to work towards achieving this goal.</td>
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</table>
### Environment

#### Commitment Area

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<thead>
<tr>
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<tbody>
<tr>
<td>Energy</td>
<td>Invest approximately $500 million annually in technologies that increase energy and fuel efficiency in the U.S.</td>
<td>In October 2005, we committed to investing approximately $500 million annually in technologies that increase energy and fuel efficiency in the U.S. Since this goal was set, we have worked to integrate sustainability into every facet of the Walmart business process and decision-making. High-efficiency stores, experimental stores, alternative fuels, alternative fleet technologies, energy purchasing, product development and fuel efficiency innovation are just a few of the areas where sustainability is now integrated into our day-to-day decisions. Accordingly, it is not feasible to separate sustainability investments from other research and development spending and capital spending as sustainability is now a core business strategy.</td>
</tr>
<tr>
<td>Energy</td>
<td>Wal-Mart China will reduce energy use by up to 30 percent in existing stores and design and open a new store prototype that uses up to 40 percent less energy by 2010 (2005 Baseline).</td>
<td>Wal-Mart China is making progress toward this goal and has reduced energy use in existing stores by more than 24 percent to date.</td>
</tr>
<tr>
<td>Energy</td>
<td>We will partner with suppliers to improve energy efficiency by 20 percent per unit of production in the top 200 factories in China from which we directly source by 2012 (2007 Baseline).</td>
<td>Announced in October 2008, Wal-Mart Global Procurement is currently on track with its first energy efficiency pilot with more than 100 factories. In 2009, they will pair energy and environmental services companies with their suppliers to measure energy consumption.</td>
</tr>
<tr>
<td>Energy</td>
<td>Overall, new stores in Canada will be 30 percent more energy-efficient (2005 Baseline).</td>
<td>All stores built in the fourth quarter of 2009 in Canada are designed to be 30 percent more energy-efficient compared to the 2005 baseline.</td>
</tr>
<tr>
<td>Energy</td>
<td>Reduce the amount of fuel required to carry one ton of goods one kilometer by 25 percent by 2012 in Japan (2006 Baseline).</td>
<td>Between 2007 and 2008, Seiyu was able to transport 16 percent more goods over the same amount of distance by using more efficient routing and loading techniques for trucks, and consolidating operations and deliveries.</td>
</tr>
</tbody>
</table>

1. To be supplied 100 percent by renewable energy.
## Environment

### 2. To create zero waste.

<table>
<thead>
<tr>
<th>Commitment Area</th>
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<tbody>
<tr>
<td>Waste</td>
<td>Reduce packaging by 5 percent globally by 2013 (2008 Baseline).</td>
<td>Using our packaging scorecard, we have collected packaging information on approximately 300,000 of the items carried in Wal-Mart stores and 90 percent of the items that we collect information on at Sam’s Club. Currently, we are working with our packaging SVN to measure our progress toward reducing packaging in our supply chain by 5 percent. There are many factors associated with what makes packaging more sustainable, including greenhouse gas reductions during manufacture of the package, substrate material choices and chemical composition. We have spent the last several months gathering the information we need about our products to be able to look at these factors through a “cradle-to-gate” approach. In doing this, we will be able to more accurately measure the environmental impact packaging reduction has on our entire packaging supply chain.</td>
</tr>
<tr>
<td>Waste</td>
<td>Be packaging-neutral globally by 2025.</td>
<td>Currently, we are working with our packaging SVN to measure our progress toward reducing packaging in our supply chain by 5 percent. There are many factors associated with what makes packaging more sustainable, including greenhouse gas reductions during manufacture of the package, substrate material choices and chemical composition. We have spent the last several months gathering the information we need about our products to be able to look at these factors through a “cradle-to-gate” approach. In doing this, we will be able to more accurately measure the environmental impact packaging reduction has on our entire packaging supply chain.</td>
</tr>
<tr>
<td>Waste</td>
<td>Reduce the weight of our global plastic shopping bag waste by an average of 33 percent per store by 2013 (January 1, 2007 – December 31, 2007 Baseline).</td>
<td>Announced in September 2008, Wal-Mart is working to make progress toward this goal.</td>
</tr>
<tr>
<td>Waste</td>
<td>Reduce solid waste from U.S. stores and Sam’s Club facilities by 25 percent by October 2008 (2005 Baseline).</td>
<td>When our waste reduction goals were set in 2005, we quickly realized that our previous waste management system was insufficient to accurately measure and manage our waste stream. Over the past three years, we have worked side-by-side with our waste vendors to develop a more sophisticated waste-hauling system that allows us to measure and manage our waste stream. We do not, however, know the actual percentage of the amount of waste we redirected or reduced in 2005, 2006 or 2007. Now that we are able to accurately measure waste going to the landfill, we are proud to report that from February 2008 to January 2009, we redirected more than 57 percent of the waste generated by our stores and Sam’s Club facilities.</td>
</tr>
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</table>
## Environment

2. To create zero waste.

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<tbody>
<tr>
<td><strong>Waste</strong></td>
<td>Eliminate landfill waste at U.S. stores and Sam's Club facilities by 2025.</td>
<td>We are working toward meeting this goal, having redirected more than 57 percent of the waste generated by our stores, Sam's Club facilities and distribution centers between February 2008 and January 2009.</td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td>All jewelry packaging in the U.S. will be made more sustainable, and we will convert all jewelry pallets and boxes to recycled materials by 2010.</td>
<td>In 2008, we decided to eliminate the majority of jewelry pallets, and to date we have eliminated 91 percent. The remaining 9 percent is made from recycled materials. We remain committed to converting all boxes to recycled materials by 2010. Already at Sam's Club, 100 percent of jewelry gift boxes are made from recycled materials. In 2007, we committed to convert to biodegradable jewelry bags. Since that time, we learned more about jewelry packaging options and discovered that committing to use only biodegradable bags may not be the best solution due to concerns from our environmental partners. We have revised our goal to focus on improving the score for new jewelry packaging compared to the old packaging in our packaging scorecard.</td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td>Eliminate PVC from private-brand packaging in the U.S. by October 2007.</td>
<td>While we continue to look for alternatives to PVC, we have been unable to find suitable replacements for PVC in packaging such as over-the-counter, tamper-evident bands, metal can sealants and meat wrapping, among others. Until we identify another material of equal performance, we will not eliminate PVC from certain items to ensure the safety of our customers.</td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td>Wal-Mart China will aim to cut water use in all of its stores by half by 2010 (2005 Baseline).</td>
<td>Wal-Mart China is making progress towards this goal and has reduced water use by more than 35 percent to date.</td>
</tr>
<tr>
<td><strong>Waste</strong></td>
<td>Wal-Mart de Mexico to reduce water use by 20 percent by 2013 (2008 Baseline).</td>
<td>Wal-Mart de Mexico has reduced water use by 3.57 percent (calculated by dividing cubic meters of water used by square meters of building constructed).</td>
</tr>
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### Environment

**3. To sell products that sustain our resources and the environment.**

<table>
<thead>
<tr>
<th>Commitment Area</th>
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<tbody>
<tr>
<td>Products</td>
<td>Work with suppliers to make the most energy-intensive products in our stores, anywhere in the world, 25 percent more energy efficient by January 2011 (2008 Baseline).</td>
<td>Announced in 2008, we have identified personal computers, video game consoles, air conditioners and televisions as the product categories for tracking progress. This goal will be measured by calculating the average percent reduction in energy consumption of selected products (watts/hour).</td>
</tr>
<tr>
<td>Products</td>
<td>We will require that all direct import suppliers source 95 percent of their production from factories that receive one of our two highest ratings in audits for environmental and social practices by 2012.</td>
<td>In 2008, we sourced nearly 79 percent of our direct import products from factories receiving a yellow or green rating. That is about 4 percent more than the 75 percent we sourced from in 2007. Given our new supplier development program, we expect to see greater increases in our sourcing from yellow- and green-rated factories in 2009.</td>
</tr>
<tr>
<td>Products</td>
<td>By the end of 2009, Walmart U.S. will require that all direct import suppliers along with all suppliers of private-label and non-branded products provide the name and location of every factory they use to make the products Wal-Mart sells.</td>
<td>As of 2009, this requirement is in place with suppliers of private-label and non-branded products.</td>
</tr>
<tr>
<td>Products</td>
<td>We will work with suppliers to drive customer returns on defective merchandise virtually out of existence (less than 1 percent) by 2012.</td>
<td>Announced in October 2008, we are proactively taking steps to involve Quality Assurance earlier in the product development cycle, enhancing product specifications, instituting dynamic quality gating at factories and increasing the technical capabilities of our Quality Assurance associates.</td>
</tr>
<tr>
<td>Products</td>
<td>Establish a set of “Preferred Chemical Principles,” identify 20 “chemicals of concern” and work with our supply chain to explore and bring to market products that contain alternatives to the chemicals we identify (2006 Baseline).</td>
<td>In our 2007 report, we discussed plans to identify 20 chemicals of concern that we would work to eliminate from products sold at our stores. Since that time, we believe we have found a more effective way to address this issue and provide our customers with products that are environmentally preferable. By working in a collaborative process with the members of our Chemicals Sustainable Value Network, we have identified a screening tool, called GreenWERCS, that will provide us with a far more comprehensive view of the products we sell than methods we previously identified. GreenWERCS will help us analyze the products on the market and identify risks across a broad spectrum instead of looking at each chemical individually.</td>
</tr>
<tr>
<td>Products</td>
<td>Sell 100 million compact fluorescent light bulbs (CFLs) at Walmart and Sam’s Club locations by the end of 2007 (2006 Baseline).</td>
<td>We met this commitment in 2007. We sold 137 million CFLs in the timeframe we set to sell 100 million. To date, Walmart and Sam’s Club in the U.S. have sold more than 260 million CFLs.</td>
</tr>
<tr>
<td>Products</td>
<td>Achieve 10 percent traceability of all diamonds, gold and silver in jewelry sold in Walmart U.S. from mines, refineries and manufacturers, meeting ethical sourcing standards and responsible mining criteria by 2010.</td>
<td>We have achieved traceability for more than 30 percent of the gold jewelry sold at Sam’s Club and more than 10 percent of the gold jewelry sold at Walmart.</td>
</tr>
</tbody>
</table>
3. To sell products that sustain our resources and the environment.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Products</td>
<td>All personal computers and large electronics at Walmart will be RoHS-compliant by December 2007 in the U.S.</td>
<td>We have met this goal, and all of our televisions, personal computers, MP3 players, video games and cameras are RoHS-compliant.</td>
</tr>
<tr>
<td>Products</td>
<td>Every air conditioner sold in the U.S. will be ENERGY STAR®-rated by 2010 (2008 Baseline).</td>
<td>As of January 31, 2009, 75 percent of our air conditioner assortment is ENERGY STAR®-rated.</td>
</tr>
<tr>
<td>Products</td>
<td>Double the sale of products in the U.S. that help make homes more energy efficient by 2011 (2008 Baseline).</td>
<td>Products falling under this category include caulk, weather stripping, air filters, programmable thermostats, expanding foam and power strips. Each of these products helps a home reduce wasted energy due to poor seals or phantom power consumption. As of the beginning of 2009, we have increased sales by more than 25 percent.</td>
</tr>
<tr>
<td>Products</td>
<td>As an improvement to the goal we initially set for seafood, Walmart plans to purchase all of its wild-caught fresh and frozen fish for the U.S. from Marine Stewardship Council (MSC)-certified fisheries by 2011.</td>
<td>We currently have 28 products in our stores that carry the MSC certification, with more selections under way. As of January 31, 2009, in aggregate, 49 percent of the total pounds of fresh or frozen seafood sold at Walmart U.S. and Sam’s Club stores had the MSC or ACC certification, with many more fisheries currently progressing through the certification process. (Measured by the percentage of total volume of wild-caught fish that is MSC-certified).</td>
</tr>
<tr>
<td>Products</td>
<td>Work with Global Aquaculture Alliance (GAA) and Aquaculture Certification Council, Inc. (ACC) to certify that all foreign shrimp suppliers adhere to Best Aquaculture Practices (BAP) standards in the U.S. by 2011.</td>
<td>One hundred percent of the farmed shrimp products we purchase meet factory processing criteria established by the ACC, and we are in the process of having shrimp, catfish, tilapia and salmon farms become ACC-certified as well.</td>
</tr>
<tr>
<td>Products</td>
<td>All flat-panel televisions in the U.S. and Japan will be 30 percent more energy efficient by 2010 (2008 Baseline).</td>
<td>We believe we have made significant progress and are on track to meet or exceed this goal, but cannot yet provide exact percentages as we are still working with our suppliers to verify data.</td>
</tr>
<tr>
<td>Products</td>
<td>Reduce phosphates in laundry and dish detergents in the Americas region by 70 percent by 2011 (2009 Baseline).</td>
<td>Announced in January 2009, we will measure this goal by calculating the total mass of phosphate content in detergents sold in the Americas per year.</td>
</tr>
<tr>
<td>Products</td>
<td>Wal-Mart China will reduce the hazardous substances in products sold in its stores by ensuring that half of the electronics on its shelves will be RoHS-compliant by 2010 (2008 Baseline).</td>
<td>Announced in October 2008, we will measure this goal by tracking the RoHS compliance of all electronics on our shelves.</td>
</tr>
<tr>
<td>Products</td>
<td>Expand the success of Wal-Mart China’s Direct Farm Program by engaging as many as 1 million farmers by 2011.</td>
<td>Announced in October 2008, Wal-Mart China is working to track progress toward this goal.</td>
</tr>
</tbody>
</table>
### 2008–2009 SIGNIFICANT DEVELOPMENTS

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 23, 2008</td>
<td>Walmart U.S. opens the first of four second-generation, high-efficiency prototype stores, which are estimated to use 25 percent less energy than the baseline Walmart supercenter.</td>
</tr>
<tr>
<td>February 1, 2008</td>
<td>Walmart officially puts the packaging scorecard into use in the U.S. to rate suppliers on their progress toward developing sustainable packaging.</td>
</tr>
<tr>
<td>February 26, 2008</td>
<td>Wal-Mart partners with the Cleantech Group to launch the Cleantech Accelerator Project, a Web-based innovation tool designed to help Wal-Mart identify new opportunities in environmental sustainability.</td>
</tr>
<tr>
<td>February 26, 2008</td>
<td>Walmart partners with the National Governors Association to help state capitols improve energy efficiency and reduce greenhouse gases in the “Greening State Capitols” program.</td>
</tr>
<tr>
<td>March 18, 2008</td>
<td>Walmart supercenter introduces its Western climate-specific, high-efficiency prototype store in Las Vegas that is expected to use up to 45 percent less energy than the baseline Walmart supercenter.</td>
</tr>
<tr>
<td>March 25, 2008</td>
<td>Wal-Mart Brazil and Conservation International sign an agreement to fund protection and sustainable management of more than 412,000 hectares (1.01 million acres) of forest in the Brazilian Amazon.</td>
</tr>
<tr>
<td>April 1, 2008</td>
<td>Walmart U.S. launches its first “Earth Month” in-store marketing campaign designed to educate Walmart shoppers on environmentally preferable products sold at Walmart stores and Sam’s Club.</td>
</tr>
<tr>
<td>April 1, 2008</td>
<td>Walmart U.S. launches exclusive Sam’s Choice line of organic, Fair Trade and Rainforest Alliance Certified coffees.</td>
</tr>
<tr>
<td>April 21, 2008</td>
<td>University of Michigan students win the first Wal-Mart Better Living Business Plan Challenge for their idea to make biodiesel from a non-food crop.</td>
</tr>
<tr>
<td>April 28, 2008</td>
<td>Sam’s Club launches an online program to help members recycle their used electronics.</td>
</tr>
<tr>
<td>May 2, 2008</td>
<td>Wal-Mart de Mexico opens Plaza Ecológica Ciudad Jardín, a state-of-the-art sustainable mall built on a former waste dump.</td>
</tr>
<tr>
<td>May 12, 2008</td>
<td>Wal-Mart Canada announces that it will phase out PVC plastic packaging in its energy-saving light bulb category and replace it with more environmentally preferable cardboard packaging.</td>
</tr>
<tr>
<td>May 29, 2008</td>
<td>Walmart U.S. completes goal to sell only concentrated liquid laundry detergent in the U.S.</td>
</tr>
<tr>
<td>July 14, 2008</td>
<td>Wal-Mart joins the World Wildlife Fund’s (WWF) Global Forest and Trade Network to phase out unwanted wood sources from its supply chain.</td>
</tr>
<tr>
<td>July 15, 2008</td>
<td>New, fully-traceable Love, Earth jewelry line launches exclusively at Walmart U.S. stores and Sam’s Club locations.</td>
</tr>
<tr>
<td>September 25, 2008</td>
<td>Wal-Mart commits to cut global plastic shopping bag waste by one-third by 2013 at the 2008 Clinton Global Initiative.</td>
</tr>
<tr>
<td>September 25, 2008</td>
<td>Wal-Mart China opens its new Wangjing Supercenter, which is expected to use up to 23 percent less energy than the 2005 baseline store.</td>
</tr>
<tr>
<td>October 22, 2008</td>
<td>Wal-Mart announces responsible sourcing goals at its China Summit in Beijing. Wal-Mart Stores, Inc. signed a memorandum of understanding (MOU) with the China National Forestry Industry Association to share information and collaborate on environmental sustainable policies and practices, including forestry certification. Additionally, Wal-Mart China signed an MOU with the Chinese Ministry of Science and Technology to collaborate on sustainable development.</td>
</tr>
<tr>
<td>October 27, 2008</td>
<td>ASDA opens its second low-carbon store in Bootle, Liverpool. The store is designed to be 40 percent more energy efficient than a standard ASDA store.</td>
</tr>
<tr>
<td>November 20, 2008</td>
<td>Walmart U.S. commits to purchasing renewable wind power in Texas amounting to the equivalent of the annual electricity usage of more than 20,000 average American homes.</td>
</tr>
<tr>
<td>January 13, 2009</td>
<td>Wal-Mart partners with the World Environment Center to increase cleaner production and energy-efficient practices in El Salvador and Guatemala.</td>
</tr>
<tr>
<td>January 20, 2009</td>
<td>Wal-Mart Transportation announces that it has surpassed its goal to improve fleet efficiency by 2008.</td>
</tr>
<tr>
<td>January 26, 2009</td>
<td>Wal-Mart commits to eliminating phosphates in all detergents carried in its stores throughout the Americas region by 70 percent by 2011.</td>
</tr>
</tbody>
</table>
OVERVIEW

As Wal-Mart continues to grow, we plan to limit our use of natural resources in order to preserve their availability for generations to come. Since our last report in 2007, we have continued to integrate innovative ways to make our stores, Sam’s Club locations and additional facilities more energy efficient, manage greenhouse gas emissions, conserve water and use recycled materials that reduce the use of virgin materials.

To build on the progress we have made in the U.S., in 2007 we challenged each of our international markets to develop a high-efficiency prototype that minimizes energy use as well as the impact on the local community. Many of our markets have been successful with this initiative and have created pioneering solutions to confront some of the biggest environmental issues facing their communities.
ACHIEVEMENTS IN BUILDING DESIGN

Americas
United States

In the U.S., we have developed a number of initiatives designed to help us move toward our goals to:

• Design and open a viable store prototype in the U.S. that is up to 25 to 30 percent more efficient and will produce up to 30 percent fewer greenhouse gas emissions by 2009 (2005 Baseline).

• Reduce greenhouse gases at our existing store, club and distribution center base around the world by 20 percent by 2012 (2005 Baseline).

These ambitious goals are rooted in a three-step process (as seen below) of experimenting, piloting and then deploying new technologies in our prototype buildings – some incremental, some game-changing. We’re also retrofitting existing stores with some of these technologies. In the past year, we have taken several of the more progressive technologies from our experimental stores in Colorado and Texas (see graphic below) and applied them to stores built within our high-efficiency store series. In 2008, we opened four second-generation, high-efficiency pilot stores in the U.S. that are estimated to use 25 percent less energy and expected to reduce greenhouse gas emissions by decreasing refrigerant use by an estimated 90 percent compared to the baseline Walmart supercenter.

Three-Phase Technology Deployment Process

![Diagram of three phases: Experiment, Pilot, Deploy]

**Experiment**

Learn about the potential for technologies to be applied in scale at Walmart facilities by testing on a small, controlled scale.

*Example: Experimental Stores* — Located in McKinney, Texas, and Aurora, Colorado, these stores serve as Walmart’s initial testing ground for energy-efficient technologies, new building materials and new landscaping methods. Technologies being tested here include solar and wind power generation.

**Pilot**

Test promising technologies in large numbers to determine the viability of rolling out the technology to all facilities.

*Example: High Efficiency (HE) Store Series* — This series of stores enables us to test technologies that have passed the experiment phase, but need to be tested in a real-world situation before being integrated into our baseline store model. So far, we have eight HE stores in operation, including the HE.1, HE.2 and HE.5 series. In early 2008, we opened the HE.5, in Las Vegas, Nevada. This store was specifically designed for the dry climate and features technological advancements that make it our most efficient store in the U.S. by conserving up to 45 percent more energy than the baseline Walmart supercenter and reduces refrigerant use by 90 percent.

**Deploy**

Make technology a part of new facility prototypes and plans, and sometimes retrofit older facilities.

*Example: Baseline Model* — Some of the advanced technologies in Wal-Mart’s 2008 prototype include a daylight harvesting system that integrates dimmable T-8 fluorescent lamps and LEDs in exterior building signage and in food cases with doors. The prototype also features one of the industry’s most efficient heating, ventilation and air-conditioning (HVAC) units available, and incorporated water conservation measures.
As these high-efficiency stores were opened throughout 2008, we began monitoring their performance and expect to have data to report in our next global sustainability report. We expect that some of the improvement in energy efficiency will result from a new secondary loop refrigeration system, combined with an advanced water-source heating, cooling and refrigeration system. The technology uses a non-refrigerant-based solution to cool refrigerator and freezer cases, resulting in a 90 percent reduction in refrigerant. These second-generation pilots represent the first time secondary loop refrigeration technology has been paired with a water-source heating and cooling system in retail.

Also in 2008, we opened our most energy-efficient store in the U.S., the latest-generation high-efficiency store in Las Vegas, Nevada. This store is designed specifically for the Western climate, meaning the efficiency gains are made possible by innovations designed for the conditions of the region. The store is expected to use up to 45 percent less energy than the baseline supercenter by featuring advancements in heating, cooling, refrigeration and lighting to conserve energy and reduce greenhouse gas emissions. Specifically, the store features the integrated water-source format system that we evaluated in previous pilot stores, but it has been adapted to the unique local climate and includes evaporative cooling and radiant flooring technologies. This technology naturally reduces the temperature of water by pumping it through roof-mounted cooling towers and running the cold water underneath the retail floor to cool the shopping area. Together, the systems provide a comfortable shopping environment for our customers while using less energy.

We have also been working for several years to make our building materials more sustainable. We already require that all newly constructed stores and Sam’s Club facilities either replace 15 to 20 percent of their cement with fly ash, a waste product of coal-fired electrical generation, or replace 25 to 30 percent of their cement with slag, a waste product of steel manufacturing. Replacing cement with waste products such as slag or fly ash can help offset the greenhouse gas emitted in the cement manufacturing process. In 2008, we were able to replace 18 percent of the cement with fly ash and 22 percent with slag.

In 2008, we incorporated several additional sustainable components to our buildings. For example, all new Walmart stores and Sam’s Club facilities are built with exposed concrete floors, which eliminate the need for most chemical cleaners, wax strippers and propane-powered buffing.

We are also improving the energy efficiency of our distribution centers.
Puerto Rico
In Puerto Rico, energy prices are incredibly high, and the island often experiences power outages resulting from high demand. As part of its Sustainable Development Program, our Puerto Rican market has built two high-efficiency supercenters in Baramaya and Canóvanas which are estimated to be 20 percent more energy efficient than the baseline supercenter built in 2005. Each store includes environmentally beneficial features such as smart lights that dim when natural sunlight is available, energy-saving air conditioners, refrigerators and freezers that minimize the use of refrigerant and increase efficiency, and refrigerator doors that feature LED lights that are 70 percent more energy efficient than traditional fluorescent lights. Additionally, Puerto Rico has retrofitted more than 2,000 LED lamps in its stores and is committed to replacing the remaining lamps in the next three years.

Mexico
Wal-Mart de Mexico invested 640 million pesos ($57 million USD) to turn a waste dump into Mexico’s first ecological shopping center. Opened in May 2008, Plaza Ecológica Ciudad Jardín is a new state-of-the-art facility which integrates technologies that save energy and water and has generated 1,500 jobs for the local community. Even more impressive than the technologies that were installed to make this mall more eco-friendly was the cleaning of the 10-hectare (approximately 25-acre) dump which previously stored trash more than 15 meters deep. To clean the waste dump, approximately 208,000 cubic meters of garbage was extracted and moved to Tultitlán sanitary fill to create energy using the bio-gas burning process. Three thousand tons of ash and lime were then injected into the remaining hole to stop decomposition, the production of methane gas and create a more stable surface for the units. The Plaza Ecológica Ciudad Jardín is now home to a Walmart supercenter, Sam’s Club, Vips and El Portón restaurants.

Brazil
In 2008, Wal-Mart Brazil opened its first eco-efficient store, Supercenter Campinho, which is expected to use 25 percent less energy and 40 percent less water than the baseline Walmart supercenter in Brazil. The store is more energy efficient by using T-9 fluorescent lighting and an Energy Management System like the one used in the U.S. Additionally, the store is testing solar energy light poles that use sodium vapor 35W lamps which are generating an annual energy savings of 153.2 kWh per lamp compared to traditional light poles. This is equivalent to the monthly energy use of a typical middle-class family in Brazil. This store also has the ability to treat its own sewage using a technology that meets all environmental regulations and enables the store to reuse water. The reclaimed water is used in toilets and to irrigate gardens. An innovative feature of the store is a “green wall” built with Styrofoam blocks for insulation and covered by creeper vines which reduce the absorption of external heat into the store. Together, these two components of the “green wall” reduce the use of air conditioning and help Wal-Mart Brazil save money.

Central America
Wal-Mart Central America has installed skylights in more than 70 percent of its stores. The skylights comprise 12 to 15 percent of the store roof which leads to savings in energy needed to light the stores.

Canada
Due to public demand for energy-efficient buildings, Wal-Mart Canada pledged that beginning in the fourth quarter of 2009 all new stores built in Canada are designed to be 30 percent more energy efficient compared to stores built in 2005. And in January 2009, Wal-Mart Canada opened its first environmental store, which is estimated to use 51 percent less energy than a typical supercenter and reduce carbon emissions by an estimated 140 tons annually. It also is expected to redirect an estimated 85 percent of its waste from landfills through a variety of recycling programs.
Europe

United Kingdom

In the U.K., ASDA opened its flagship green store in Bootle, Liverpool. This store uses 40 percent less energy and is expected to emit 50 percent fewer CO$_2$ emissions than a standard ASDA store. In addition to its efficiency increases, the store was built using several sustainable materials. The store was built entirely from sustainably-sourced Scandinavian timber, has translucent paneling on the south-facing wall to increase natural light, uses under-floor heating from a geothermal source, and integrates recycled building materials such as bricks and aluminum roofing. The warehouse section of the store is topped by a green roof that provides wildlife habitat and removes CO$_2$ from the atmosphere.

Asia

China

Wal-Mart China is working to reduce energy consumption in its existing stores by 30 percent and in its new prototype store by 40 percent by 2010. By integrating LED lights for general store lighting and introducing lighting control, new lighting arrangements, and other energy-saving initiatives, Wal-Mart China is moving closer to those goals. Currently, they have reduced energy consumption in their existing stores in China by more than 24 percent and in the prototype by more than 31 percent.

Japan

Seiyu in Japan aims to build stores that use 25 to 30 percent less energy and create 30 percent fewer emissions than stores built in 2005. So far, Seiyu has been successful in building a prototype store that uses 27.4 percent less electricity and creates 26.3 percent fewer CO$_2$ emissions than the 2005 baseline model. The prototype incorporates a number of energy-efficient technologies, including a temperature and humidity regulation system (a desiccant system), more efficient refrigeration cases and LED lighting. Going forward, new stores will be based on this prototype and incorporate additional energy-conserving technologies as they become viable.
CONSERVING WATER

Americas
United States
In 2007, the Southeast region of the U.S. suffered a severe drought. To address the drought, our building experts were able to implement technologies to help our Company reduce water consumption. Between November and December 2007, we retrofitted facilities with high-efficiency plumbing fixtures, such as toilets, urinals and sink faucets.

Due to the success of this retrofit, in 2008 we decided to install these high-efficiency fixtures in all of our new stores, expansions, takeovers and bathroom remodeling projects. In addition to high-efficiency plumbing fixtures, we also conducted audits on the amount of water consumed by landscaping. A few stores in the Southeast were converted from spray irrigation to subterranean drip irrigation systems, and native, drought-tolerant plants were used in landscaping. This effort proved to be very successful, and starting in April 2008, all of our new building designs began specifying the use of native plants and water-conserving irrigation systems.

Mexico
Wal-Mart de Mexico committed to reducing water consumption in its stores by 20 percent by 2013 using a 2008 baseline. They plan to recover and reuse all of the water in their facilities by integrating water-saving technologies into their stores and by building wastewater treatment plants. Currently, Wal-Mart de Mexico has built 338 wastewater treatment plants to minimize their on-site water use. The treatment plants have enabled them to reuse more than 340 million gallons of water. Additionally, Wal-Mart de Mexico is integrating water-saving fixtures throughout its stores and collecting rainwater to replenish groundwater levels. Wal-Mart de Mexico has reduced water use by 3.57 percent so far, which was calculated by dividing cubic meters of water used by square meters of building constructed.

Argentina
Argentina is beginning to integrate wastewater treatment plants into some of its energy-efficient stores. The water is processed on-site in these Argentinean stores and is used to irrigate landscaping.

Asia
China
Wal-Mart China has set a goal to reduce water use by 50 percent by 2010 with 2005 as a baseline. Wal-Mart China is making progress towards this goal and has reduced water use by more than 35 percent to date.
Environment

Examples of Industry-Leading Technologies Used in Wal-Mart Stores Around the World

Energy Management System (EMS)  In the U.S., we employ a centralized Energy Management System (EMS) to monitor and control the heating, air conditioning, refrigeration and lighting systems for all stores and Sam’s Club locations from our Home Office in Bentonville, Arkansas. The EMS enables us to constantly monitor and control energy usage, analyze refrigeration temperatures, observe HVAC and lighting performance, and adjust system levels from a central location 24 hours a day, seven days a week.

Daylight Harvesting  Many Wal-Mart stores and distribution centers around the world include a daylight harvesting system, which integrates skylights that dim or turn off interior electric lighting in response to the amount of daylight available. By using dimmable T-8 fluorescent lamps, electronic continuous dimming ballasts and computer-controlled daylight sensors with approximately one skylight per every 1,000 square feet, we can take full advantage of natural light when available. Daylight harvesting is estimated to save up to 75 percent of the electric lighting energy used in the sales area of a supercenter during daylight hours. Each daylight harvesting system is estimated to save an average of 800,000 kWh per year, which is enough energy to power 73 single-family homes (11,020 kWh average annual usage) for an entire year.

Light-Emitting Diodes (LEDs)  In 2007, after being tested in our experimental stores in the U.S., LED lights in refrigerated cases became popular additions in many of our stores around the world. LED refrigerated case lighting technology is estimated to provide a more than 70 percent energy-efficient operation than fluorescent case lighting. The total energy savings for LED refrigerated case lighting is estimated to be more than 90,000 kWh per year for an average supercenter. Therefore, each store with LED case lighting saves enough energy to power almost eight single-family homes for an entire year. The lifespan of LED refrigerated case lighting is projected to be at least six years beyond conventional fluorescent refrigerated case lighting, which must be replaced, on average, every two years in a refrigerated case environment. This life expectancy allows for a significant reduction in re-lamping and maintenance costs. Additionally, LEDs contain no mercury, perform well in the cold, and produce less heat than fluorescent bulbs – heat which must be compensated for by the refrigeration equipment.

Reducing Water Consumption  Some of our stores also have integrated advanced water- and energy-saving technologies in the restrooms. The restroom sinks in some newly constructed locations use sensor-activated, half-gallon-per-minute, high-efficiency faucets. Electronic sensors regulate a maximum 10-second run time per cycle. In addition, there are water turbines built into each faucet. During use, water flowing through this turbine generates the electricity needed to operate the sensors.

We are also installing high-efficiency restroom urinals and toilets that yield reductions in water usage. Automatic flush valves on the toilets have water turbines similar to the low-flow faucets, which generate the power required to activate the flush mechanism. These turbines not only save energy, but also save material by eliminating the need for electrical conduits and wiring otherwise required to power automatic flush valve sensors.
In 2007, Wal-Mart de México invested more than 640 million pesos ($57 million USD) to turn the former Neza 1 Waste Dump, in Netzahualcóyotl, into the country’s first ecological shopping center called the Plaza Ecológica Ciudad Jardín.

It all started with the cleaning of the 10-hectare (approximately 25 acres) waste dump, which for years had stored trash more than 15 meters deep. To clean the area, workers extracted approximately 208,000 cubic meters of garbage and moved it to the Tultitlán Sanitary Fill. There, a bio-gas burning process converted the waste into viable, usable sources of energy for the surrounding community.

Then, three thousand tons of ash and lime were poured onto the site to create a more stable surface for the shopping center. This process also stopped decomposition and prevented the generation of methane gas, keeping this greenhouse gas – which is 20 times more potent than CO₂ – from entering the atmosphere and contributing to global climate change.

Today, the new state-of-the-art facility features a number of energy- and water-saving technologies such as water treatment plants to support plant life, rainwater reutilization systems and waterless urinals. The shopping center’s units are fitted with fiberoptic and LED systems that optimize lighting to save energy. Additionally, the stores reuse refrigeration heat and recycle shrink wrap and cardboard. As the home of a Walmart supercenter, a Sam’s Club, and Vips and El Portón restaurants, the center also generated roughly 1,500 jobs for the local community.

As Raúl Argüelles, Wal-Mart de México’s senior vice president of corporate affairs and people, said at the shopping center’s opening last May, “We’ve turned an ecological liability, like the former Neza dump, into a social, urban and economic asset whose benefits will be enjoyed by Ciudad Netzahualcóyotl families. Wal-Mart de México confirms our social responsibility and sustainability efforts through actions such as these that help improve the quality of life of Mexican families.”
Environment

Climate

WAL-MART’S CLIMATE STRATEGY

Reduce our Company’s direct footprint.

Help our suppliers reduce their footprint.

Sell more energy-efficient products to help our customers reduce their footprint.

Be actively engaged in public policy dialogue.

OVERVIEW

Wal-Mart is looking at ways to reduce its greenhouse gas emissions. Climate change may not cause hurricanes, but warmer ocean water can make them more powerful. Climate change may not cause rainfall, but it can increase the frequency and severity of heavy flooding. Climate change may not cause droughts, but it can make droughts longer.

Every company has a responsibility to reduce greenhouse gases as quickly as it can. That’s why we are working in a number of areas to reduce our Company’s carbon footprint, and also working with our suppliers and customers to help them do the same. Currently, we are investing in renewable energy, increasing energy efficiency in our buildings and trucks, working with suppliers to take carbon out of products and supporting legislation in the U.S. to reduce greenhouse gas emissions – including the enactment of a well-designed cap-and-trade system.

We see this as one way we can leverage our broad network of suppliers, stakeholders, associates and customers to drive sustainable change in our industry and beyond. As we do this, we are learning more and more about how to become a more responsible global retailer and about the value of sharing our learnings as we go.
OUR ENVIRONMENTAL IMPACT

With more than 7,800 stores around the world and operations that are still expanding, our environmental impact continues to grow. While we have made improvements in reducing our energy intensity by sales volume, we recognize that we have the responsibility to find opportunities to further reduce our environmental impact whenever possible. By making changes to our own operations, we can identify ways to save money on energy and waste, while reducing our direct carbon footprint. Additionally, we have launched new efforts to bring more sustainable practices into our supply chain to reduce our indirect environmental impact.

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*During fiscal years 2006, 2007 and 2008, foreign currency exchange rates had a $1.4 billion USD, $1.5 billion USD and $4.5 billion USD favorable impact on net sales, respectively. As a result, efficiency improvements when calculated as global CO₂ emissions per $1 million USD of global net sales, appear stronger than if there had been no exchange rate impact to net sales. We fully expect future currency exchange rates and market conditions to impact this measurement and potentially impact future CO₂ per net sales ratios either for the positive or for the negative.
RENEWABLE ENERGY PROGRAMS

We have three climate change goals:

1. Reduce greenhouse gases at our existing stores, Sam’s Club facilities and distribution centers around the world by 20 percent by 2012 (2005 Baseline).
2. Design and open a viable store prototype that is 25 to 30 percent more efficient and produces up to 30 percent fewer greenhouse gas emissions by the end of 2009 (2005 Baseline).

Americas

United States

In 2008, Walmart produced more than 7 million kilowatt hours (kWh) of electricity from renewable energy sources in the U.S. The energy was generated by a combination of wind and solar power projects at our facilities.

Solar Power: In our 2007 report, we noted that we would be installing solar projects in up to 22 stores, Sam’s Club facilities and distribution centers located in California and Hawaii. Since then, we have successfully completed 20 of those installations with our partners BP Solar, Power Light and Sun Edison and expect to add additional installations in 2009. In 2008, these systems produced more than 7 million kWh of clean, renewable energy. Many of these systems came on line during the last year and we expect a full year’s production from all of these systems to reach 16 to 18 million kWh, and could reduce greenhouse gas emissions by 6,000 to 8,000 metric tons per year.

Wind Power: In addition to solar power, we have also moved into purchasing wind-generated electricity. Last November, we announced that we would enter into a four-year wind power purchase agreement with Duke Energy for our stores in Texas. Approximately 350 of our stores and facilities in Texas began using wind-generated, clean electricity in April 2009. The wind farm is expected to have a 90.4 megawatt capacity, generating 226 million kWh of renewable power each year. This is enough electricity to supply up to 15 percent of our total energy load in these stores and facilities in the deregulated market in Texas, or power more than 20,000 American homes for one year. This purchase will also help us avoid producing 139,870 metric tons of CO₂ emissions, which is equivalent to the CO₂ emissions produced by 18,000 homes every year, or 15.8 million gallons of gasoline when consumed. This initiative represents one of the largest purchases of green power among retailers.
Environment

Mexico
In early 2009, Wal-Mart de Mexico successfully installed the largest photovoltaic complex in Latin America, according to ANES (the Mexican Solar Energy Association). The project consists of more than 1,000 solar panels, is expected to generate 20 percent of the power needed by the Bodega Aurrerá Aguascalientes store and will reduce total CO₂ emissions by 140 tons annually.

Canada
Wal-Mart Canada is one of the nation’s largest commercial purchasers of green power, offsetting coal and nuclear power with wind and low-impact hydroelectric alternatives provided by Bullfrog Power. In 2008, Wal-Mart Canada purchased more than 23,000 megawatts of renewable energy, an increase of the more than 16,000 megawatts purchased in 2007.

Moving forward, Wal-Mart Canada will consider investing in additional sources of renewable energy, including geothermal heat pumps and solar power. Additionally, Bullfrog Power offers Wal-Mart associates a discount on clean energy for their homes.

Puerto Rico
Our Puerto Rico market is also developing the largest renewable energy project on the island as a consumer. Up to five stores are expected to be outfitted with solar panels in 2009, and they expect the project to expand to 22 stores in the next five years.

Asia
Japan
In Japan, Seiyu is examining the potential to use solar power at their stores. In the meantime, they are participating in the “Green Electricity Certificate System,” which enables them to purchase 1 million kWh of renewable energy for use in their stores every year.

REDUCING CARBON IN OUR SUPPLY CHAIN
Americas
United States
In September 2007, we announced that we would work with the Carbon Disclosure Project (CDP) to measure energy use and emissions throughout our supply chain. This pilot program incorporated seven Walmart supplier sectors, including DVDs, toothpaste, soap, beer, milk, vacuum cleaners and soda product categories. Throughout 2008, Walmart and the CDP evaluated the pilot and are now preparing for the next phase to incorporate more product categories into the analysis.

Europe
United Kingdom
In the U.K., ASDA is also working with suppliers to reduce the amount of carbon in the supply chain. In 2007, ASDA worked closely with a number of our fresh food suppliers to map the embedded carbon in their products, including eggs, milk, potatoes, lamb and chicken. As part of this work they identified “hot spots” that can be targeted to significantly reduce levels of carbon. For example, ASDA is working with 100 dairy farms to calculate their individual carbon footprint and then provide them with a toolkit to help identify and reduce embedded carbon.
FORESTS AND CLIMATE CHANGE

The burning and clearing of forests accounts for roughly 20 percent of total global greenhouse gas emissions, more than the emissions from all the world’s cars, trucks and airplanes combined. Various facets of our environmental strategy promote sustainable management of the world’s forests, including our participation in the World Wildlife Fund’s (WWF) Global Forest and Trade Network, the investment by Wal-Mart Brazil in Amazon conservation, and the responsible mining criteria developed through our Jewelry Sustainable Value Network.

In 2008, we participated in a process convened by The Forests Dialogue, which brought together more than 250 experts from industry, governments, multilateral institutions, indigenous people’s organizations and conservation groups. The meeting culminated in a consensus “Statement on Forests and Climate Change” provided to international policymakers.
HELPING OTHERS REDUCE THEIR CARBON FOOTPRINT

In addition to reducing the energy consumption in our own stores and Sam’s Club facilities, we are also taking steps to help our customers and members reduce the footprint of their homes. In 2008, Sam’s Club converted nine Southern California facilities to include home energy efficiency centers within the aisles. These centers offer members roof-top solar panels (one of the first mass-market distribution efforts), energy-efficient appliances, next-generation efficient lighting, and other products that promote sustainability such as low-flow toilets and showerheads. In 2009, Sam’s Club expects that nearly all of its locations will feature centers like this.

To share our learnings, we partnered with the National Governors Association (NGA) in the U.S. in 2008 to launch the “Greening State Capitols” program. This unique public-private partnership between NGA and Walmart offered energy audits of capitol complexes around the country, providing recommendations on efficiency improvements and estimates of the amount of energy and money each state can save. During a two-day auditing process, we sent a team of engineering experts to survey state buildings and to suggest energy efficiency improvements based on technologies that we have successfully deployed in a number of our stores, Sam’s Club locations and additional facilities around the world.

The areas covered in the audit included:

- lighting,
- heating, ventilation and air-conditioning systems (HVAC),
- refrigeration and other equipment,
- technologies such as programmable thermostats, and
- building structure, including insulation and windows.

We are currently delivering final written reports to participating states and working with the NGA to compile cumulative results of the partnership, which will be published later this year.

U.S. CLIMATE POLICY

We are also looking at ways we can apply our learnings and create opportunities for U.S. consumers and businesses to reduce emissions. We believe climate legislation should be designed both to help consumers make better choices and to stabilize greenhouse gas emissions. In other words, it should help people save money and also live better lives.

To this end, we believe a well-designed cap-and-trade system will foster the competition, innovation, and business-to-business and business-to-consumer transactions that will result in low-cost emission reductions and the creation of new “green” jobs. We anticipate that a new, increased demand for clean energy and energy-saving technologies and services will be good for our customers and good for America.
What others are saying:

“We applaud Wal-Mart’s drive to increase its use of energy efficiency and renewable energy technologies and look forward to the long-term positive impact their efforts will have on our environment. Wal-Mart’s decision to take advantage of the economic and environmental benefits of solar power and energy efficiency technologies is a great step in the right direction.”

“Wal-Mart’s action shows that low-carbon technology is increasingly competitive and long-term sustainability is a winning business strategy. Wal-Mart’s smart and innovative approach should be used more widely.”
Andrew Aulisi, director of the markets and enterprise program, World Resources Institute

“The gloomy economy and falling oil and gas prices have put the damper on plenty of clean-energy projects, such as T. Boone Pickens’ big Texas wind farm. But today’s storm clouds are just a passing phenomenon, if Wal-Mart’s plans are any indication… More than just a public-relations ploy, increasing reliance on renewable energy is a way to hedge exposure to volatility in energy markets (as the city of Houston showed earlier this year). Clean energy may not provide 100 percent of the country’s power in coming years, but the more it becomes an argument for companies to take care of their bottom line, the stronger its prospects become. And Wal-Mart’s announcement is a reminder that not everybody is tearing up their clean-energy plans for tomorrow based on today’s dip in fossil-fuel prices.”

“State and local governments spend more than $11 billion on energy every year and those costs are growing rapidly. States need to lead by example and the NGA is excited to partner with Wal-Mart and use its expertise to improve energy efficiency and save money at state capitol buildings across the nation.”
Minnesota Governor Tim Pawlenty, former chairman of the National Governors Association
OVERVIEW
Our Company operates one of the largest private trucking fleets in both the U.S. and the U.K., and these fleets support a number of strategically organized Wal-Mart distribution centers within those countries. Today, our Logistics Division is working hard to make our entire fleet more efficient, develop the most efficient routes, increase the number of cases per load and create more sustainable distribution centers.

These initiatives are helping us travel fewer miles. But perhaps most importantly, our initiatives are helping us bring products more efficiently and inexpensively to our customers, reducing our overall impact on the environment and helping us deliver on our mission of saving people money so they can live better.
ACCOMPLISHMENTS IN OUR TRUCKING FLEET

Americas
United States
In 2008 and early 2009, we celebrated a number of significant accomplishments in our U.S. Logistics Sustainable Value Network (SVN). Perhaps most notable, we surpassed our goal set in 2005 to make our fleet 25 percent more efficient by the end of 2008. We calculate our fleet efficiency by first dividing the number of miles we traveled by the average fuel efficiency we achieved in our trucks as measured in miles per gallon. This leaves us with the amount of fuel we used to travel those miles. We next take the number of cases we delivered during the same time period and divide it by the amount of fuel we used to deliver the cases. By calculating our efficiency in this way, we can tie in all of the aspects that play a role in our fleet efficiency. Overall, we reached a 38 percent increase in efficiency by working within our SVN and with our partners to install fuel-saving technologies on our trucks, load our trucks and cases more efficiently, improve our routing and eliminate the number of empty miles our trucks traveled.

These initiatives enabled us to deliver 3 percent more cases to our stores while driving 7 percent, or about 90 million, fewer miles in absolute terms. If we had driven at the same efficiency level and used the same routes and loading methods in 2008 as we did in 2007, we would have driven nearly 140 million more miles to deliver those extra cases.

By driving fewer miles, we avoided adding 200,000 metric tons of CO₂ into the atmosphere. These efficiency improvements also resulted in fewer trucks being on the road, reducing wear-and-tear on roads, highways and bridges. Additionally, our changes helped us save almost $200 million last year. Now, we are working toward our goal to double the efficiency of our fleet by 2015 compared to our fleet in 2005.

While we continued to make our existing trucks more efficient by improving engine calibration and installing technologies such as auxiliary power units (APUs), we have made additional efforts to explore and integrate aerodynamic and alternatively fueled trucks into our fleet. In 2008, we added more than 1,100 aerodynamic trucks to our fleet to further improve our fleet efficiency. We plan to add 1,300 more in 2009.

We still have a lot of progress to make before we reach our goal to double the efficiency of our fleet by 2015, but we believe we are moving in the right direction to meet that goal.

In addition to transporting products, we have a fleet of passenger cars used to transport associates. We committed to purchasing an additional 300 hybrid cars for our passenger fleet in 2009. Currently, we have 860 hybrids, which is almost 17 percent of the fleet.

We calculate our fleet efficiency using the following equation:

\[
\text{Number of Cases Delivered} \div \text{Number of Miles Traveled} \times \text{Miles/Gallon}
\]

FLEET EFFICIENCY IMPROVEMENT
(cases delivered divided by miles traveled and average fleet mpg)

HYBRID CARS IN WAL-MART’S FLEET

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Environment

Europe
United Kingdom
By the end of 2009, our ASDA stores aim to have their truck fleet emit 40 percent fewer carbon emissions – measured by volume of cases shipped – than their fleet emitted in 2005. This fleet improvement program is called “Fewer and Friendlier Road Miles” and is helping ASDA reduce the number of empty trucks on the road and integrate new technologies into the fleet.

To reduce the number of miles driven, ASDA developed initiatives to increase the number of backhauls and fronthauls they run. Backhauls enable ASDA to fill empty trucks traveling between the stores and distribution centers to collect shipments from suppliers for direct delivery to the distribution centers. In 2008, this initiative saved ASDA approximately 1.17 million miles in ASDA’s supply chain, reducing almost 1 million empty miles for ASDA trucks alone. ASDA also uses a fronthaul initiative, in which suppliers deliver ASDA’s goods, as opposed to an ASDA truck, in the event the suppliers’ drivers are already headed to that destination. In 2008, this saved ASDA 1.4 million road miles. Total road mileage saved in 2008 through ASDA’s logistics sustainability efforts was 8 million miles and eliminated the production of 10,222 tons of CO₂ from its trucks.

Also included in the “Fewer and Friendlier Road Miles” program are the addition of new technologies and using other transportation methods to move products. ASDA is improving efficiency and saving road miles by making use of trains and double-trailers. Each month, ASDA displaces 625,000 road miles and eliminates 475,000 road miles, respectively, by utilizing these large-load platforms. ASDA is also using synthetic oils, fuel additives and integrating technological solutions into the trucks to improve efficiency. One technology called Isotrack is a computer installed in cabs that analyzes driving patterns and their effect on fuel efficiency.

Asia
Japan
In Japan, Seiyu aims to reduce the amount of fuel needed to transport 1 ton of goods per kilometer by 25 percent by 2012. Seiyu measures the amount of fuel required to carry 1 ton of goods 1 kilometer and is tracking well toward the goal. Between 2007 and 2008, Seiyu was able to transport 16 percent more goods over the same amount of distance by using more efficient routing and loading techniques for trucks, and consolidating operations and deliveries. Last year, their efficiency improvements led to a decrease in CO₂ emissions by more than 13 percent. Going forward, they plan to further improve their fleet efficiency by expanding the use of local products and continued logistics optimization.
DISTRIBUTION CENTER IMPROVEMENTS

Our distribution centers around the world are also playing a role in our efforts to increase the efficiency of our operations. The strategic placement of our distribution centers helps increase the efficiency of our fleet by cutting down the number of miles that products travel before reaching one of our stores. And innovative technologies being added to existing and new distribution centers help reduce our energy use and greenhouse gas emissions.

Americas

United States

Walmart has more than 140 distribution centers that service more than 4,200 stores across the U.S. We believe that all of our buildings should operate as efficiently as possible, and that’s why we’re also working to reduce energy consumption at our distribution centers.

Our improvements include:

Retrofitting Lighting Fixtures: Replaced the lighting fixtures in more than 100 of our distribution centers to use T5 fluorescent light bulbs. Using these bulbs, we saved more than 200 million kWh of electricity.

Using Energy Demand Monitoring Systems: Although the distribution centers themselves run nearly 24 hours a day, not all of the equipment needs to run all the time. Our energy demand monitoring system enables us to turn off lights and equipment when they are not in use. We use motion-sensor lighting and a similar system that controls conveyor belts.

Integrating Glycol Cooling into the Refrigeration System: In the past two years, five distribution centers were retrofitted to feature HVAC units that use a glycol cooling loop, which is supported entirely by the refrigeration system. Not only does the system keep the perishable foods cold, but also cools the entire distribution center.

Rapid Doors: We recently completed successful testing and have started integrating rapid-operating doors that create a solid barrier between rooms that require different temperatures in the grocery distribution centers. These doors help us save energy by remaining closed when there is no traffic in and out of the room, but open very quickly when an associate approaches.

Variable Frequency Drives (VFDs): Similar to the energy demand monitoring system, our refrigeration systems adjust their output based on the current need. If there is not as much to cool, then the systems do not need to run at their full capacity. By installing Variable Frequency Drives (VFDs), we are able to match the speed of operation to the current load required.

Solar Panels: In California, we completed the installation of solar panels at one distribution center in Porterville and will be completing a second location in Apple Valley during the second quarter of 2009. In Porterville, the panels were installed on the roof of the facility and will supply approximately 600 kW of power. The ground-mounted solar panels in Apple Valley will cover a nine-acre field and supply 1 megawatt (MW) of power.

Europe

United Kingdom

Given the strategic placement of ASDA’s distribution centers, the distance between the stores and the distribution centers averages only 50 miles. This helps ASDA reduce the number of miles trucks travel and saves fuel.

Asia

China

In China, Wal-Mart opened a distribution center in Tianjin which won the 2008 Green Supply Chain Award from the China Supply Chain Council. The 455,000-square-foot distribution center has a number of sustainable features that help reduce CO₂ emissions and energy and water consumption. The distribution center includes solar panels and wind turbines that produce renewable energy. Solar water heaters installed at the facility can provide 1.7 tons of hot water each day. Energy efficiency improvements include the installation of efficient T5 light bulbs, daylight harvesting and an HVAC system with improved energy consumption.
OVERVIEW

One of our primary sustainability goals is to create zero waste, including redirecting all of the waste created by our U.S. operations from landfills by 2025, and reducing packaging in our supply chain by 5 percent by 2013. In 2005, we announced a short-term goal to reduce waste in our U.S. operations by 25 percent by 2008. To move toward these goals, we are working with suppliers to reduce the amount of packaging and waste that enters our stores so we don’t have to throw it away.

Around the world, we continue to develop new initiatives that strengthen our business. By focusing on the three “Rs”—reduce, reuse and recycle—when we think about waste, we identify new opportunities to reduce our waste stream. For example, our ASDA stores in the United Kingdom have reduced the weight of their food packaging by 25 percent when compared to 2005. And in Japan, our Seiyu stores have been able to recycle approximately 75 percent of their total store waste by separating waste into 12 different categories. These are just a few examples of how we are reducing the amount of waste sent to landfills and our use of natural resources.
**REDUCE, REUSE, RECYCLE**

At Wal-Mart, we focus on the three “R’s” when we think about our waste – reduce, reuse and recycle. By keeping these three words in mind, we continue to develop new initiatives that strengthen our business as well as our ability to deliver on our mission.

When our waste reduction goals were set in 2005, we quickly realized that our previous waste management system was insufficient to accurately measure and manage our waste stream. Dumpsters were being hauled from our stores without measuring how much waste was in them. During the past three years, we worked side-by-side with our waste vendors to develop a more sophisticated waste hauling system that allows us to measure and manage our waste stream. At the same time, we began robust recycling efforts and increased the amount of waste being recycled and decreased the amount going to the landfill. We do not, however, know the actual percentage of the amount of waste we redirected or reduced in 2005, 2006 or 2007.

Now that we are able to accurately measure waste to the landfill, we are proud to report that from February 2008 until January 2009, we redirected more than 57 percent of the waste generated by our stores and Sam’s Club facilities, exceeding the national recycling rate. This success was achieved through a number of initiatives, including better managing our inventories, increased charitable donations and implementing many new and innovative recycling programs.

In 2007, we started a zero waste pilot in the Fort Smith, Arkansas, market. Through this pilot, we are gaining a better understanding of the waste generated by our stores and opportunities for reducing and redirecting that waste.

**Plastic Bag Initiative**

In 2008, we made a commitment to reduce the plastic shopping bag waste at our stores around the world by an average of 33 percent per store by 2013 using a 2007 baseline. If we achieve this goal, we could reduce our plastic bag waste by the equivalent of 9 billion bags, avoid producing 290,000 metric tons of greenhouse gases and prevent consuming the equivalent of 678,000 barrels of oil every year. By giving out fewer plastic bags, offering reusable ones and helping our customers recycle their existing bags, we expect to eliminate more than 135 million pounds of plastic shopping bag waste globally. Many of our international markets are already making progress in reducing their plastic bag waste.

### Americas

#### Canada

In 2008, Wal-Mart Canada reduced the size and gauge of plastic shopping bags to save an estimated 2 million pounds of plastic resin in one year. For those customers who prefer plastic bags, Wal-Mart Canada will recycle returned plastic shopping bags from any retailer.

#### Argentina

In the past two years, Wal-Mart Argentina has seen a 20 percent reduction in plastic bag use through improved cashier training promoting a “five items per bag” goal.

#### Brazil

In November 2008, Brazil launched a pilot project that gave customers a $0.03 USD discount for every plastic bag they didn’t use. The project has been a great success, and in the first two months of the project, customers avoided consuming more than 1 million plastic bags.

To add to their efforts to reduce plastic use among customers, Wal-Mart Brazil has introduced the lowest-priced reusable bag among retailers in Brazil at R$2.50 ($1.13 USD). They have sold more than 1 million of these reusable bags since the launch.

#### Central America

In Central America, our stores have implemented a number of standardization measures to achieve a 10 percent reduction in plastic bag weight.

#### Reusable Bags

We’re also encouraging our customers to use items such as reusable shopping bags to reduce their waste.

### Americas

#### Central America

In December 2008, Wal-Mart Central America introduced reusable bags into its stores.

#### Chile

Chile’s D&S stores are the first grocery retailer in Chile to offer reusable bags.

#### Mexico

In April 2008 Wal-Mart de Mexico introduced reusable bags and in early September reduced the price by one-third.
United States
In October 2007, we started selling reusable bags at Sam’s Club and Walmart stores in the U.S. In 2008, we expanded our reusable bag selection at Walmart stores to include two bags, a black bag and a blue bag, which are both made out of recycled materials and can be recycled when they wear out. The reusable bags can eliminate the use of 75 to 100 plastic shopping bags over their lifetime. The Sam’s Club bags are slightly larger, capable of carrying up to 50 pounds and can also be recycled once they wear out.

Asia
China
In China, Wal-Mart offers 15 types of reusable bags.

Japan
In Japan, our Seiyu stores began the Hummingbird Campaign to encourage customers to reduce plastic bag consumption. As part of this campaign, Seiyu has encouraged customers to use their bring-your-own bags or “My Bag” available at all Seiyu stores, which features the Hummingbird Campaign logo. Now, approximately 45 percent of Seiyu customers use their own reusable bags.

Europe
United Kingdom
In order to encourage customers to bring and use reusable bags, ASDA removed single-use plastic carrier bags from view at all of its checkouts. They were the first major supermarket retailer in the U.K. to do this. Now, associates ask customers if they are reusing bags, and will only provide a single-use bag to the customer if asked. This change has contributed to a more than 30 percent reduction of plastic bags used in ASDA stores since June 2008.

Packaging Reduction
Around the globe we are working with our suppliers to develop sustainable solutions to product packaging. Several markets, including the U.S., the Americas, Europe and China, are working to reduce packaging waste by 5 percent by 2013 using a 2008 baseline. In order to move toward this goal, we developed an online packaging scorecard designed to gather information on our suppliers’ product packaging in order to establish a baseline and help our buyers make more informed purchasing decisions.

On February 1, 2008, the online packaging scorecard was made available to all of our U.S. buyers, and now buyers may show preference to those suppliers who have demonstrated a commitment to producing more sustainable packaging. Suppliers can use the scorecard to measure how their product packaging helps us achieve, meet or exceed our goals of being supplied 100 percent by renewable energy, creating zero waste and selling environmentally preferable products.

In early 2009, we began rolling out the packaging scorecard to select international markets. Canada will be the first country to integrate the scorecard into its business, and the rollout is expected to be completed by the fall of 2009. The scorecard will be translated into several languages, but will contain the same information and questions as the original scorecard launched in the U.S. Already our suppliers around the world are reducing their packaging and creating more sustainable alternatives.

Currently, we are working with our Packaging SVN to measure our progress toward reducing packaging in our supply chain by 5 percent by 2013 based on a 2008 baseline. There are many factors associated with making packaging more sustainable, including greenhouse gas reductions during manufacture of the package, substrate material choices and
chemical composition. We have spent the last several months gathering the information we need about our products to be able to look at these factors through a “cradle-to-gate” approach. In doing this, we will be able to more accurately measure the environmental impact packaging reduction has on our entire packaging supply chain. We have collected information on approximately 300,000 of the items carried in Walmart stores and 90 percent of the items that we collect information on at Sam’s Club. As we move forward, we will continue to work with our Packaging SVN members to evaluate the type of information collected and determine how to best measure the progress being made by our suppliers.

In addition to working with our suppliers on the scorecard and the Sustainable Packaging Expo, we have been actively working with our private-label suppliers to increase the sustainability of their packaging. For example, we’ve made sustainable packaging changes to the apple juice sold under the private Member’s Mark label at Sam’s Club. Approximately half of the packaging is manufactured using 35 percent renewable energy generated by hydroelectric plants that use moving water to generate electricity. Additionally, 50 percent of the packaging is manufactured from 100 percent recycled corrugated cardboard.

In 2007, we missed meeting our goal to eliminate PVC from our private-brand packaging. We made progress toward this goal by converting PVC clamshells to PET and either completely removing PVC windows in packaging or replacing the PVC windows with PET. While we continue to look for alternatives to PVC, we have been unable to find suitable replacements for PVC used in over-the-counter, tamper-evident bands, metal can sealants and meat wrapping, among others. Until we identify another material of equal performance, we will not eliminate PVC from certain items to ensure the safety of our customers.
Environment

Brazil
The makers of Sustax, a drink mix made under our private label in Brazil, were able to reduce packaging without sacrificing the volume of product sold to customers. They did it by making Sustax cans approximately 16 percent smaller, leading to a 24 percent reduction in the label size and a 12 percent reduction in the amount of corrugated cardboard needed to package the cans. These changes have led to an annual savings of 2,800 pounds of steel, 330 pounds of paper and 770 pounds of cardboard.

Europe
United Kingdom
In the U.K., our ASDA stores have reduced the weight of their food packaging by 25 percent compared to a 2005 baseline. More than 2,500 different products on ASDA shelves have been right-sized, leading to a reduction of 40,000 tons of packaging, which is equal to the weight of 5,700 London red buses. Additionally, the packaging on more than 6,000 products provides customers with recycling information.

Asia
Japan
In Japan, our Seiyu stores are actively working to reduce packaging waste. Their produce department has been working with suppliers to develop reusable plastic containers to transport produce in order to make their supply chain more sustainable. They are also reducing the number of trays used in the meat department. So far, by moving from four different colored trays used to store and display different kinds of meats to one white tray for everything, they have saved more than JPY 100 million ($965,000 USD).

China
Following in the footsteps of the U.S. Packaging Network, Wal-Mart China hosted its first Sustainable Packaging Expo in 2008. The Expo helped connect product suppliers in China to suppliers who have sustainable packaging options.

RESUSING MATERIALS
We are working with our suppliers to integrate recycled materials into new products. We are showing our customers how these recycled materials can have a positive effect on the environment, while helping them save money and live better.

Americas
United States
Many people wonder where plastic and other materials go once they have been recycled. In the U.S., we are developing a closed-loop recycling program that helps our suppliers get materials recycled from Walmart stores. With the recycled materials, suppliers can make new products that return to Walmart’s shelves.

For example, each year, our Tire and Lube Express Centers (TLEs) send millions of tires to recyclers for processing. In 2008, we were able to recycle 16 million tires, and 2.5 million of those tires went into the production of a new product on our shelves, Majestic™ Rubber Mulch. By selling this rubber mulch, we prevent those tires from going to landfills and reduce the number of trees that are cut down to make traditional mulch. Additionally, it is non-toxic and latex-free. This closed-loop system saves money for us, our suppliers and our customers.
ZERO WASTE INITIATIVE
Our stores around the world are recycling millions of pounds of materials generated from the back of our stores. We’re reducing the amount of waste sent to landfills and our need to use virgin materials.

Americas
United States
In 2008, we really started seeing results of the super sandwich baling process we instituted in all of our stores, Sam’s Club locations and additional facilities in 2007. This process helps us recycle loose plastic and cardboard, along with 32 additional items, including aluminum cans, plastic hangers, plastic water and soda bottles, office paper and paperback books. Since integrating this process into our facilities, we have redirected more than 18.9 million pounds of plastic hangers, 12.4 million pounds of office paper and 1.3 million pounds of aluminum from going to landfills. And we continue to increase the amount of plastic and cardboard we have been able to recycle. We estimate that we have redirected more than 182 million pounds of plastic from landfills and sent more than 25 billion pounds of cardboard to paper mills across the U.S. and Asia to be recycled.

We are also helping our customers recycle their old electronics, which can often be hard to do. In May 2008, Sam’s Club partnered with N.E.W. Customer Service to start an online recycling program for unwanted electronics. Anyone can log on to the Web site www.econewonline.com/samsclub, enter information on their used electronic item and find out whether or not they can get money back for sending it in. Once the item is sent to N.E.W. for free, the amount eligible to be refunded will be given back to the customer on a Sam’s Club gift card.

Brazil
Wal-Mart Brazil is working to create “Zero Impact” when it comes to waste. In 2008, 273 associates were trained to take part in the Zero Impact program, which will reduce the waste sent to landfills. Currently, 89 stores in the country are participating in the program, and Wal-Mart Brazil aims to have all of its stores in the program by 2010.

Wal-Mart Brazil is also participating in a unique relationship with waste collectors in the country. In Brazil, some impoverished people earn money by rummaging through waste to collect recyclable items. Wal-Mart Brazil and Wal-Mart Institute (Brazil) initiated the Station Recycling Project in partnership with the Coca-Cola Brazil Institute and Coca-Cola Brazil. The project involves providing centrally-located collection posts for recyclables at the network of Wal-Mart stores throughout the country and at 25 Coca-Cola supplier factories. By providing the recycling stations, people now have a place to drop off their recyclable items, the recycling infrastructure in Brazil is strengthened and the income generation achieved by the cooperative of garbage collectors is improved.

Central America
Our distribution centers in Central America have been diligent about recycling materials. In 2008, Wal-Mart Central America was able to recycle 13,137 tons of cardboard and 1,299 tons of plastic. This helped eliminate the need for more than 223,000 trees and more than 14,000 barrels of oil.

Puerto Rico
In 2008, as part of Wal-Mart Puerto Rico’s annual recycling challenge “Tomate lo en Serio,” students, associates and customers collected 57 percent more materials than the previous year. The program is an educational alliance with the Puerto Rico Solid Waste Authority, the Puerto Rico Education Department, Yo Limpio a Puerto Rico, and Pepsico. Nearly 80,000 students and 231 schools brought their recyclable items to Wal-Mart stores, which served as collection centers for the recycling challenge.

Europe
United Kingdom
During the last few years, our ASDA stores in the U.K. have established a comprehensive recycling program which has helped them redirect 65 percent of store waste from the landfill. At the end of 2008, ASDA opened the U.K.’s first store that aims to reach zero landfill waste in Bootle. Currently,
the store serves as a demonstration of the model that will help ASDA achieve its zero-waste-to-landfill goal by the end of 2010.

At the heart of this program are the regional ASDA Service Centers (ASCs). Recyclable materials are transported to these facilities from stores in the surrounding area using empty delivery vehicles on their return run – a process known as backhauling – which means they don’t need to put more trucks on the roads just to transport these commodities. Once at an ASC, the waste is bundled together and stored, ready to be sent for recycling. As of 2008, ASDA had seven of these ASCs, with one more to be constructed to complete the network.

In 2007, this initiative helped ASDA recycle more than 165,000 tons of cardboard and nearly 8,000 tons of plastic wrapping. Now, ASDA is continuing to move toward its zero-waste goal and aims to eliminate the remaining 35 percent of its waste.

Asia

Japan

Our Seiyu stores in Japan are able to recycle approximately 75 percent of their total store waste by separating waste into 12 different categories. In 2008, Seiyu was able to establish new ways to reduce food-related waste, further reducing the amount of waste sent to landfills. This year, Seiyu aims to have sustainable solutions for 80 percent of its store waste.

MARISA’S STORY

Marisa Franklin, an inventory control team member for Wal-Mart Stores, Inc., loves to talk trash – nearly 1,500 tons of trash, to be exact. With the help of her fellow associates at Wal-Mart’s STaR Complex in Pineville, Missouri, Marisa’s PSP involved starting a facility-wide recycling campaign that has kept 1,492 tons of trash from the city landfill.

The STaR Complex, also known as Wal-Mart’s Support Testing and Reclamation facility, is the perfect place to institute an aggressive recycling awareness effort and to generate high-impact results. The 75 associates who work at the complex are responsible for collecting all of the leftover and retired equipment from Wal-Mart’s stores, clubs and distribution centers.

“We receive anything and everything that is coming back from the stores – cash registers, shelving, signage, packaging materials, printers, electronics, etc.,” says Marisa. “All of this stuff used to go to the landfill.”

In 2005 Lee Scott, Chairman of the Executive Committee of the Board of Directors, then CEO, announced the Company’s commitment to being a leader in the area of environmental sustainability.

“When I heard Wal-Mart was going to focus on creating zero waste, a light bulb went off in my head. I grew up in a family that was committed to recycling, so it’s something I’ve always done. But now, being able to lead this effort at work is really fun and exciting,” Marisa says.

It’s challenging too. While finding external partners to recycle electronics, metals and other items wasn’t terribly difficult, the STaR associates struggled to uncover a company specializing in Styrofoam recycling. Marisa finally found one in Hendren Plastics, based in Gravette, Arkansas.

A manufacturer of polystyrene, Hendren had plenty of leftover Styrofoam and had devised a way to recycle it.

“The Company uses what is called a ‘densifier’, which basically sends the Styrofoam up a conveyor belt, chops and heats it, and then it becomes a paste. The paste is then sent off to other partners in New Jersey and California that turn it into pellets, which are eventually made into durable plastic items like desk organizers, picture frames, hangers, CD cases and more. And it kept the Styrofoam out of our landfill,” Marisa says.

With her persistence and passion, Marisa hopes that, in her 6-year-old son’s lifetime, landfills will no longer be necessary. She’s doing her part to pass along the fervor to her young protégé.

“My son is really into recycling. He’s been vocal about the need for it at his school and with his little friends. It gives me a lot of pride that this is something that will always be second nature to him,” Marisa says.
On September 25, 2008, at the Clinton Global Initiative Annual Meeting, Wal-Mart committed to reducing its global plastic shopping bag waste by an average of 33 percent per store by 2013. This is expected to eliminate more than 135 million pounds of plastic waste globally. To help reach this goal, we will reduce the number of bags given out by our stores, encourage the use of reusable bags and give customers the ability to continue recycling plastic shopping bags.

This comprehensive bag reduction strategy is being developed in partnership with Environmental Defense Fund (EDF). The goal could have far-reaching environmental and economic benefits. It is estimated that roughly 60-80 percent of all marine debris is plastic. Reducing plastic shopping bag waste could also help reduce government expenditures. According to Californians Against Waste, the state of California spends approximately $25 million per year to discard plastic bags into landfills.

Wal-Mart’s commitment to reduce plastic bag waste globally by 33 percent includes a 25 percent reduction from U.S. stores and a 50 percent reduction from our international operations. Our stores across the globe have the flexibility to meet this goal through a three-pronged strategy of reduce, reuse and recycle. Options for meeting the goal include, but are not limited to:

- **Reduce**: Decrease the amount of plastic going into our bags and also ensure bags are being loaded properly, reducing the number of plastic bags needed per trip to the store.
- **Reuse**: Increase reusable bag use among our customers by making them accessible and affordable and educating customers on the benefits of reusable bags.
- **Recycle**: Increase number of plastic bags being recycled.

As part of the goal to reduce plastic bag waste, Wal-Mart stores in several markets have introduced new, more affordable reusable bags. In April 2008, Wal-Mart de Mexico introduced reusable bags and in early September reduced the price by one-third. In the U.S., Walmart began offering reusable bags in October 2008 for 50 cents each.

Our efforts could reduce energy consumption by approximately 678,000 barrels of oil per year and reduce carbon dioxide emissions by 290,000 metric tons per year – equivalent to taking more than 53,000 passenger vehicles off the road annually.

“By reducing the number of plastic bags our customers use, increasing the availability and affordability of reusable bags and providing recycling solutions, we think we can eliminate plastic waste equivalent to 9 billion plastic bags per year from our existing stores alone. If we can encourage consumers to change their behavior, just one bag at a time, we believe real progress can be made toward our goal of creating zero waste.”

- Matt Kistler, Senior Vice President of Sustainability
OVERVIEW
Bringing sustainable changes into our business is just one aspect of our sustainability program. We also want to bring sustainability into the homes of our customers around the world. By working with our suppliers to improve the sustainability of the manufacturing processes and use of products sold in our stores, we hope to show our customers that they don’t have to pay more for products that can reduce their impact on the environment.

We carry hundreds of thousands of products on our shelves that fall into a number of product categories. We established Sustainable Value Networks (SVNs) that represent different business divisions, such as the Electronics Network, the Food, Agriculture and Seafood Network and the Jewelry Network. Associates in those divisions are a part of the SVN and work hard to find sustainable solutions for products in their category while keeping our business goals top of mind. Additionally, our SVNs include representatives from non-governmental organizations, universities, the government and supplier companies. Together, we are working to put more affordable and environmentally preferable products into the hands of our customers.
GLOBAL AGRICULTURE AND FOOD

While many of our customers are working to stretch their budgets, we are working to do our part by giving them access to fresh food at affordable prices. One way we are able to do this is by purchasing more produce from local farmers and purchasing products that are grown and produced by people who use sustainable practices in their businesses. Our goal at Wal-Mart is to have a long-term supply of reliable agricultural and seafood products harvested in a sustainable way.

Americas

United States

In 2008, we launched even greater efforts to purchase locally grown produce in the U.S. With our locally grown initiative, we can provide high-quality, low-priced fruits and vegetables while supporting farmers and their local economies. By reducing the number of miles food travels between the farm and our shelves, we can decrease greenhouse gas emissions and conserve fuel.

In 2008, we began selling case-less milk at 236 Sam’s Club locations in the U.S. The case-less milk jug is square in shape and virtually self-stacking, which eliminates the need for racks, extra transportation to pick up the racks and water required to clean the racks. Additionally, the case-less milk jug ships more efficiently, showing a 51 percent improvement in the cube utilization and allowing 9 percent more product on a truck.

We are also working with suppliers to offer more socially responsible products on our shelves. As a part of our first Earth Month in-store campaign in April 2008, we launched the sale of six coffees carried under our exclusive Sam’s Choice brand that are either certified organic, Fair Trade Certified or Rainforest Alliance Certified. These coffees enable customers to get gourmet coffee at a great value while providing benefits to farmers, their communities and the environment. Sam’s Club was one of the first retailers to offer Fair Trade Certified wine. And since November, Sam’s Club members have been able to purchase Fair Trade Certified Malbec wine from Argentina in more than 400 Sam’s Club facilities. A portion of the sales is collected by Transfair USA and used to build schools, medical facilities and other community projects.

We are committed to featuring more sustainably harvested seafood in our stores. Our efforts have included collaboration with the Marine Stewardship Council (MSC), Sustainable Fisheries Partnership (SFP) and the World Wildlife Fund (WWF), Environmental Defense Fund (EDF), and the Alaskan salmon industry for wild-caught seafood and with the Global Aquaculture Alliance (GAA) for all farmed seafood.

Together, we are encouraging our seafood suppliers to implement plans that strengthen fishery management practices, rebuild stocks, reduce environmental impacts and encourage support for broader marine ecosystem management and protection efforts.

We made a commitment in 2006 to:

• Purchase all of our wild-caught fresh and frozen fish for the U.S. from Marine Stewardship Council (MSC)-certified fisheries by 2011.

• Work with Global Aquaculture Alliance (GAA) and Aquaculture Certification Council (ACC) to certify that all farmed shrimp suppliers to Walmart adhere to Best Aquaculture Practices (BAP) standards in the U.S. by 2011. These standards serve as a guideline to assist participants in performing environmental and social impact assessments of their production facilities and developing management systems for compliance with the certification standards.
Environment

As of January 31, 2009, in aggregate, 49 percent of the total pounds of fresh or frozen seafood sold at Walmart U.S. and Sam’s Club have the MSC or ACC certification, with many more fisheries currently progressing through the certification process. We currently have 28 products in our stores that carry the MSC certification, with more selections under way. And 100 percent of the farmed shrimp products we purchase meet factory processing criteria established by the ACC, and we are in the process of having shrimp, catfish, tilapia and salmon farms become ACC-certified as well.

Mexico
In 2008, Wal-Mart de Mexico sourced 99 percent of the fruit and vegetables sold in their stores from Mexican suppliers. They also feature more than 1,100 environmentally preferable products on their shelves.

Central America
Together with the global relief and development organization Mercy Corps and the United States Agency for International Development (USAID), we launched the Inclusive Market Alliance for Rural Entrepreneurs in Guatemala, which is focused on improving the lives of small-scale farmers. During a three-year project, the Alliance will help small-scale farmers move from traditional crops, such as corn and beans, to growing demand-driven crops, such as tomatoes, peppers, potatoes and onions that will be sold to major retailers such as Wal-Mart. With the resources provided by the Alliance, we hope that small-scale farmers in these rural areas will be able to grow into entrepreneurial producers of premium products. We expect that higher, more consistent incomes will lead to increases in education, health and food security for their families and communities.
Environment

Brazil
Wal-Mart Brazil has committed to offering at least one organic product per food category. They currently have more than 1,000 organic items in stores from 172 organic product suppliers who provide meat, juices and fruits.

Puerto Rico
Our Puerto Rico market has launched a program called Siembra el Desarrollo Del País (Sowing the Development for the Country) with the Banco de Desarrollo Económico (BDE), the Puerto Rico Department of Agriculture and the non-profit organization Caborrojeños Pro Health and Environment. The program aims to identify and develop business opportunities for farmers, while providing customers greater access to local produce. By supporting this program, Puerto Rico reduces its dependency on imported produce. New agricultural entrepreneurs participating in the program will receive some financing from the Economic Development Bank to establish their business. They will also receive support from the Department of Agriculture on land preparation and crop seed availability. Additionally, participants will receive training sponsored by Wal-Mart to develop the skills needed to run agricultural-based businesses and ensure that sustainable practices are being integrated into their farms. The products generated by participating businesses will be marketed under the brand name, “Del País” in Walmart supercenters, Sam’s Club and Amigo Supermarkets.

Europe
United Kingdom
Our ASDA stores in the U.K. are working to put more locally grown and locally produced items on their shelves, as well. ASDA currently works with approximately 500 local food producers in the U.K. who provide more than 5,000 products to ASDA stores across the country. As an example, ASDA pledged that it will not sell any eggs sourced from abroad in its private-label egg brand. During the next three years, all ASDA brand eggs will be supplied by a group of local dedicated egg farmers. The private-label brand also guarantees all its hens have been vaccinated against salmonella. ASDA has also launched a campaign called “Respectful,” which promotes free-range eggs exclusively supplied by a local supplier, Stonegate, and produced using humane, environmentally sound methods.

Asia
China
Wal-Mart China is working to bring customers better quality and sustainably-harvested produce through its Direct Farm Program. This program helps farmers in China place their sustainably grown produce in local Wal-Mart stores and receive better financial returns on their products. They aim to expand the Direct Farm Program to include as many as 1 million farmers by 2011.
Environment

ELECTRONICS

We are working to reduce the energy consumption of the products we have on our shelves. In 2008, we set a three-year goal to work with our suppliers to make the most energy-intensive products in our stores around the world 25 percent more energy efficient based on a 2008 baseline. Using the same baseline, we are also working with suppliers to increase the efficiency of flat-screen televisions by 30 percent by 2010.

Americas

United States

Throughout 2008, we laid the groundwork to make certain products we sell more energy efficient by working with our suppliers. So far, we have made progress in moving toward our goals in this area.

• We are working with suppliers to make the most energy-intensive products in our stores 25 percent more energy efficient based on a 2008 baseline. Products falling in this category include personal computers, video game consoles, air conditioners and televisions. By May 2009, all of the laptop computers and one-third of the desktop computers we sell in the U.S. will be ENERGY STAR® 4.0-compliant.

• As of January 2009, 75 percent of our air conditioning units are ENERGY STAR®-certified, making significant progress toward our goal to have all of the air conditioning units we sell ENERGY STAR®-rated by 2010. To learn more about ENERGY STAR® and ENERGY STAR® certification visit: http://www.energystar.gov.

• We are also working with our suppliers to make all of the flat-panel televisions we sell 30 percent more efficient by 2010 based on a 2008 baseline.
Environment

In addition to making certain products more energy efficient, we are working to double the sale of products that help make homes more energy efficient by 2011 based on a 2008 baseline. Products falling under this category include caulk, weather stripping, air filters, programmable thermostats, expanding foam and power strips. Each of these products helps a home reduce wasted energy due to poor seals or phantom power consumption.

We are also working to bring more RoHS-compliant electronics into our customers’ homes. RoHS-compliant (Reduction of Hazardous Substances) electronics have eliminated certain substances from being used during the production of the item. We are making all of our televisions, personal computers, MP3 players, video games and cameras RoHS-compliant. So far, all of our televisions and personal computers meet this standard.

Asia

Japan

Seiyu in Japan is increasing demand for energy-efficient electronics by informing its customers about the 4-star-certified, energy-efficient appliances carried in the store. Due to additional customer education, Seiyu has also seen a 30 percent increase in CFL sales.

China

Wal-Mart China is actively promoting the production and sale of energy-efficient products by raising customer awareness and hosting electronics trade-in events. In 2008 alone, Wal-Mart China hosted 400 electronics trade-in events. These events helped customers properly dispose of their e-waste, lowered pollution and drove 1.4 percent of all new television sales. Wal-Mart China plans to host as many as 100 of these events per month by 2011.
HOME GOODS
We believe that the products our customers use in their homes should be affordable and safe. We also believe that those products can be sustainable.

Detergent and Soap

Americas
United States
In late 2007, we committed to transition our entire liquid laundry detergent category to concentrated detergent by May 2008. We saw success in this initiative when Unilever developed its all® small-andmighty detergent, which is one-third the size of the 100-oz. bottle. This new detergent can wash just as many loads of laundry and is easier for customers to carry. In 2007 and 2008, we worked with all of our major detergent suppliers, and every detergent brand made the switch. We expect that by 2011 this change will save more than 125 million pounds of cardboard, 80 million pounds of plastic resin and 430 million gallons of water. These changes help us save money on diesel needed to transport the improved bottle. This commitment also resulted in real savings for our suppliers.

Our Americas region also is taking steps to make its laundry detergent category more sustainable. By 2012, all of the liquid laundry detergent sold there will be at least two times concentrated to reduce water use. In addition to working with suppliers to increase the amount of compact versions of laundry detergent they offer, we have committed to reducing phosphates in detergents being sold in the region. We will require our suppliers to reduce phosphates by 70 percent in laundry and dish detergent by 2011 based on a 2009 baseline. We will measure this goal by calculating the total mass of phosphate content in detergents sold in the Americas per year.

Brazil
One unique product being sold in Wal-Mart Brazil stores is the private-label TopMax bar soap, which is made from used kitchen oil that Wal-Mart customers deposit into oil collection receptacles in stores. The soap is biodegradable and also phosphate-free.
Wood and Paper
Another area where we believe we can make great strides is in our wood supply chain.

Americas
United States
In 2008, we committed to eliminate wood that comes from unwanted sources from our supply chain by July 2013. In order to do this, we partnered with the World Wildlife Fund’s Global Forest and Trade Network (GFTN). The GFTN aims to eliminate illegal logging and improve the management of valuable and threatened forests. Together with the GFTN and its network and expertise in 36 countries, we will work with our suppliers to improve the traceability and transparency of our wood and paper supply chain and move toward even more sustainable sourcing.

Asia
China
In addition to our work with the GFTN, we are focusing a great deal of attention on our wood product procurement from China. China is an important source of products manufactured from wood, and therefore it’s important for our Company and our suppliers to gain greater transparency into this portion of our supply chain. Wal-Mart Stores, Inc. recently entered into a memorandum of understanding with the Chinese National Forestry Industry Association to build relations with the organization and gain visibility into their new wood certification process. We will work alongside them, offering our thoughts on their certification process, learning how they are developing their standards, the source of the information they are using as new certified forests come on line, and how they are documenting the timber supply chain.

Chemicals
With thousands of products on our shelves that contain chemicals, identifying which chemicals may be harmful is, without question, a challenging task. One of our goals is to drive the development and sale of products that are better for the environment and for our health. To help reach this goal, we developed an internal team that identifies chemicals of concern and encourages suppliers to explore and bring to market products that contain alternatives to the chemicals we identify. By working closely with our suppliers, we are tackling this challenge and seeing progress.

Americas
United States
In our 2007 report, we discussed plans to identify 20 chemicals of concern that we would work to eliminate from products sold at our stores. Since that time, we believe we have found a more effective way to address this issue and provide our customers with products that are environmentally preferable. By working in a collaborative process with the members of our Chemicals Sustainable Value Network, we have identified a screening tool, called GreenWERCS, that will provide us with a far more comprehensive view of the products we sell than methods we previously identified. GreenWERCS will help us analyze the products on the market and identify risks across a broad spectrum instead of looking at each chemical individually.
CLOTHING, ACCESSORIES AND TOYS
We are working with our suppliers to introduce new and innovative products that can help our customers feel better about their purchases. In the past year, we have increased our offering of organic and alternative fiber clothing and bedding, and we started selling fully traceable gold and silver jewelry in our U.S. stores.

Textiles
Around the world, we are working to integrate more sustainable fibers into our textiles offerings such as organic cotton or recycled fabrics.

Americas
United States
Our Textiles Network is actively working to provide our customers with environmentally preferable and fashionable clothing options at affordable prices. We are working to integrate more sustainable fibers into our clothing and textiles and make 100 percent of the products sold under our Faded Glory private label more sustainable.

We are approaching this effort from two angles. First, we are working to include more alternative or recycled materials in the fabric of our Faded Glory product line. Second, we are looking at ways to improve packaging such as using tags that are made from recycled leather or eliminating individual polybags. We will measure this goal by comparing what we used in 2009 versus what is used in 2013, and we will continue to look beyond this goal for any dramatic innovations in our Faded Glory production process.

Currently, we are in the initial stages of making our textiles supply chain more sustainable by educating our buyers, product execution team and brand merchandisers about specific network goals. We are also increasing the number of products that use organic cotton, recycled polyester and other sustainable fibers. In addition, we have developed a list of key questions that we ask each of our textiles suppliers in order to learn about their sustainability efforts and initiatives. The list includes questions on recycling materials, reducing energy consumption, reducing toxic chemical usage, reusing fabric scraps, using alternative sustainable fabrics, knowing the origin of their product from cradle to grave, and measuring and reducing water use in the production cycle.

In 2008, we changed our strategy in relation to our purchases of organic cotton. Previously, Wal-Mart was the largest purchaser of raw organic cotton. This meant that we still needed to work with suppliers to mill, gin, dye and manufacture this cotton into products. We have decided to move away from purchasing raw cotton and instead move to purchasing merchandise made with organic cotton. Today, we are the largest purchaser of organic cotton products.
Brazil
Wal-Mart Brazil placed a blanket on its shelves made from recycled plastic bottles. Each blanket is made of approximately 200 recycled PET bottles. Since February 2008, approximately 92,000 blankets have been sold at Wal-Mart Brazil stores, which have recycled 16.5 million PET bottles.

Asia
Japan
Seiyu has expanded its assortment of organic cotton and environmentally preferable cotton items. One line of cotton apparel, called EcoHeat, is a comfortable and warm winter base layer of clothing. Part of EcoHeat is made from cotton “linter,” which is the short fiber portion of a cotton bloom that surrounds the cotton seed and is normally thrown away during processing. The clothing has doubled in sales in women’s apparel and increased five times in men’s apparel.

India
In India, through our joint venture partnership, we sell kitchen towels that are made from recycled fabric to our partner’s company, Bharti Retail. This helps reduce the amount of water needed to grow additional cotton, chemicals that are needed to produce dyes and energy needed to manufacture new fabric.

Jewelry
We are also the largest retailer of jewelry in the world and want to have the confidence that the gems and minerals in our jewelry are extracted, refined, manufactured and sold in an environmentally and socially responsible way. This encompasses everything from promoting safe labor practices to minimizing any adverse social and ecological impact of jewelry production.

Americas
United States
As a member of the Initiative for Responsible Mining Assurance, we are identifying a diamond mine, a gold mine, a manufacturer and a third-party verification company to produce new products in environmentally and socially conscious ways and to test more transparent supply chain practices. By 2010, our goal is for 10 percent of our gold, silver and diamond jewelry offerings to be part of a fully traceable supply chain that meets Wal-Mart’s ethical sourcing standards and criteria for responsible mining.

In July 2008, we introduced our “Love, Earth” jewelry line, which features 100 percent traceable gold and silver jewelry and is available at all Walmart stores, Sam’s Club locations and at www.walmart.com. This is the first time a major retailer has set standards for third-tier suppliers (mining industry) and established a line of jewelry that has 100 percent “traceability” – the ability to track the products from mining and refining to manufacturing and distribution. In November 2008, we expanded the line to include 100 percent traceable diamonds available in 500 Walmart stores across the U.S. To date we have achieved traceability for more than 30 percent of the gold jewelry sold at Sam’s Club and more than 10 percent of the gold jewelry sold at Walmart.

Since our last report, we have learned more about jewelry packaging options and have decided that committing to use only biodegradable bags is not the best way to move our sustainability efforts forward because of concerns from our environmental partners about biodegradability. We have revised our goal to focus on improving the score that jewelry packaging receives in our packaging scorecard.

In 2008, we decided to eliminate the majority of jewelry pallets, and to date we have eliminated 91 percent. The remaining 9 percent is made from recycled materials. Additionally, we remain committed to converting all boxes to recycled materials by 2010. Already at Sam’s Club, 100 percent of jewelry gift boxes are made from recycled materials.

Toys and Child Care Products
In 2008, we laid out a series of requirements for our suppliers in children’s toys and child care products. These requirements included higher standards of product safety and quality. Suppliers were provided with new guidelines in the anticipation of the Consumer Products Safety Improvement Act (CPSIA), which was enacted into law on August 14, 2008.

We require that all toys, children’s apparel and accessories, children’s jewelry and other children’s products be tested for compliance with the lead and phthalate requirements in the CPSIA for all U.S. retail formats.

Although the Consumer Product Safety Commission (CPSC) has delayed the testing requirement until February 2010, we require all suppliers of a children’s product to have their product tested by an accredited third-party testing lab.
CUSTOMER EDUCATION

Around the world, our markets are making an effort to educate the millions of shoppers who walk through our doors about the sustainable choices they can make when buying the products they need every day. Through a number of educational programs, product labeling efforts and community outreach programs, our customers are becoming more informed and better stewards of the planet.

Americas
United States

Since 2005, we have placed a number of environmentally preferable products on our shelves, including organic cotton T-shirts, reusable grocery bags, locally grown produce, recycled tire rubber mulch and sustainably harvested wood patio furniture. In 2008, we took our efforts one step further by launching our largest in-store environmental sustainability campaign in the U.S. Our Earth Month campaign was developed to inform the millions of American customers who shop in our stores and Sam’s Club each week about the many ways their purchasing decisions can help improve the environment. With in-store signage and a new line of commercials and print ads, we educated our customers on the environmental benefits of the more than 50 products we featured during the month of April as part of our Earth Month campaign. Earth Month will now occur on an annual basis in April.

Sam’s Club in the U.S. launched an in-store campaign that helps members identify environmentally preferable products on the shelves by labeling them with an icon and the phrase “Simple Steps to Saving Green™.” Products carrying the special leaf eco-symbol have been created, processed or distributed in a more sustainable manner than similar products. Additionally, some of the products that have been labeled with the symbol also contain another third-party certification, such as fair trade certified, ENERGY STAR® certified or USDA certified organic.
Environment

Canada

"For the Greener Good," which features products that are comparable in quality to the national brands at a lower Wal-Mart price; certified to be environmentally preferable by a third-party organization; and will cross many categories in stores, including consumables, hard-lines, and health and wellness. Currently, there are more than 900 stock keeping units (SKUs) that are in the "For the Greener Good" program, including organic clothing, energy-efficient appliances and biodegradable cleaning products.

Argentina

Wal-Mart Argentina developed a program, "Let’s Buy Awareness," in partnership with the ReCrear Foundation, to promote responsible consumer habits within local communities. By placing strategically located signs in key areas of their stores, customers were invited to submit their solutions to environmental problems that matter most to their neighborhoods, schools and organizations within their communities. More than 5,800 customers and schools submitted their recommendations, and several schools received ARS 5,000 ($1,582 USD) in prize money for their suggestions.

Asia

India

Sustainable products such as compact fluorescent light bulbs, organic green tea, an ENERGY STAR®-certified Nokia cell phone and reusable bags are sold by our joint venture partnership to our partner’s company, Bharti Retail.

Japan

Seiyu in Japan launched the Eco-Nico Workshop, which is an environmental and social education program for children to attend at neighborhood stores. Store managers and other staff members offer tours of the stores while explaining the inner workings of supermarkets, environmental problems, food safety and ways to reduce trash.
Social

Every day we are committed to raising our social awareness and bringing value to people’s lives.
In 2008, we announced the integration of a new set of clearly defined environmentally and socially responsible practices into our supply chain. We did so with the understanding that this set of standards would be achievable only by working with our suppliers and the factories they use to produce merchandise for our stores. As Wal-Mart CEO Mike Duke indicated in an October 2008 speech to suppliers in Beijing, our goal is to operate “a supply chain where goods are made in a way that protects our planet; where customers feel good about the safety, quality and durability of the products they buy; and where workers are paid well and treated well with the respect and dignity they deserve. To achieve this, we are expecting more of ourselves at Wal-Mart, and expecting more of our suppliers.”

We know our customers and stakeholders are expecting more of us, too. They want to be confident that the products in our stores are safe and durable. They also want to buy products that were made in safe and healthy working conditions, and in an environmentally responsible way. As a company, we believe that suppliers who are responsible in their business practices and how they produce their products are much more likely to care about quality and, therefore, more likely to care about our customers. For this, and many other reasons, responsible sourcing practices in our global supply chain are critically important to us.

As we move forward to improve both our global supply chain and the products on our shelves, we will work with our suppliers to achieve the goals we have set for our Company, conduct factory audits, and develop new ways to communicate and interact with our suppliers. In this section of our sustainability report, we outline our plans to work with our suppliers to improve factories, the environment and communities around the world. These strategic plans enable us to make progress every year in becoming a more sustainable and responsible company.
“Few challenges in our world today are more pressing than protecting the environment, and in China, Wal-Mart has a unique opportunity to lead.”

– Ed Chan, President and CEO, Wal-Mart China

**Wal-Mart Sustainability Summit – Beijing 2008**

On October 22, 2008, our Company took the next step in our efforts to become a more sustainable company by hosting a gathering of more than 1,000 leading suppliers, Chinese officials and non-governmental organizations in Beijing, China. There, we outlined a series of aggressive goals and expectations to help build a more environmentally and socially responsible global supply chain.

### Establishing New Sourcing Goals

<table>
<thead>
<tr>
<th>Goal</th>
<th>Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compliance and Beyond</strong></td>
<td>Our supplier agreement will require that all direct import, non-branded and private label suppliers declare that their factories are compliant with local social and environmental regulations by the end of 2011.</td>
</tr>
<tr>
<td>Work with suppliers who share our commitment to being socially and environmentally responsible</td>
<td>We will require that by 2012 all direct import suppliers source 95 percent of their production from factories that receive one of our two highest ratings in audits for environmental and social practices.</td>
</tr>
<tr>
<td><strong>Transparency</strong></td>
<td>By the end of 2009, Walmart U.S. will require that all direct import suppliers along with all suppliers of private label and non-branded products provide the name and location of every factory they use to make the products Wal-Mart sells.</td>
</tr>
<tr>
<td>Increase transparency within our supply chain</td>
<td></td>
</tr>
<tr>
<td><strong>Safety and Quality</strong></td>
<td>We will work with suppliers to drive customer returns on defective merchandise virtually out of existence (less than 1 percent) by 2012.</td>
</tr>
<tr>
<td>Achieve higher standards of product safety and quality</td>
<td></td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td>We will partner with suppliers to improve energy efficiency by 20 percent per unit of production by 2012 in the top 200 factories in China from which we source directly (2007 Baseline).</td>
</tr>
<tr>
<td>Improve energy efficiency in supplier factories</td>
<td></td>
</tr>
</tbody>
</table>

These commitments raise the bar for our entire organization and impact every aspect of how we operate, including the way we build relationships with our suppliers. To help our suppliers reach these goals, we will:

- Build the strongest and most enduring relationships with those suppliers who reach for the highest standards. Those who share our goals, who innovate, who become more efficient and who drive compliance and sustainable practices throughout their own businesses will be more likely to share in our business growth.

- Work with stakeholders to share knowledge, provide more training, and bring in local and regional stakeholders to help develop responsible practices.

- Collaborate with peers to establish uniform ethical and environmental audit processes and standards that will allow us to maintain our program consistent with industry best practices.
Standards for Suppliers
At Wal-Mart, we are taking a number of steps to further strengthen and enforce supplier compliance with social and environmental standards. We are revising our supplier agreement, which will require all direct import, non-branded and private label suppliers to declare their factory’s compliance with local laws and regulations in the communities where they operate, as well as to demonstrate compliance with rigorous social and environmental standards.

As a company, we strive to conduct our business in a manner that reflects our three key beliefs – respect for the individual, service to our customers and striving for excellence. Holding the same expectations of our suppliers in contracting, subcontracting and other business relationships is one way we believe we can be a more responsible company and a better advocate for the men and women in our suppliers’ factories who manufacture the products we sell.

We are also refining our Standards for Suppliers, which promulgate the fundamental expectations we have for our business relationships. The refinements will include incorporating in our standards the standards set forth in the Global Social Compliance Program (GSCP) reference code, which establishes a common set of global reference standards for working conditions and labor rights for factories.

We expect it will be written in a simplified format and will be strengthened by robust discussions that clearly define our expectations of our suppliers and the factories they use. For example, the standards will clearly state that we will not tolerate the use of child labor. We will elaborate on that standard by explaining that we will not work with factories that use workers under the age of 14, nor under the minimum age specified by local law, if local law is higher than 14.
**AUDIT PROCESS**

Direct import, non-branded and private label suppliers are required to declare to us all factories involved in the production of merchandise for Wal-Mart. Once the supplier declares their factories to us, our factory audit process begins by scheduling and conducting an initial audit. After the on-site audit is completed, the factory is provided a report on the findings, which contains suggestions for correcting any violations. Depending on the findings in the audit report and the audit rating, a follow-up audit may be required and scheduled.

**Audit Report**

Factory audits contain questions that cover a broad range of social and environmental criteria that help guide our assessment of a given supplier factory. The audit questionnaire is based on our Standards for Suppliers, the commitments our leadership made in Beijing, and is in alignment with the Global Social Compliance Program. Notably, the 2009 questionnaire contains more than 150 questions and includes expanded environmental criteria – increased from 21 to 51 environmental questions.

**FACTORY RATINGS AND RESULTS OVERVIEW**

Following the completion of a factory audit, a color-coded system is used to signify the overall assessment of the audit findings. The color assigned to the factory would depend on the number and type of violations discovered during the audit. Factories with few or less serious violations receive our highest rating – green. The factories having progressively more severe or numerous violations receive lower ratings, from yellow, to orange and red. The table below illustrates the ratings and their respective re-audit schedules, and provides the percentage of the overall results of the Ethical Standards audits in 2007 and 2008 that correspond to each rating.

<table>
<thead>
<tr>
<th>Audit Rating</th>
<th>Violation Level</th>
<th>Audit Schedule</th>
<th>2007 Percentage Total</th>
<th>2008 Percentage Total</th>
<th>2007-2008 Observation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>None found to low-risk</td>
<td>Re-audited after two years</td>
<td>4.2%</td>
<td>7.1%</td>
<td>Improving</td>
</tr>
<tr>
<td>Yellow</td>
<td>Medium-risk</td>
<td>Re-audited after 180 days</td>
<td>50.8%</td>
<td>51.0%</td>
<td>Stable</td>
</tr>
<tr>
<td>Orange</td>
<td>High-risk</td>
<td>Re-audited after 120 days</td>
<td>40.7%</td>
<td>39.0%</td>
<td>Improving</td>
</tr>
<tr>
<td>Orange-Age</td>
<td>High-risk</td>
<td>Re-audited after 30 days. Only one Orange-Age rating allowed before factory is permanently barred from further business with Wal-Mart</td>
<td>0.9%</td>
<td>0.5%</td>
<td>Stable</td>
</tr>
<tr>
<td>Disapproved</td>
<td>Egregious</td>
<td>Barred from business with Wal-Mart for one year</td>
<td>1.1%</td>
<td>0.7%</td>
<td>Stable</td>
</tr>
<tr>
<td>Red</td>
<td>Egregious</td>
<td>Permanently barred from further business with Wal-Mart</td>
<td>2.3%</td>
<td>1.7%</td>
<td>Stable</td>
</tr>
</tbody>
</table>
AUDIT PROGRAM RESULTS

2007 Results
In 2007, 14,264 audits in 8,246 supplier factories were conducted by Wal-Mart’s ethical standards group and third-party audit firms. Of the audited factories, 6,141 produced merchandise for direct imports and 2,105 produced domestically-sourced merchandise. We also accepted 1,306 audits conducted by the International Council of Toy Industries (ICTI) and the International Labour Organization (ILO). The ICTI and the ILO audits are conducted under a shared standard and are accepted by multiple brands and retailers.

We conducted fewer audits in 2007 than in previous years due to changes in our program regarding audit frequency. The 2007 re-audit timing for yellow-rated factories was lengthened from 120 to 180 days. This change allowed factories ample time to remediate any issues, as well as to provide an improvement incentive to lower-rated factories. This extended audit period led to a decrease in the number of follow-up audits that can occur in any given year. Additionally, our regional managers in Europe and South America have indicated that suppliers attempting to source merchandise in these regions have experienced a decrease in the number of available facilities due to factory closures. We believe this reduction caused suppliers to align themselves more closely with the best-performing and most stable factories, which are audited less frequently. As a result of these changes and other factors, the overall number of audits declined by 15 percent compared to 2006.

2008 Results
In 2008, our audit volume declined by 19 percent compared to 2007. Wal-Mart’s ethical standards group and third-party audit firms conducted 11,502 audits in more than 7,000 supplier factories. Of the audited factories, approximately 5,000 produced merchandise for our direct import program, and 2,000 produced domestically-sourced merchandise. In 2008, we accepted more than 1,000 audits from the ICTI and ILO.

We attribute the decline in overall audits in part to the change in the program’s frequency of audits. Additionally, the factory base across many regions has been negatively impacted by the unfavorable global economic conditions, thus leading to factory closures.

In addition to auditing, we launched our prequalification program to evaluate a factory’s compliance with our ethical standards before production of any merchandise for Wal-Mart. In evaluating our 2008 results, we recognized improvement in green ratings in four regions and stable or improved yellow ratings in three regions. The most promising changes occurred in Africa, the Middle East, Northern Asia, India and Europe. We attribute these improvements to suppliers who discontinued sourcing from poorly performing factories and the implementation of programs designed to facilitate learning and cooperation. An example of this improvement can be found in the European region, where the audit result improvements are the outcome of time and effort expended into educating and supporting our suppliers in performance improvement initiatives. We were able to move suppliers from yellow to green by working with them in areas such as health and safety management.
GSCP Progress Update
As part of the Global Social Compliance Program (GSCP), we supported establishing a common set of global standards for factory audits by participating in the creation of the GSCP “Reference Code.” Launched in December 2008, this initiative allows Wal-Mart to accept the results of an audit performed by another retailer or brand, provided that the audit was completed using the standards set out in the Reference Code. As the code used to perform the audits is agreed upon and recognized by multiple brands and retailers, one audit performed at a factory can satisfy the compliance needs of that entire group of companies, and is therefore shared among them. Sharing audit results eliminates the need for each of the companies to conduct its own audit with its own individual standards. As a result, the audit process becomes more efficient, causes less disruption in the factory, and lowers operating costs for the factory. We have piloted the use of these common standards, and we are currently participating in the auditor certification and equivalency program.

Regional Challenges
Each operating region within the Ethical Standards program faces specific challenges stemming from conditions as varied as the regions themselves. We strive to understand the root causes that bring about these challenges.

Asia
Southeast Asia
In Southeast Asia, we often encounter factories that do not comply with work hours standards, specifically standards that focus on workers not exceeding the work hours as defined by regulations or by contract. Additionally, due to the relative mobility of laborers in this region, supplier factories producing merchandise for sale at Wal-Mart also frequently experience language barrier issues.

Far East
In the Far East region, we commonly encounter factories that do not comply with the work hours standards, specifically the standards related to the permissible maximum number of regular work hours and overtime hours that a worker is allowed to work during a given day, week and/or month. Additionally, inconsistent time records are often found in this region, and we also have noted that many factories in this region are not paying all mandated benefits to workers. Lastly, the Far East region, in late 2008, experienced a labor surplus because of the downturn in the economy.

Africa, Middle East, Indian Subcontinent
The disparity of government-mandated minimum wages between local and migrant workers is a significant challenge in this area. Additionally, this region is dealing with the re-emergence of the manufacturing industry after numerous factories had closed in 2007 and early 2008 due to a lack of business, and now certain countries within the region are experiencing an increase in order volume which is causing difficulty for factories to maintain appropriate staffing levels. Lack of staff can lead to excessive working hours for employees in order to complete product orders and the use of unauthorized subcontracting.

Europe
European Region
This region experiences violations on three different levels – low, medium and high. Low-risk violations are mostly found in Central and Northern Europe and frequently consist of inconsistent time systems, and poor health and safety management among small suppliers and/or factories. Medium-risk violations, mostly occurring in Eastern Europe, consist of wage underpayment, fire safety violations and poor housekeeping in facilities. High-risk violations found in this region include excessive working hours, poor working conditions and discrimination.

The Americas
Central and South America
In the Americas region common challenges for factories revolve around working hours and pay, such as excessive working, proper compensation for overtime and paychecks being incorrectly calculated.
## Audit Ratings by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>2007</th>
<th>2008</th>
<th>2007-2008 Observation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rating</td>
<td>% Total</td>
<td>Rating</td>
</tr>
<tr>
<td><strong>Southeast Asia</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green</td>
<td>3.60%</td>
<td></td>
<td>Green</td>
</tr>
<tr>
<td>Yellow</td>
<td>52.10%</td>
<td></td>
<td>Yellow</td>
</tr>
<tr>
<td>Orange</td>
<td>41.10%</td>
<td></td>
<td>Orange</td>
</tr>
<tr>
<td>Orange-Age</td>
<td>0.10%</td>
<td></td>
<td>Orange-Age</td>
</tr>
<tr>
<td>Disapproved</td>
<td>1.00%</td>
<td></td>
<td>Disapproved</td>
</tr>
<tr>
<td>Red</td>
<td>2.10%</td>
<td></td>
<td>Red</td>
</tr>
<tr>
<td><strong>Africa, Middle East, Indian Subcontinent</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green</td>
<td>8.10%</td>
<td></td>
<td>Green</td>
</tr>
<tr>
<td>Yellow</td>
<td>53.90%</td>
<td></td>
<td>Yellow</td>
</tr>
<tr>
<td>Orange</td>
<td>35.90%</td>
<td></td>
<td>Orange</td>
</tr>
<tr>
<td>Orange-Age</td>
<td>0.10%</td>
<td></td>
<td>Orange-Age</td>
</tr>
<tr>
<td>Disapproved</td>
<td>0.70%</td>
<td></td>
<td>Disapproved</td>
</tr>
<tr>
<td>Red</td>
<td>1.30%</td>
<td></td>
<td>Red</td>
</tr>
<tr>
<td><strong>European Union, Turkey</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Green</td>
<td>20.40%</td>
<td></td>
<td>Green</td>
</tr>
<tr>
<td>Yellow</td>
<td>50.90%</td>
<td></td>
<td>Yellow</td>
</tr>
<tr>
<td>Orange</td>
<td>26.90%</td>
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A New Direction

To date, our ethical standards program has primarily focused on evaluating and recording factory performance through our auditing process while assisting individual suppliers with remediation and conducting training programs on a regional level. Our program did not, however, allow us to effectively assist our supplier partners with implementing improvements on the floor of their factories or help our supplier partners resolve audit findings.

From an internal company perspective, the work we have performed to date gives us a strong foundation in auditing, but we recognize the existence of a gap between the current performance of our program and the expectations we have for our Company. Difficult issues still exist, and some of our suppliers’ factories continue to struggle with issues related to labor work hours, discrimination, health and safety and the environment. Internally, we face challenges with on-time order placement and merchant education.

Moving forward, we will foster stronger and broader collaboration among our suppliers, stakeholders and partners, including the GSCP, Multi Fiber Arrangement (MFA) forum and ILO/International Finance Corporation (IFC) Better Works Program, to expand our efforts in supplier development. Additionally, our intent is to support our audit program with validation and investigation audits. In 2008, we laid the groundwork that will enable us to implement this strategy throughout all our regions, and we look forward to continued progress in 2009 and beyond.

Throughout 2009, we will be transitioning the majority of our field auditing responsibility from Wal-Mart associates to third-party service providers, including Intertek NA Inc., STR-Responsible Sourcing, Accordia Global Compliance Group and Bureau Veritas. We will require that all third-party service providers complete a training and accreditation process to ensure a consistent and high-quality work product. The audit firms will be assigned to specific regions where we source merchandise; Wal-Mart-approved auditors will conduct the audits of supplier factories. To maintain rigorous program oversight, Wal-Mart will review third-party audit results and will continue to determine (assess) factory ratings.
The move to third-party auditing allows us to fulfill two goals. Our first goal is to expand our focus on supplier development. During the past two years our Ethical Standards associates have trained more than 14,000 suppliers and members of factory management, covering topics such as best practices sharing or on-site practical training. We recognize the need to further improve the ethical performance of our supplier base. In order to effectively meet this need, many of the Wal-Mart field associates who previously conducted audits are participating in extensive training and focusing their efforts on either our supplier development program or on a special audit team. Validation of the third-party audits, along with investigation audits that arise from external allegations, will continue to be conducted by Wal-Mart associates, and all such audits will be unannounced. The second goal relates to the expansion of our program’s scope. By utilizing third parties, we can effectively manage the many thousands of incremental audits that our process requires be conducted each year.

This change, however, will not limit our exposure to on-the-ground issues. Our supplier development specialists will be present in the factories working on development opportunities, and we will require that our green- and yellow-rated supplier factories complete self-assessments every six months. We believe these measures will keep us apprised of factory activities.

Our new strategy will include:

**Advancing our commitments**
We will work with our suppliers to help them succeed under the new goals, initiatives and guidelines set during our Sustainability Summit in Beijing.

**Third-party auditors**
Third-party auditors will undergo thorough, independent assessments of their performance and work product quality. Third parties will be required to obtain and maintain certification to established industry standards.

**Improving the efficiency of our audit program**
We are a member of the Fair FactoriesClearinghouse (FFC), that enables us to share data among a group of global brands and retailers. We also have developed a plan to accept high-quality and fully verified audits from peer companies, and have created a program to evaluate and accept the audits conducted by third-party groups.

**New requirements**
We are improving supply chain transparency by requiring all manufacturers of direct import, non-branded and private-label goods to disclose their factories and subcontractor factories.

**A supplier development team**
This team will specialize in supporting our suppliers and their factories through activities such as root-cause analysis.

**A special audit team**
Members of this team will be responsible for validating audit results generated by third-party audit firms and conducting investigation audits when ethical standards issues arise.

**Unannounced audits**
All audits conducted after the initial audit will be unannounced.

**Internal Wal-Mart education and awareness**
We will communicate how our associates’ work activities can positively or negatively impact responsible sourcing. We will also partner with Wal-Mart merchant training groups to develop curriculum on responsible purchasing practices.
Supplier Development Program

Through our supplier development program, we are employing collaborative techniques to help our suppliers develop the skills they need to monitor and manage the factories they use. This program is designed to give our supplier partners both an understanding of how responsible sourcing issues are identified and the capacity to proactively resolve those issues in their factories.

The three-phased approach to our supplier development program enables us to work with select suppliers chosen by Wal-Mart’s sourcing and merchant organizations through continued progression and achievement. The first phase of the program focuses on securing the supplier management’s commitment to work with their factories to achieve certain social and environmental goals. The first phase also includes an initial assessment of the supplier’s social and environmental management system. During the second phase, we will verify the effectiveness of the supplier’s management system and provide suggestions on ways to improve the social and environmental performance of factories. In the final stage of the program, our focus is to help our suppliers improve their ability to independently address and resolve social and environmental challenges. The chart below provides a more detailed look at the program.

This program will help us meet our goal of having all of our direct suppliers by 2012 sourcing 95 percent of their production from factories receiving Wal-Mart’s highest ethical standards ratings. Development challenges may occur in suppliers’ factories, causing them to drop to a rating below yellow. We are committed to working with our suppliers that temporarily fall below our highest ratings and, using the supplier development program, will help them resolve issues and achieve a better rating.

### Phase 1: Initial Assessment

**Goals**
- Encourage commitment by supplier management
- Initially assess and strengthen the social and environmental management system of the suppliers

**Elements**
- Supplier Executive Vision and Commitment
- Suppliers’ Social and Environmental Management System
- Supplier Compliance Organization
- Compliance Requirement Mapping
- Factory Performance Analysis
- Buying Decision and PO Status Analysis

### Phase 2: Verification

**Goals**
- Verify the effectiveness of the supplier’s management system
- Enhance supplier capability on monitoring their factories

**Elements**
- Supplier capability of monitoring factory (i.e., performance of supplier audit to factories)
- Tag along on suppliers’ audit to evaluate factories’ social and environmental performance
- Fact finding and Recommendations Provision

### Phase 3: Development

**Goals**
- Facilitate the suppliers to develop their factories
- Enhance supplier capability on problem solving with factories

**Elements**
- Supplier capability of solving problem with factory (i.e., performance of root cause analysis)
- Observation on supplier/factory meeting on root cause analysis
- Problem solving and follow-up
- Assessment against key performance indicators (KPI)
China – Partnership Improvement

As our network of suppliers continues to grow, we often encounter opportunities to improve the way we work with our suppliers and their factories around the world. In such cases, we use the experience to create “best practices” for our suppliers and share those learnings with our suppliers in other countries who may be experiencing similar obstacles.

In 2007, we approached the president of the Chinese-owned Redbud cotton mill to express our concerns about the mill’s history of pollution. At the time, the Redbud Mill was ranked in the second-to-worst category out of five categories in China’s “GreenWatch” program. China’s State Environmental Protection Administration created the program to publicly disclose the environmental performance of factories in China. The Natural Resources Defense Council (NRDC) compiled all of the data gathered through the program and found that the textile sector is home to some of China’s heaviest polluters.

Given the pollution situation, we felt that drastic improvement was needed from the mill, and identified the needed improvements as a condition of continuing to do business with Wal-Mart. By enlisting the technical support of the NRDC, the mill achieved a second-to-best ranking in 2007. Progress continued, and in 2008, the mill reported that it had reduced its water use by 35 percent, its electricity consumption by 5 percent and its coal use by 10 percent. Moreover, the president reported that he applied the lessons learned through this process to another plant, reducing its water use by 68 percent. We plan to continue to work with Redbud in order to identify additional improvements in the coming year.

Chile – Improving Communication with Suppliers

During 2007 in Chile, we found an excessively high number of orange ratings in the fruit industry and felt that a new approach was needed to improve the ratings by addressing the unique variables that caused this situation. We needed to address:

• The rapidly shifting harvest season from north to south,
• the relatively short period of pack house operations,
• the high turnover rate of migrant labor, and
• the resulting limited communication between the supplier and their pack houses.

We created a training program to educate our suppliers, in advance of and during the growing season, on the importance of establishing an effective communication channel within their supply chain for Ethical Standards’ expectations. Suppliers were also provided with training on ways to engage with pack house operations to improve social and environmental working conditions. Through this collaborative effort, we gained insight into common issues facing this industry, identified possible solutions, and have worked with pack houses toward improvement. To date, more than 400 individuals representing more than 140 pack houses have received training. As a result, we have seen a 59 percent increase in green and a 15 percent increase in yellow audit ratings for this group of suppliers.
PROGRAMS AND INITIATIVES

In addition to working directly with our suppliers, we participate in a number of working groups such as the GSCP and MFA Forum, that serve as vehicles to share our experiences and gain new information that can help us continue to improve our operations and supply chain.

We also participate in industry working groups managed by the Business for Social Responsibility. Their Apparel, Mills and Sundries Working Group, for instance, brings together apparel companies, suppliers and retailers to strengthen the implementation of positive labor and environmental practices in the apparel supply chain. We also participated in the Beyond Monitoring working group, which included the “Go to Market” initiative, providing insight into methods of aligning social and commercial objectives.

RESPONSIBLE SOURCING IN ACTION

In 2007, we became aware of allegations that children were being forced to work in the cotton fields of Uzbekistan. Wal-Mart immediately began researching the allegations, commissioned a third-party study of the Uzbek cotton industry, and assembled a coalition of brands, retailers and trade associations to address the issue. As we learned more, the coalition was broadened to include non-governmental organizations (NGOs), socially-responsible investment groups, international aid organizations and various U.S. government agencies. With our partners, we spearheaded a letter campaign on behalf of the industry to the President of Uzbekistan, the U.S. Secretary of State, the Secretary-General of the International Labour Organization and other foreign trade associations to condemn the use of forced child labor in Uzbekistan. After an attempt to meet with the Uzbek government was cancelled, we instructed our global supply base on September 30, 2008, to discontinue sourcing cotton and cotton-based materials from Uzbekistan.

As a result of this action, we are working with NGOs and industry trade associations on developing the capability to trace cotton used in merchandise back to its origin.

Improving Lives Where Wal-Mart Merchandise Is Produced

In 2005, we launched the International Development Program in partnership with the Wal-Mart Foundation, which funds local non-governmental organizations (NGOs) and helps them operate schools, health clinics and training centers in communities. This program was developed and is maintained to address the specific needs of factory workers and their families.

The program now supports six projects with operations in 14 countries – Chile, China, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, India, Kenya, Lesotho, Mexico, Nicaragua and Peru. Our projects are guided by the United Nations Millennium Development Goals focusing specifically on empowerment of women, education and HIV/AIDS education. Since its inception, the International Development Program has donated more than $5 million USD to the launch and continued operation of these programs.

FOR IMMEDIATE RELEASE

Faith-Based and Social Investors Praise Wal-Mart’s Efforts to Stop Forcing Children to Pick Cotton

New York City/San Francisco, September 30, 2008 – Faith-based and socially responsible investors commend Wal-Mart for taking action to put an end to child labor in Uzbekistan.

Today, Wal-Mart announced that it has “instructed its global supply base to cease sourcing cotton and cotton materials from Uzbekistan in an effort to persuade the Uzbek government to end the use of forced child labor in cotton harvesting.”

“We applaud Wal-Mart for taking leadership in addressing this critical moral and social issue,” said Sister Barbara Aires of the Sisters of Charity of Saint Elizabeth, New Jersey, a long-time investor in Wal-Mart. “We are pleased that the company has taken strong action by requiring its suppliers to stop sourcing cotton from Uzbekistan and by engaging industry trade groups in efforts to end the Uzbek government’s practice of forcing children to harvest cotton.”
HOPE Worldwide

Founded in 1991, HOPE Worldwide seeks to deliver sustainable, high-impact, community-based services to the poor and needy.

Kenya

In Kenya, HOPE Worldwide has established an impressive set of support programs, such as Kids Clubs for the children of factory workers, HIV/AIDS seminars in factories and entrepreneurial training for workers. To date, more than 2,900 children have participated in programs that provide computer literacy and basic education. Additionally, more than 1,300 individuals have received vocational and language training.

India

HOPE Worldwide in India focuses on education and training for both children and young adults. Five centers have been established in communities with factories. To date, more than 2,900 children have participated in programs teaching computer literacy and basic education, and more than 1,300 people have received vocational and language training.

Central American Workplace Project

The Continuous Improvement in the Central American Workplace (CIMCAW) project brings together a diverse group of stakeholders to form a multi-sector alliance working to improve standards compliance in the textile and garment sector in the Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua. CIMCAW aims to help the sector respond to increasing market demand for products made under ethical conditions; confront the challenges that have emerged after the end of the Multi-Fiber Arrangement; and take advantage of opportunities created by new trade agreements, such as the Dominican Republic – Central American Free Trade Agreement (DR-CAFTA). To date, the project has helped nearly 24,000 workers receive education on national labor standards, labor legislation, gender issues and dispute resolution. Additionally, CIMCAW has increased communication effectiveness between management and workers, as well as the establishment of incentive programs.

Apparel Lesotho Alliance to Fight AIDS

Lesotho’s textile and apparel industry is supported by approximately 46,000 workers – most of whom are women, and nearly one-third of whom are HIV-positive.

In 2007, the Apparel Lesotho Alliance to Fight AIDS (ALafa) approached Wal-Mart about helping the organization strengthen and continue its mission of providing HIV and AIDS prevention and treatment for workers in the textile and apparel industries – an especially important charge in a country where roughly 40 percent of citizens are HIV positive.

Our commitment to factory workers compelled us to get involved. We made a three-year grant to support ALafa, which funds an HIV/AIDS workplace program, education and prevention, voluntary testing and counseling and disease management services in factories. We are proud to partner with ALafa because, as an organization, it is somewhat unique in its intense focus on factory workers and on women, who are often at greater risk of contracting the HIV virus. Also, the HIV/AIDS workplace program’s reach across the retail and apparel industries, encompassing a number of global brands, allows the program to make a profound and meaningful difference in the lives of these workers. Today, more than 38,000 textile industry employees (66 percent of the total textile workforce in Lesotho) have access to ALafa’s prevention services, and more than 27,000 workers have taken advantage of the care and treatment component of the program.
The Asia Foundation

The International Development Program supports The Asia Foundation in its efforts to improve the lives of migrant workers in China. Through this work, 70 women in the coming years will receive scholarships for education and training in fields such as logistics, accounting, office management and English as a Second Language.

Mobility International USA

Mobility International USA (MIUSA) operates programs called I-Lead (International Leadership, Employment and Disability) that aim to increase employment opportunities for people with disabilities. Through these programs, participants are immersed in the training series called “Employment Strategies: Building Disability Leadership Skills,” and are provided an opportunity to learn about legal rights, workplace advancement and social networking.

Other Community-Based Programs

We also invest in communities where we operate through other programs that are supported by our stores and country-based foundations. We have featured several of these efforts in the “Giving” section of our Corporate Sustainability Report.

Factory Workers’ Voices

Wal-Mart values the opportunity to interact with workers during our visits to factories. In doing so, we gain the worker’s perspective on the factory, including what can be, and has been, improved. This dialogue is vital to factory improvement, and the insight provided enables our team to focus efforts on areas that can tangibly enhance the lives of workers and result in factory improvements. These workers from Southeast Asia provided us with some key insight on their opinions of the factories:

- Sompetch Chaimongkol, who works at O&I Industrial Co., Ltd., told us that before Wal-Mart conducted its audit, the factory was dirty and didn’t have very good rules and regulations. Once the audit was completed, changes were made to the factory, including increased workplace safety, improved cleanliness and better benefits for workers.
- Rohma, who works at PT Cresyn, appreciates that her salary is paid on time and that the management responds quickly to problems that arise in the factory. After Wal-Mart conducted its audit of the factory, additional facilities and practices were put in place that benefitted the workers.
- Piyawadee Lekseng, at O&I Industrial Co., Ltd., noted that after Wal-Mart conducted its audit of the factory, the factory reduced its dust and pollution, provided labeled waste containers to keep the workplace cleaner, and improved safety, health and hygiene standards. The improvements have raised morale among workers and improved their working conditions.
In 2008, we celebrated the opening of this retail training school in Amritsar, Punjab. As India’s first special skills training center collaboratively launched through a public-private partnership with the Punjab government, the school’s aim is to help build a skilled workforce in India to help support cash-and-carry and organized retail operations—beyond Bharti Wal-Mart.

The training center’s classroom locations were provided by the Punjab Government, and Wal-Mart’s contributions include an annual financial commitment for the center’s operating expenses, assistance developing the curriculum and 100 percent scholarship support for every enrolled student.

The training institute is a reflection of two major trends in India; first, there is a major skills shortage in India’s fast-growing organized retail industry, and second, India will soon have the youngest population in the world. Of the 1.2 billion people in India, 570 million are under the age of 25, accounting for just over 50 percent of the population. The country is expected to register the world’s largest addition to the working-age population by 2010. Recent studies show that 57 percent of Indian youth—2.5 percent from Punjab alone—lack access to the kind of training opportunities that can make them employable. Creating jobs, therefore, is one of the most important objectives for the government.

The Bharti Retail Training Center will help create a pool of retail talent in India for our own growing business, as we plan to open cash-and-carry stores by the end of 2009. But it will also equip young people with the skills they need to prosper in one of the fastest-growing industry segments in India—in stores of every kind.

In addition, it will help bring standardization to what is currently an extremely fragmented retail industry in India. Today, organized retail represents just 5 percent of the total market. As a result, the supply chain networks there are not fully developed and are largely inefficient. For example, close to 40 percent of the food and produce from India’s farms is wasted because it expires before it can reach consumers.

For consumers, the impact of the current retail industry is many-fold. They have access to a limited product assortment with little transparency in price; products come to them with inconsistent quality at inconsistent intervals; there are little or no hygiene standards in some areas; and consumers pay a premium for access to products that many of us take for granted.

This is why, through our joint venture with Bharti Enterprises, we are investing in a more efficient supply chain management operation. The supply chain operation will support farmers and small manufacturers who have limited infrastructure and distribution capabilities and help them to minimize waste, particularly of fresh foods and vegetables. We believe this initiative can play an important role in transforming a number of India’s farmers and small manufacturers into successful entrepreneurs.

We are also working to educate our suppliers and our neighbors in communities in the region—and to improve the standards of small businesses so that they can create greater value for consumers and the Indian retail market. We believe this is helping people save money so they can live better... in action.
What others are saying

“Wal-Mart is having a positive impact on people around the world, and we applaud their commitment to corporate social responsibility.”
Amir A. Dossal, executive director, UN Office for Partnerships
To hear more comments by Amir Dossal about Wal-Mart, please visit http://walmartstores.com/Video/?id=1174.

“The retailer’s move, which follows similar steps by retailers in Europe, was welcomed by a coalition of ethical investment groups that have been campaigning for U.S. companies to apply pressure to Uzbekistan.”
- The Financial Times, 9/30/2008

“Investors commend Wal-Mart for using its influence to hold suppliers to high standards of accountability for the Company’s Code of Conduct.”
Vidette Bullock Mixon, director, Corporate Relations, General Board of Pension and Health Benefits of the United Methodist Church, in a letter to Wal-Mart
Our “Save Money. Live Better.” philosophy lives in everything we do as a business, but it’s especially important in the health benefits arena. We believe that when we can provide comprehensive, affordable benefits for our associates, we are giving them and their families the ability to both save money and live better, healthier lives.

As a company, we believe affordable, high-quality health care should be accessible for everyone. That’s why we’ve made a concerted effort to design benefits plans that can be customized to meet the diverse, changing needs of our equally diverse associates, nearly 95 percent of whom have some form of health care coverage. Today, as an insurer of more than 1.2 million Americans, we continue to learn from our associates and are listening to them to gain a deeper understanding of what they need from a health care plan.
At Walmart, both full-time and part-time associates can become eligible for health coverage, and children of Walmart associates become eligible as soon as their parents are. In fact, Walmart insures nearly 1.2 million Americans. Our associates can choose from numerous plan options. This year, after introducing more customizable, affordable health benefit options, nearly 95 percent of associates report having health coverage from some source, and 51.8 percent are enrolled in our plans—a 7.3 percent increase in five years.

In 2008, we made changes to our health benefits plan such as:

• Reduced the eligibility waiting periods to six months for full-time associates and 12 months for part-time associates;
• Used the strength of our business to drive down the cost of health care and offer our associates certain generic drugs for only $4 for a 30-day supply, and $10 for a 90-day supply;
• Provided associates with more personalized plan choices and a unique, pre-deductible health care credit, a variety of deductions and premiums that allow them to select the plan that best meets their needs and the needs of their families; and
• Created the Life with Baby program, which provides new parents with support during the early stages of pregnancy through the first 12 months of their child’s life.

Though nearly 95 percent of our associates have some form of health insurance, roughly 5.5 percent are uninsured. Going forward, we want to continue to provide the kind of health benefits solutions that allow more of our associates and their families to have access to the peace of mind and security that health coverage provides.
Focusing on Health and Wellness
For 2009, we are making some real changes to our medical plans, which will help keep our associates and their family members healthy. We have put a priority on prevention, health and wellness and early detection. These preventive services include physical exams, colonoscopies, flu shots, mammograms and pap smears, well-child exams and immunizations, as well as prescription vitamins. Additionally, Walmart associates and customers will continue to have access to hundreds of prescription medications for just $4 and 90-day supplies for $10.

Providing Associates with Electronic Personal Health Records
Walmart introduced electronic personal health records to help associates keep track of their medical files and help them make more informed health care decisions. To that end, we have pledged to provide every associate and their dependents with access to a personal, electronic health record by the end of 2010. Personal access to health records is a safe and secure way to store and access personal medical information. They can help reduce administrative costs in the health care system and eliminate the medical errors that cause thousands of unnecessary deaths every year. Additionally, Walmart was a founding member of Dossia, which was created to build a framework for a secure and portable electronic medical records system in the U.S.

Addressing Health Disparities
The Wal-Mart Foundation made a $1 million grant to the Meharry Medical College to advance the center’s work in addressing diseases that disproportionately impact women and ethnic minorities. The Foundation also made a grant to the Center for American Progress for more than $250,000 to publish research papers related to racial and ethnic health disparities.

Playing a Larger Role
As a major employer and as an insurer of more than 1.2 million Americans, we are working to play a larger role in the health benefits arena. To that end, we are transitioning from an inwardly-focused company to one that expands our influence to make a difference in the health care arena. As an example, Walmart’s first Health Insights Panel was created in 2007 to serve as our external advisory group on health care. Members include representatives from Harvard Medical School, the National Business Group on Health, the New America Foundation, the Centers for Disease Control and others. We are also mounting an aggressive stakeholder engagement campaign with non-profit organizations, policymakers and our colleagues in the business community.

As the nation’s largest private employer, we also intend to play an active role in the health care reform debate in Washington, D.C. We have outlined a series of principles that guide our approach and our advocacy efforts as pending legislation moves through Congress. They are:

- Every person in America must have quality, affordable health insurance.
- Businesses, individuals and government must share the responsibility for financing and managing the American health care system.
- The health care system must reduce the financial strains on individuals, businesses and government by eliminating waste and unnecessary procedures, and by adopting technology that will bring efficiency and value into the system.
- Individuals have a responsibility to maintain and protect their health.
- America’s health care system must be focused on health, not just the treatment of illness.
- Walmart will play a role as a retailer, employer and influencer by driving transformational changes in America’s health care system.

WHY ELIGIBLE ASSOCIATES DECLINE COVERAGE*

* Our international markets do not track or report this information in the same manner as our U.S. stores division. Respondents could choose more than one answer.
Engaging Others
In February 2007, Walmart; AT&T; the Howard H. Baker, Jr. Center for Public Policy; the Center for American Progress; the Committee for Economic Development; the Communications Workers of America; Intel; Kelly Services and the Service Employees International Union (SEIU) launched the Better Health Care Together Coalition. This partnership was formed in recognition of the fact that millions of Americans are living without health coverage and that by 2010, at the current rate, health care costs will be double what they were in 2000. Put another way: they’ll be roughly one-fifth of the nation’s GDP. That puts a tremendous burden on our government and our economy. Our participation in the Better Health Care Together coalition reflects our belief that business, labor and government must work together to solve the nation’s health care challenges. And each should contribute to managing and financing a new American health care system.

U.S. Health Care Peer Comparison
In our most recent open enrollment period, 1,168,926 full-time and part-time associates were eligible for health benefits, representing nearly 80 percent of our total U.S. workforce. In comparison, according to the 2007 Kaiser Family Foundation Employer Health Benefits Survey, approximately 57 percent of workers in the retail sector are eligible for benefits.

The Hewitt Benefit Index® is a methodology used by more than 500 companies over the past 40 years to benchmark the competitive value of the complex array of benefit plans and provisions of various industry and labor market competitors; it has surmised that this higher percentage of eligible associates likely results from our policy of offering benefits to both full-time and part-time associates, a policy rare among other large retailers and grocers. The percentage of associates who reported having no coverage declined from 9.6 percent in 2007 to 5.5 percent in 2009 – a figure significantly lower than the 18.1 percent uninsured rate nationwide for U.S. employed workers recently reported by the U.S. Census Bureau. That’s a 42.7 percent decrease in just two years. Hewitt also noted that Walmart’s broad eligibility requirements rank us among the highest in our comparative set of 18 large retailers and grocers. Walmart scored 113.8 on health benefits, as compared to the average retail score of 100. Our score is a significant increase over last year’s score of 102.
Associates’ Personal Sustainability Projects

Wal-Mart’s voluntary Personal Sustainability Project (PSP) program was developed by associates, for associates, as an outlet for them to embrace our Company-wide commitment to sustainability as a business philosophy and as a responsible way to operate. As part of the program, associates have chosen to adopt habits that positively impact the environment, their communities, and their own personal health and well-being, as well as the health and habits of their families.

PSPs can be anything from pledging to recycle, to eating healthier or getting outdoors more. Since the program began, nearly 20,000 associates have quit smoking; together, they have recycled 3 million pounds of plastic; as a group, they have lost more than 184,000 pounds and walked, biked or swam more than 1.1 million miles – that’s a distance of at least two trips to the moon.

More than 500,000 associates in the U.S. tell us that they have adopted a PSP. We expect that number to continue to grow in the U.S. and around the world. In 2008, the program was launched in several of our international markets, including Brazil, Canada and Japan – in fact, more than half of Wal-Mart associates in Brazil already have PSPs.

Since the program’s inception, our associates have really come to understand the tremendous value and importance of sustainable thinking, and the enormous potential we have as one collective enterprise to bring about positive change in the world around us.
Frank, Nykile and Brian’s Story
Lee Scott once said that we should never underestimate what our associates can do when they get behind something.

This sentiment certainly sums up the efforts of Sam’s Club associates Frank Harman, Nykile Pritchett and Brian Boles.

In January 2008, Frank, a manager in our call center in the Home Office in Bentonville, was pondering his New Year’s Resolution. At 310 pounds, he was worried about his health and was slowly making the decision to focus on living a healthier lifestyle.

As they say, sometimes things just fall into place. That very week, Frank received an e-mail from one of his co-workers, Nykile. Nykile was organizing a competition among associates. The rules were simple. The associate who lost the greatest percentage of body fat between January and April would be named the winner. Frank threw his name in the hat.

“The rest is history,” says Frank.

Nykile’s e-mail made its way around the Home Office and 15 interested associates – including Frank and Brian – quickly bonded as each individual began to focus on eating healthier and working out.

“We would see each other at the gym and start talking about the things we were doing to make changes in our lives,” Brian says.

As April approached, Brian and Frank found themselves leading the pack in the competition. Brian eventually was named the winner, having lost more than 60 pounds from his starting weight of 270 pounds.

“He beat me by one pound,” says Frank, whose weight is now under 200. “But I was content with that because I knew I was going to keep going. After four months of our group challenge, this was no longer just a competition for me. It was a new lifestyle.”

Beyond the amazing physical changes the men have experienced as a result of their challenge, they have found something even more important and harder to measure – friendship. All three still make it a point to check in with each other and often find themselves side-by-side in the weights room at the Walton Life Fitness Center.

“I started the challenge thinking it would be great to have a support group around me as I was setting out to lose weight. But it turned out to be a great way to network. I’m so pleased to have met new people around the Company and that I’ve made so many new friends,” says Nykile.
“Wal-Mart, the nation’s largest private employer, provides insurance to 100,000 more workers than it did just three years ago – and it is now easier for many to sign up for health care at Wal-Mart than at its rival, Target.”

The New York Times, Michael Barbaro and Reed Abelson, 11/13/08

In August 2008, Wal-Mart China was named a “2008 Best Employer” by Manpower Resources and PKU Business Review. And in March 2009, it was named a “2009 Best Employer” by the management consulting firm Hewitt.
Diversity

At Wal-Mart, we believe that the true strength of diversity is unleashed when each associate is encouraged to reach her or his full potential. Diversity then becomes the foundation for an inclusive, sustainable business that embraces and respects differences, develops our associates, serves our customers, partners with our communities and builds upon an inclusive supplier base.

In 2008, we took several steps to continue to build a diverse and inclusive workforce. In the U.S., 100 percent of our officers and 99 percent of more than 50,000 members of management have achieved their diversity goal objectives. Internationally, we are committed to diversity in every market. We are well positioned for the future in this area and have developed several programs, including our Mentor Me initiative, that will build on our progress.
**FEMALE EEO-1 Comparison**  
(Total, Executive/Senior-Level Managers,* First-/Mid-Level Officials & Managers* and Professionals)

![Bar Chart](chart1.png)

* Comparisons for Executive/Senior-Level Managers and First-/Mid-Level Officials and Managers categories will be provided when the EEO-1 and NAICS 45 Composite data is released by the EEOC.

**MINORITY EEO-1 Comparison**  
(Total, Executive/Senior-Level Managers,* First-/Mid-Level Officials & Managers* and Professionals)

![Bar Chart](chart2.png)

* Comparisons for Executive/Senior-Level Managers and First-/Mid-Level Officials and Managers categories will be provided when the EEO-1 and NAICS 45 Composite data is released by the EEOC. View the full 2008 Wal-Mart EEO-1 report at [http://walmartstores.com/Diversity/8181.aspx](http://walmartstores.com/Diversity/8181.aspx).
2008–2009 SIGNIFICANT DEVELOPMENTS

- **Diversity Goals** In the U.S., the compensation of officers and select managers is linked to individual diversity goals. Failure to meet them means a potential 15 percent bonus reduction. This year, 100 percent of our officers and 99 percent of more than 50,000 members of management achieved their diversity goal objectives.

- **Supplier Diversity** Since the program’s inception, Wal-Mart’s overall supplier diversity spending has grown from $2 million in 1994 to more than $6 billion spent with minority- and women-owned suppliers today.

- **Employer of an Inclusive Workforce** As the nation’s largest private employer, Wal-Mart’s workforce in the U.S. is comprised of more than 257,000 African-American associates; more than 41,000 Asian-American and 5,900 Pacific-Islander associates; more than 171,000 Hispanic associates; more than 16,000 American Indian and Alaska Native associates; more than 869,000 women; and more than 430,000 associates who are 50 and older.

- **Diversity in Every Market** In Central America, for example, 42 percent of our associates are women, as are 37.5 percent of our managers. In Mexico, 53 percent of associates are women, including 14 percent of our vice presidents and 36 percent of the Board of Directors. Wal-Mart Argentina has had a diversity program in place since 1995 aimed at maintaining equity in the recruitment, hiring and development of people with special needs.

**U.S. DIVERSITY AWARDS**

In 2008, Wal-Mart Stores U.S. received 37 diversity awards and recognition, including:

- Top Companies for Executive Women, National Association for Female Executives
- Best Companies for Asian-Pacific Americans, *Asian Enterprise* magazine
- Top Diversity Employers for African-Americans, *Black EOE Journal*
- Best Supplier Diversity Programs for Hispanics, *Hispanic Network* magazine
- Top 50 Employers, Equal Opportunity Publications, Inc.
- Top 50 Companies for Disabled People, *CAREERS & the disABLED* magazine
- 20 Best Companies for Diverse Graduates, *Diversity Edge* Magazine
- Top 20 Best Companies for Multicultural Women, *Working Mother Media*
- LATINA Style 50 Companies, *LatinoStyle* Magazine
- Corporation of the Year Award, National Asian Pacific Council on Aging
- Top 50 Companies for Diverse Managers to Work, *Diversity MBA* magazine

**WALMART STORES U.S. DIVERSITY AWARDS AND RECOGNITION 2004-2008***

*Our international markets do not track or report this information in the same manner as Wal-Mart in the U.S.*
EQUAL OPPORTUNITY EEO-1 REPORTING

Our 2008 EEO-1 report shows continued increases in the total numbers of female and minority associates in the United States. Key observations include:

- Wal-Mart experienced a net growth of more than 33,800 associates, bringing the total associate base in the U.S. to more than 1.45 million men and women.
- Wal-Mart’s female associate base increased by nearly 13,000, totaling 869,545 female associates.
- Wal-Mart’s minority associate base now totals 509,626 associates, an increase of more than 16,000 from the previous year.

Of our executive and senior-level officials and managers, women and minorities represent more than 25 percent and 16 percent, respectively. Of our first- and mid-level officials and managers, women and minorities represent more than 40 percent and 25 percent, respectively.

*Our international markets do not track or report this information in the same manner as Wal-Mart in the U.S.*

MAJOR DIVERSITY PROGRAMS

**Good Faith Efforts**

The Good Faith Efforts (GFE) initiative encourages facility-driven diversity events that enhance the customer experience and increase associate development. The GFE program is a component of the Diversity Goals Program, which focuses on driving diversity into the business, increasing supplier diversity and mentoring associates, including persons of diverse race, gender or background.

Our Company’s commitment to diversity is strong. In fact, officer compensation is linked to the achievement of diversity goals. If company officers and select company managers do not meet their individual diversity goals, bonuses may be reduced by up to 15 percent. This year, 100 percent of our officers achieved their Home Office and/or Field Management Placement Diversity Goals and their Good Faith Efforts Diversity Goals. Additionally, 99 percent of more than 50,000 members of management reached their Good Faith Efforts diversity goals.

**Mentoring at Wal-Mart**

Sharing knowledge, inspiring associates and developing internal talent are several reasons why Wal-Mart continues to build a strong initiative around the importance of mentoring. Our culture reflects the basic principles that all associates can embrace – respect for the individual, service to our customer, and strive for excellence. The Mentor Me program is designed to facilitate the exchange and transfer of diverse knowledge, experience and perspectives among our associates. The program empowers associates to take an active role in their development by providing resources, tools and suggestions to drive effective mentorships.
**Associate Resource Groups**
The Associate Resource Groups (ARGs) at the Home Office were developed to help build and foster a sense of community among associates sharing similar backgrounds and interests. They focus on three key areas: business development, professional development and heritage. Currently more than 2,500 associates participate in ARGs, where members:

- Serve as focus groups and partner with business units to ensure cultural relevance.
- Host workshops to help associates with personal and professional development.
- Participate in community events that support diversity and inclusion.
- Provide sustainability outreach to suppliers and organizations.
- Support recruiting efforts among diverse communities.
- Provide cultural heritage education support to local schools.
- Assist in on-boarding associates during new-hire orientation.

**Employment Practices Advisory Panel**
The Employment Practices Advisory Panel (EPAP) was established in 2006 to evaluate and provide guidance regarding employment practices and diversity and inclusion initiatives. The panel provides quarterly updates and best-practice recommendations to the Compensation, Nominating and Governance Committee, a sub-committee of our Board of Directors. In 2008, the Panel led associate focus groups, worked with company leadership in developing diversity strategies for each division, and conducted diversity and inclusion benchmarking with other corporate leaders.

**Diversity Training**
Our Company provides diversity training for all levels of management and hourly associates, including:

- Managing diversity and inclusion training for new and newly-promoted management associates.
- Diversity and inclusion computer-based learning for associates at all levels.
- Diversity Development Series – seminars designed to help our associates better understand diversity trends and challenges.
- Effective Leadership in a Diverse and Inclusive Environment (ELDIE) – a forum that encourages diversity and inclusion education, engagement and exploration through candid discussion and practical application.

**Career Advancement Systems**
As Wal-Mart career opportunities expand, presenting opportunities for internal growth and external job openings, systems such as Career Preference continue to stay ahead of the curve to meet the growing demands of associates in our stores, clubs, distribution centers and transportation offices. Wal-Mart is committed to advancing diversity and inclusion at all levels of the Company. We are proud of the strides we are making to create opportunities for all associates.
Supplier Diversity

At Wal-Mart, we believe – and have seen how – we can use our position to help develop and support minority- and women-owned business enterprises. In 1994, we began our Supplier Diversity Program in the U.S. with the goal of growing our corporate spending with minority- and women-owned business enterprises. The Supplier Diversity team has since developed a three-pronged approach to supplier diversity and has committed to increasing the amount of business we do with minority- and women-owned businesses. The team focuses on engaging our largest suppliers to do business with minority- and women-owned firms in order to increase our 2nd-Tier spend. And, we’re dedicated to investing in opportunities that assist in the establishment and growth of minority- and women-owned businesses.

Today, nearly 15 years later, our total spending with minority- and women-owned business enterprises has grown from $2 million to more than $6 billion. Additionally, our 2nd-Tier program, which tracks what our suppliers spend with minority- and women-owned business enterprises, continues to grow year after year. In 2006, for example, 37 suppliers reported spending $931 million with diverse enterprises. In 2007, 93 suppliers reported spending more than $1.4 billion. In 2008, 153 suppliers reported spending more than $2 billion in 2nd-Tier spend.

We are extremely proud of our Supplier Diversity program, because it allows us to create opportunities for diverse suppliers to provide their goods or services to our customers, to grow and expand as businesses and to create jobs in their communities. The program also helps us because it allows us to bring a broad array of quality products and services to the diverse, global base of more than 200 million customers and members we serve very week.

To further promote supplier diversity within our own company and beyond, we are a member of the National Minority Supplier Development Council (NMSDC), a widely recognized minority supplier accreditation organization; the Women’s Business Enterprise National Council (WBENC), the most broadly used women’s business accreditation organization; and the Billion Dollar Roundtable (BDR), an organization comprised of public companies that spend more than $1 billion each with minority- and women-owned business enterprises. We have also established a Supplier Diversity Internal Steering Committee (SDISC) comprised of senior leaders across the business units. The SDISC is charged with positioning supplier diversity as a corporate focus and integrating supplier diversity into our procurement practices.
Junior Military Officer Program

In 2008, Walmart Stores U.S. created the Junior Military Officer (JMO) program to draw upon the diverse, talent-rich pool of qualified leaders represented by military officers transitioning to civilian careers in the United States. The JMO program has successfully recruited 150 transitioning junior military leaders into store management positions. During onboarding that lasts up to 12 months, recruits undergo specific training that includes Walmart culture, merchandising, store financials and hands-on operations. Program participants include personnel transitioning from active duty and serving Reserve component leaders from all military branches.

Program Accomplishments:
- 150 transitioning military leaders have been hired into Developmental Market Manager, Developmental Store Manager, and Developmental Co-Manager positions in Walmart stores across the U.S.
- 2008 program recruitment exceeded its recruitment goals by 50 percent.

Diversity Around the World

We are pleased to see our stores around the world embrace this same commitment to diversity and inclusion. As mentioned earlier, Wal-Mart Argentina’s diversity program has been in place since 1995. The program is aimed at ensuring full respect of human and political rights through equity in the recruitment, selection and hiring processes, and professional development of people with special needs.

In Central America, 42 percent of the associates are women, as are 37.5 percent of our managers. In Mexico, 53 percent of Wal-Mart de Mexico associates are women; 14 percent of the Company’s vice presidents are women, as are 36 percent of the Board of Directors and 67 percent of the Auditing and Corporate Practices Committees. More than 900 mature associates work at Wal-Mart de Mexico, as do more than 1,000 people with disabilities. In India, the 389 associates in our Bharti Retail Joint Venture Home Office are 31 percent female and 69 percent male.

In 2007, Wal-Mart Canada established its first diversity council, comprised of associates and executives alike. Today, roughly 69 percent of the hourly-paid associates and 45 percent of store managers in Canada are women.

Wal-Mart Brazil created a diversity program called GAD (Grupo de Aprendizado da Diversidade; Group of Diversity Learning) to discuss and to implement diversity-related initiatives focusing on ethnicity, age, gender and people with special needs. Today, a group of associates is also working on a program designed to address sexual orientation and obesity.
OVERSEEING 9,000 ASSOCIATES

As a young child growing up in Argentina, Ezequiel Gómez Berard dreamed of someday becoming an entrepreneur or leading his own business. Today, he is the President and CEO of Wal-Mart Argentina, overseeing 28 retail units and nearly 9,000 associates.

Ezequiel started with the Company in 1995. He was already working in the retail industry in Argentina when he learned that Wal-Mart would be entering the country. He soon applied for a job as a buyer with Wal-Mart Argentina and got it. “I was very excited to become a part of the number-one company in the world,” Ezequiel says. “It was a really big challenge for me and I had high expectations.”

Fourteen years later, Ezequiel has certainly made the most of this challenge, excelling in a number of positions in merchandising, food, logistics and real estate before being promoted to his current role. He says that each position gave him the opportunity to learn something new and to work with different people – all preparing him to become Wal-Mart Argentina’s President and CEO.

“Wal-Mart gives its associates so many opportunities to develop their professional careers and to understand how important and exciting the retail industry can be in our customers’ lives.”

And this impact on customers’ lives is what Ezequiel challenges his team to think about each day. He’s asked associates in all areas of the Company to put sustainability at the top of the agenda, and to find ways to drive the business and to make a meaningful difference in people’s lives at the same time.

“We have a responsibility to our planet to fulfill our mission of helping people live better. But we can’t do it on a sick planet. A healthy environment is the key to helping people live good lives, and as part of Wal-Mart, we can make a positive difference here in our country and beyond.”

LEADING THE COMPANY’S BIGGEST VOLUME OPERATION

When Wal-Mart entered the retail market in China in 1996, curiosity led Wendy Yuan to present her resume to the Company. “Wal-Mart is a famous, multinational company. It grew from a small discount store to one of the world’s top 500 enterprises within several decades. When the Company entered my country, I wanted to know how it had become so successful, what life was like for its associates, and how Wal-Mart would affect China’s retailing market,” Wendy says.

Wendy quickly found the answers she was looking for as she was hired to join the Company as a membership associate. Thirteen years – and nearly a dozen different positions – later, Wendy is now a Sam’s Club General Manager in Shenzhen, leading a team of more than 700 associates and the biggest volume operation in the Company. She compares her General Manager role to that of a teacher, which she says fulfills her need to affect others with her knowledge, character and charm.

“A teacher has to have plenty of experience, excellent abilities to communicate and to lead, and the courage to help others to find their passion. As a General Manager, I am challenged with doing all of these things for my associates as we work closely and honestly to accomplish sales, profit, cost control and other objectives. We proudly share, as a team, all of the accomplishments we receive. That makes me proud,” Wendy says.

Though the retail industry is full of challenges and unpredictable changes, Wendy says she thrives on the competition because it ultimately forces her to keep learning – and keep teaching.

“The more challenges the job has, the more accomplishment you will get,” Wendy says.

This certainly is the case for her team of associates. In the past four years, they have accumulated many achievements, including consecutive record sales among all of the global stores. And there are many more challenges ahead that Wendy looks forward to facing.

“I love Wal-Mart and I love this job. I’m never planning to leave,” Wendy says.
At Wal-Mart, our presence in so many diverse communities affords us both a responsibility and an opportunity to lead by example and to set priorities that will not only allow us to do well as a company, but to do good in the world. Going forward, we intend to continue as a retailer and an employer of choice, and we want to further our efforts to live up to the high standards we are setting for ourselves.

“Wal-Mart continues to be a strong private sector advocate for Asian-Pacific Americans...”
Willy Borromeo, co-publisher of Asian Enterprise

“As our country continues its celebration of Black History Month, it’s important to remember that African-American history is, in fact, America’s history... we appreciate the vision and support of Wal-Mart to help bring this historic project to life.”
Tavis Smiley, nationally recognized radio and television spokesperson

“We have the good fortune to live in one of the most culturally rich countries in the world, and Wal-Mart recognizes that this richness is a workplace asset...Harnessing the wealth of talents and perspectives that people of different backgrounds have to offer is helping Wal-Mart excel in our increasingly global and competitive world...Wal-Mart is truly leading by example.”
Suzanne Riss, editor-in-chief of Working Mother magazine

RUNNING A $100 MILLION BUSINESS

When Natalie Melton accepted a position as a part-time cashier with her local Sam’s Club in Tuscaloosa, Alabama, she never imagined she’d still be with the company more than nine years later.

“I had just finished my bachelor’s degree and was looking to supplement my income during the summer,” Natalie said.

Little did she know that soon after joining the Company, she would enter the Sam’s Club manager-in-training program and start on a path toward running a business with more than $100 million in revenue.

After just six weeks on the job, Natalie became a part of this 12-week program designed to expose trainees to every aspect of running a Sam’s Club. As part of her training, Natalie rotated through positions in a number of divisions, including operations, membership, receiving and merchandising.

Soon after, Natalie joined Sam’s Club #4724 in Hoover, Alabama as a front-end manager. Then she relocated to Club #8115 in Augusta, Georgia, where she was a business manager and then a merchandise manager before earning a promotion to Co-Manager in 2005. In 2006, she became a market human resources manager with responsibility for nine clubs across South Carolina and Georgia.

Today, Natalie is the Club Manager for Sam’s Club #6353 in Myrtle Beach, South Carolina, and her busy club is responsible for more than $100 million in annual sales and revenue.

“There’s not another company in the world that invests in its associates like Wal-Mart and Sam’s Club,” she said. “I’ve had a great opportunity to work with tremendous leaders, develop my professional skills and run a large business. It proves that if you work hard and apply yourself, opportunities will make themselves available to you.”

What others are saying
Charitable Giving

Charitable giving at Wal-Mart is a critically important avenue through which we can deliver on our Company mission of saving people money so they can live better. Charitable giving, both by Wal-Mart directly or by the Wal-Mart Foundation, allows us to create opportunities that improve the lives of our associates, our customers and their communities. We believe this is especially important in today’s economic climate, because now more than ever, our customers, our associates and countless charitable organizations are looking to Wal-Mart to help them live better, healthier, more sustainable lives.

In 2008, Wal-Mart and its Foundation in the U.S. donated approximately $378 million to more than 100,000 charitable organizations in more than 4,000 communities, and our global giving number exceeds $423 million. Additionally, our customers and associates around the world made millions in personal financial contributions through our stores. We were so proud to see our associates also contribute a total of more than 1 million volunteer hours to local charitable organizations in their communities.

Through financial contributions, in-kind donations and volunteerism, Walmart U.S. corporate giving supports initiatives in four key areas at the national, state and local levels. They are: workforce development, education, environmental sustainability, and health and wellness. Wal-Mart and its U.S. Foundation have been recognized in the past by The Chronicle of Philanthropy as the largest cash contributor in the U.S., and by Forbes Magazine as the “number-one most generous company overall.”
2008–2009 SIGNIFICANT DEVELOPMENTS

**China Disaster Response**  In 2008, Wal-Mart pledged more than $3 million (USD) for relief and reconstruction efforts in China following the devastating Wenchuan earthquake. Our Bharti Retail and Wal-Mart India associates in India and Seiyu associates in Japan made additional donations, as did many of our associates around the world. That same year, after severe winter storms in the region, our Company donated an additional $1 million (USD).

**Feeding Our Neighbors**  In November 2008, Walmart Stores U.S. partnered with Feeding America and committed to provide an estimated 90 million pounds of food annually – the equivalent of 70 million meals – to needy families by the end of 2009. Similarly, every month our Wal-Mart de Mexico stores donate more than 900 tons of food, representing an annual value of 293 million pesos ($26 million USD). In Brazil, our stores made food bank donations exceeding 495 tons in 2008 alone.

**Helping Women Entrepreneurs**  In September 2008, Wal-Mart made a $580,000 donation on behalf of Sam’s Club to Count Me In, the leading national nonprofit provider of business resources and community support for women entrepreneurs building and growing their businesses.

**Volunteerism Always Pays**  Through the Wal-Mart Foundation’s signature volunteerism initiative, called Volunteerism Always Pays (VAP), associates who volunteer with eligible organizations may request charitable contributions on the organizations’ behalf. In 2008 alone, our associates in the U.S. volunteered more than 1 million hours with more than 10,000 local and national charitable organizations. In turn, the Wal-Mart Foundation contributed more than $8 million in matching donations to these charities.

**Youth Build USA**  In 2008, the Wal-Mart Foundation awarded a $5 million grant to support more than 400 students building affordable housing for low-income families. The grant is Youth Build’s largest-ever, single corporate donation.
WAL-MART’S FOUNDATION IN THE U.S.

National Giving Program
The Wal-Mart Foundation’s National Giving Program awards grants at or above $250,000 to recipients operating in multiple states or to organizations with innovative programs seeking funding initiatives that are ready for implementation nationally.

For example, the Foundation recently awarded a $2,542,500 grant to an organization called Gateway to College. The grant will support the replication of the Gateway to College program at four community colleges across the country. The Gateway to College program serves at-risk youth who are 16 to 20 years old and who have dropped out of high school. The program gives students the opportunity to simultaneously accumulate high school and college credits, earning their high school diploma while progressing towards an associate degree or certificate. Gateway to College participants are young people who do not fit well in a traditional high school setting and are facing many challenges, including being teen parents, foster youth or students who have struggled with substance abuse. Gateway to College was originally developed in 2000 at Portland Community College in Portland, Oregon and currently operates in 24 colleges and 14 states.

State Giving Program
Through the State Giving Program, the Wal-Mart Foundation awards grants to organizations that serve a particular state or region of the U.S. Applications for the program are submitted online and reviewed by State Advisory Councils comprised of local Wal-Mart associates. Selected recipients are awarded grants of $25,000 or more.

In Virginia, the Foundation’s State Giving Program’s Advisory Council awarded a grant of $40,000 to the Virginia Association of Free Clinics (VAFC). VAFC operates 49 clinics throughout Virginia and offers free dental care to qualifying individuals without health care coverage. The grant will help provide dental care to uninsured patients by helping to purchase mobile dental vans, supplies for the initial evaluation visits for patients, and supplies for the ongoing care of these newly identified dental patients.

Walmart Store and Sam’s Club Giving Programs
Through the Foundation’s Walmart Store and Sam’s Club Giving Programs, Walmart and Sam’s Club associates can recommend grants of up to $5,000 to nonprofits serving their communities.

For example, store 2617 in Winnemucca, Nevada, awarded $3,000 to the Humboldt County School District to support a literacy program for the district’s 3,500 students.

The Associates in Critical Need Trust
The Associates in Critical Need Trust was created by associates, for associates. We believe it is a true reflection of our culture as a company; where associates feel as if they are part of a family. The trust was officially established in 2001 as a 501(c)(3) non-profit organization and exists to provide financial assistance to associates who are experiencing financial hardship.

Associates can make contributions to the trust, either through a payroll deduction or voluntary, direct contributions. In 2008, the trust made more than 160 grants to Walmart associates every week. Since its inception, more than 50,000 associates have sought help through the trust for themselves and their families this way.

2008 Walmart Giving

- In the U.S., Walmart gave more than $378 million in cash and in-kind gifts, up from $296 million in 2007.
- These donations included $63 million in donations on behalf of Sam’s Club in 2008.
- In international markets, Wal-Mart gave $45.5 million in cash and in-kind gifts, up from $41 million in 2007.
- In the U.S. and abroad, Wal-Mart’s customers and associates gave more than $106 million through in-store giving programs that benefit local charities.
- In total, Wal-Mart, its Foundations, its customers and its associates supported global organizations with nearly $530 million in charitable contributions during FYE 2009.

WAL-MART’S GIVING FOR 2008

- $378.0 million for the U.S.
- $106.0 million for International
- $63.0 million for Sam’s Club
- $45.5 million for Customers and Associates
**Fighting Hunger**

In November 2008, Wal-Mart announced plans to expand a food donation program first piloted in Sam’s Club locations in October 2006 in partnership with Feeding America, the nation’s largest charitable hunger-relief organization. Once completely rolled out to all 2,724 Walmart supercenters and Neighborhood Markets in the U.S., the program will provide an estimated 90 million pounds of food annually – the equivalent of 70 million meals – to families in need by the end of 2009, becoming one of Feeding America’s largest donors of food.

In addition, the Wal-Mart Foundation announced a $2.5 million grant, which will be used to help Feeding America food banks improve warehouse capacity and purchase 20 new refrigerated trucks to safely transport food to food pantries, soup kitchens and other Feeding America agencies. Since first partnering with the organization in 2005, the Wal-Mart Foundation has provided more than $14.5 million in grants to Feeding America.

**Helping Women Entrepreneurs**

In September 2008, Wal-Mart, on behalf of Sam’s Club, made a $580,000 donation to Count Me In, the leading national nonprofit provider of business resources and community support for women entrepreneurs building and growing their businesses. With this commitment, Count Me In will be able to expand its program to include smaller women-owned businesses with revenues or sales below $50,000 and up to $250,000. To launch the partnership, Count Me In will provide direct resources to 625 women through its business growth programs.

**Empowering Students**

**The Americas**

**United States**

Empowering first-generation college students to become the first in their families to graduate is a top priority for the Wal-Mart Foundation. To this end, the Wal-Mart Foundation awarded a $4.2 million grant to the Institute for Higher Education Policy, which will support programs to help first-generation students achieve success at minority-serving collegiate institutions in the U.S. Through this grant, 30 colleges will each receive $100,000 to improve student retention and academic performance. The Foundation also made a nearly $1.5 million grant to Excelencia in Education to support its “Growing What Works” program. This new national initiative is designed to replicate programs that effectively increase Latino student success at the associate and bachelor levels.

**Argentina**

Our stores around the world share this commitment to education as well. In March of 2008, Wal-Mart Argentina joined the “Let’s Do Some Family Reading” campaign. Aligned with the beginning of the school year there, this campaign encourages children to read within school and family environments. Approximately 800,000 brochures, featuring advice on how to promote reading activities, were developed by specialists from Fundación Compromiso and distributed to our customers. In addition, nearly 100 teachers received training through workshops in schools located close to Wal-Mart stores, and more than 2,500 students benefitted from the program.

In June 2008, Wal-Mart de Mexico Foundation partnered with Excelencia in Education to launch its “Growing What Works” program. This program works to replicate programs that effectively increase Latino student success at the associate and bachelor levels.

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Central America

In Central America, “Dulce Ayuda” or “Sweet Help” is our main fundraising program. Since its inception in 2003, the campaign has raised more than $2.2 million (USD) to support children’s education and health initiatives. For the last three years, the program has raised more than $1.2 million (USD) to support Fundación Omar Dengo’s educational project, which seeks to promote technological literacy in children. Since 2003, the campaign has also raised funds for the construction of the Neuropsychiatry School, a one-of-a-kind school for special needs kids in Central America.

In May 2008, Wal-Mart Centroamerica in El Salvador donated $9,000 USD to the “EDUBECAS Program,” which is designed to help students with limited financial resources to continue their studies. The Company also donated school certificates to help 200 teenagers from Antiguo Cuscatlán pay for their uniforms and school supplies. In February 2008, Wal-Mart Centroamerica in El Salvador donated more than $5,000 USD in equipment for a computer center that will be used to prepare disabled individuals for the workplace. In March 2008, Wal-Mart Centroamerica in El Salvador recognized the effort and spirit of self improvement of 66 associates and 121 associates’ children with scholarships for their excellent grades.

Brazil

In 2006, Wal-Mart partnered with Instituto Aliança com a Juventude (Alliance Institute with the Youth) in Brazil to pilot the Com.Dominio project, a program designed to offer education and training for young Brazilians in underserved, suburban areas. In these communities, unemployment is often very high. Our goal was to provide intensive training – including more than 500 hours of training in the areas of personal development, business administration and computing – to help at least 80 percent of the program participants secure permanent jobs. We also wanted to help those with exceptional leadership skills create similar programs in their own communities, benefitting even more people. Wal-Mart has even hired some of the program’s graduates. What started as a pilot in the Bahia region is now a program that is thriving in 10 different locations – throughout the country.

Asia

In India, Bharti Retail and Wal-Mart India associates have “adopted” four schools in Amritsar, Punjab. Each school has the capacity for enrollment of more than 200 children every year. These are children from the surrounding villages of the District Amritsar. We expect to work with associates to make contributions of their time as well as in-kind donations.
Volunteering in Communities

United States

We believe that volunteerism always pays. In fact, VAP (Volunteerism Always Pays) is one of our main volunteer initiatives. Through the Wal-Mart Foundation’s Volunteerism Always Pays program (VAP), Wal-Mart associates can request contributions on behalf of eligible organizations where they volunteer. In 2008 alone, our associates in the U.S. volunteered more than 1 million hours with more than 10,000 local and national charitable organizations. In turn, the Wal-Mart Foundation contributed more than $8 million in matching donations to these charities.

Mexico

In a similar vein, Wal-Mart de Mexico has the largest group of volunteers in the country, with 52,563 volunteers – representing one out of every four associates. These associates volunteered 381,246 hours to their communities in 2008, doing things like performing maintenance work at schools, orphanages and hospitals. They participated in park and beach cleaning activities, and reforestation, and also provided assistance for food programs.

Brazil

Also in 2008, Wal-Mart Brazil held its second-annual “Community Day,” during which associates in stores, offices and distribution centers around the country were encouraged to volunteer in their communities. On that day alone, a total of 8,500 Brazilian associates donated nearly 51,000 hours of volunteer work.

Doing Sustainable Good

We believe giving back to our communities is one way we can demonstrate that we are a good neighbor and a responsible corporate citizen. This is especially true when we can give back in ways that will sustain our environment, and that will be evident to future generations long after we are gone.

United States

In the U.S., the Acres for America program is a partnership between Walmart and the National Fish and Wildlife Foundation. The program was established in 2005 to provide funding for projects that conserve important fish, wildlife and plant habitats through acquisition of interest in real property. Our commitment of $35 million over 10 years will help offset the footprint of our domestic facilities on at least an acre-by-acre basis through these acquisitions. As of September 2008, our $13.8 million in contributions has helped permanently protect more than 412,000 acres of land in 13 states. In fact, the Acres for America project in Maine became the second-largest forestland conservation easement in U.S. history.

Brazil

In Brazil, in partnership with Conservation International, we recently began an effort to help preserve 412,000 hectares of rainforest in the National Forest of Amapá. The R$5 million ($2.7 million USD) investment over five years will be used to promote forest conservation and sustainable development for the local population, making the project a model for protecting rainforests in the Brazilian Amazon. The investment will help implement a Federal Conservation unit and create a sustainable means of income for the local communities, an educational campaign for the neighboring towns and will serve to eliminate any activity that uses non-renewable forest resources.

Also in Brazil, in 2008 the Wal-Mart Institute created its first Local Development Program in Bomba do Hemetério, a community with a 12,500 population, located in Recife, Pernambuco in Northeastern Brazil. The “Bombando Cidadania” Program, which translates to English as “pumping citizenship,” is a concentrated investment program, focused on education, health and culture and aims to contribute to the economic strength and social organization of the local population. In partnership with NGOs, government and other key players, the Wal-Mart Institute will support the activities in Bomba do Hemetério until 2013. The goal is that by that time, the local population will be able to continue the initiative and its programs that are only now getting under way.
Japan
In Japan, each of our Seiyu stores is raising money for natural energy through the Ohisama Global Warming Prevention Fund. As of June 2008, Seiyu collected JPY 3,386,354 ($32,700 USD) for the Ohisama Energy Fund, which was used for setting up solar panels. Also in Japan, they’ve created The Eco-Nico Workshop program as an environmental and social education tool for children to attend at neighborhood stores. Store managers and other staff members offer these children “behind the scenes” tours of the stores while explaining the inner workings of supermarkets, environmental problems, social welfare, food safety and other concerns. Starting in the 2007 fiscal year, Seiyu introduced environmental initiatives such as the Hummingbird Campaign and the Hummingbird Picture Story Show to explain global warming and Seiyu’s environmentally friendly products to children in simple terms. They also offer games, such as a treasure hunt for environmentally friendly products, and all stores nationwide offer programs appropriate to participants’ ages and school curricula. In the 2008 fiscal year, there were 10,546 participants.

China
In April 2008, Wal-Mart China made a RMB 100,000 ($14,000 USD) donation to Gaocang Township in Yuxi City, Yunnan Province to support the construction of water storage reservoirs for the local community, helping to address problems associated with drought and lack of clean water. Also in China, on the eve of the grand opening of a Walmart supercenter in August 2006, Wal-Mart donated RMB 200,000 ($28,000 USD) to finance the installation of solar panels for 322 households in the Panjiabang Village. The installation was completed in early 2007. The initiative helped 1,700 villagers switch to solar energy, allowing them to save approximately 240,000 kWh of electricity, which is equivalent to a savings of RMB 120,000 ($17,000 USD) in electricity bills per year.

Puerto Rico
In Puerto Rico, we have formed an alliance with the Puerto Rico Conservation Trust in order to create a unique educational program designed to educate the population there about how to protect the habitat of the Puerto Rican Parrot, a local endangered species.

Europe
In 2008, ASDA supported the “Go Green for Schools” program, a community environment initiative designed to encourage customers to use reusable carrier bags. When customers used the bags, they were rewarded with a “Go-Green” voucher that could be collected and redeemed by local schools for environmentally linked prizes such as bird-view remote cameras, solar panels, weather stations and grow beds. In 2008, more than 5,100 schools took part in raising awareness of carrier bag recycling nationwide, resulting in a savings of more than £1.2 million ($2.1 million USD) on carrier bags alone.

Canada
And in 2005, Wal-Mart Canada made a $2.5 million ($2.3 million USD), five-year commitment to the “Green Grants” land preservation program in partnership with Evergreen, a non-profit environmental organization dedicated to bringing nature to Canadian cities. The “Green Grants” program is a community greening initiative that provides funds of up to $10,000 ($9,300 USD) to local Canadian groups working on urban naturalization projects that use native plants to restore and steward woodlands, meadows, wetlands and ravines. This grant program also supports community gardening projects that involve native plants and food gardening.
While the economic crisis continues to impact communities around the globe, Wal-Mart’s long-term commitment to giving back locally has made the Company – and our domestic and international Foundations – trusted sources of funding for much-needed community programs, especially those that address hunger, homelessness, education, job training and other basic needs.

In the U.S., Walmart continues to stand shoulder-to-shoulder with those on Main Street who have turned to organizations like Feeding America, the nation’s largest hunger relief organization, to make ends meet. In fact, Walmart’s food donation program provided more than 33 million pounds of fresh produce, meat and other nutritious foods to U.S. food banks in 2008. These in-kind contributions have an estimated value of more than $85 million; and Walmart stores and Sam’s Club locations remain on track to donate 90 million pounds of food by November 2009.

Food donations from Walmart are benefitting food banks, soup kitchens and food pantries across America. And, the Wal-Mart Foundation has made cash contributions to further hunger relief efforts when service organizations in our nation need help the most. Meals on Wheels Association of America and the seniors that it serves, in particular, have benefitted tremendously from the Wal-Mart Foundation’s efforts. Enid A. Borden, the organization’s president and CEO recently wrote:

“All Americans are facing difficult financial times right now. We at the Meals On Wheels Association of America and the 5000 Meals On Wheels programs nationwide are not immune to financial difficulties. In fact, well in advance of the current recession, many local meal programs were experiencing significant strains associated with trying to keep up with the growing demand to serve vulnerable seniors. Already challenged by the need to carefully manage capacity, such programs were further burdened by serious losses in volunteer labor and budget shortfalls prompted by the steep rise in gas and food prices that began in the spring of 2008.

In short, things were not looking good for our Meals On Wheels programs and the hundreds of thousands of seniors who depend on them – in many instances for their very lives. And then came the Wal-Mart Foundation. Their decision to join us in the fight to end senior hunger by becoming our partner is a life-saver. We call this partnership the MOWAA/Wal-Mart Foundation Cure Grants because these grants are going to our local Meals On Wheels to help them cure the disease of hunger. These grants will be used by our local programs to end waiting lists, to add routes where there was no capacity to do so before, and to help dozens of local meal programs in 40 states reverse the progression of the disease of senior hunger by replenishing resources that allow them to feed America’s oftentimes forgotten seniors.

Senior hunger is a disease. But unlike other diseases, this one has a cure. We can end this disease today if we have the will, the courage, and the partners to help us. Wal-Mart is that partner and they are indeed helping us get one step closer to the day when, in this the richest nation on Earth, no senior goes hungry. Thanks to the Wal-Mart Foundation we are ‘working on that cure’ today.”

During these tough economic times, Wal-Mart and the Wal-Mart Foundation have a responsibility to continually look for ways to increase giving and focus local contributions towards organizations that can do the most good – and have a lasting, positive impact in communities around the globe.
What others are saying

“I was raised in a family that believed we have a responsibility to help our fellow man in need, and I’m proud to see Wal-Mart – a corporate constituent – embrace that same belief.”
Senator Blanche Lincoln, co-founder of the bipartisan U.S. Senate Hunger Caucus, Morning News

“With the economy the way it is and donations hard to come by, this grant from Wal-Mart will make a huge impact by allowing our organization to continue to provide much needed services to help new immigrants integrate into the community.”
April Borbon, director of the Immigrant Assistance Center, commenting on the $5,000 grant received from the Wal-Mart Foundation, Kitsap Peninsula Business Journal, 01/09/09

“The generosity of the Wal-Mart Foundation to enable and enhance veteran support programs nationwide comes at an opportune time in the lives of our soldiers.”
Dr. Susan Hanrahan, dean of Arkansas State University’s College of Nursing and Health Professions, KARK 4 News

“Wal-Mart is choosing to generously support a national network of community-based organizations working in America’s poorest communities to give all youth a chance – an education, a job, a career, a set of positive values, a purpose.”
Dorothy Stoneman, president and founder of YouthBuild USA, commenting on the Wal-Mart Foundation donation to YouthBuild, Poughkeepsie Journal, 12/27/08

“We are extremely grateful for the generous support provided by Wal-Mart Canada. [In 2007], on top of a cash donation from Wal-Mart Canada of $100,000, over $1.3 million was raised at Wal-Mart stores alone.”
Commissioner William W. Francis, Territorial Commander of Salvation Army Canada and Bermuda

“World Vision is grateful for Wal-Mart’s generous commitment during this tragic time, which is enabling us to help thousands of displaced children and families in the region. We deeply appreciate Wal-Mart’s swift response and ongoing partnership with World Vision to rebuild communities and restore lives around the world.”
Mike Veitenhans, World Vision senior vice president of corporate development, in response to WMT’s $300,000 donation to Brazil flood relief in December 2008

“I thank you for the help Mexico received from Wal-Mart and its associates during natural disasters in Tabasco and Chiapas. I also want to thank you for the support that we received to benefit the economy of Mexican families in the stabilization of prices during a time where markets have raised the cost of basic products.”
Mexico’s President Felipe Calderón
### Glossary of Terms

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<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>ASDA Service Center (ASC)</td>
<td>A centrally-located facility to ASDA stores where trash is separated from recyclable items.</td>
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| Backhaul                    | The return movement of a truck from its original destination to its original point of origin, while carrying goods back over all, or part, of the same route.  
  http://www.shipnorthamerica.com/htmfiles/gloss_shipterms_back.htm  |
| Cradle-to-Gate              | An assessment of a partial product life cycle from manufacture (‘cradle’) to the factory gate (i.e., before it is transported to the consumer).  |
| Cradle-to-Grave             | The full Life Cycle Assessment from manufacture (‘cradle’) to use phase and disposal phase (‘grave’).                                       |
| Daylight Harvesting         | Digital photo sensors detect daylight levels and automatically adjust the output level of electric lighting to create a balance. The goal is energy savings. 
  http://www.lightingcontrols.com/design/innovative/daylight/overview/overview.asp  |
| Direct Imports              | Merchandise sourced by Wal-Mart in a foreign country and imported directly by Wal-Mart for domestic consumption.                         |
| Domestically Sourced Merchandise | Merchandise imported by suppliers and purchased by Wal-Mart in the domestic market.                                                      |
| Domestically Produced Merchandise | Merchandise that a supplier has produced locally (in the local market).                                                                    |
| Earth Month                 | Wal-Mart’s annual campaign in April to educate customers on the benefits of the environmentally preferable products sold in Wal-Mart stores around the world. |
| Environmental Sustainability | The ability of an ecosystem to maintain ecological processes, functions, biodiversity and productivity into the future.                 |
| Environmentally Preferable Product | A product that has been created, processed or distributed in a more sustainable manner than similar products.                        |
| Fronthaul                   | Suppliers add goods to their trucks from other suppliers if all the products are going to the same ultimate destination.            |
| Importer of Records         | The entity that acts as the importer and thus is responsible for the importation of goods from a government perspective.               |
| Light-Emitting Diodes (LED) | A semiconductor device which converts electricity into light. 
  http://www.toolbase.org/Technology-Inventory/Electrical-Electronics/white-LED-lighting  |
| Non-Governmental Organization (NGO) | A legally constituted, non-business organization created by natural or legal persons with no participation or representation of any government. |
| PET                         | Polyethylene terephthalate (sometimes written poly(ethylene terephthalate), commonly abbreviated PET, PETE, or the obsolete PETP or PET-P), is a thermoplastic polymer resin of the polyester family and is used in synthetic fibers; beverage, food and other liquid containers; thermoforming applications; and engineering resins often in combination with glass fiber. 
  http://en.wikipedia.org/wiki/Polyethylene_terephthalate  |
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<td>Private Label Products</td>
<td>Merchandise that is distributed/sold by Wal-Mart under Wal-Mart owned, or exclusively licensed, proprietary brand names.</td>
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<td>PVC</td>
<td>Polyvinyl chloride, the third most widely used thermoplastic polymer after polyethylene and polypropylene.</td>
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<tr>
<td>Restriction of Hazardous Substances Directive (RoHS)</td>
<td>The directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment.</td>
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<td>Retail Market</td>
<td>Any country or territory where a subsidiary of Wal-Mart Stores, Inc. is located and operating retail stores.</td>
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<tr>
<td>Sandwich Bale Process</td>
<td>A process that involves compressing recyclable materials, including loose plastic, aluminum and paper, between 12-inch layers of cardboard.</td>
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<td>Stakeholder</td>
<td>A party who is directly or indirectly impacted by, or impacts, any part of Wal-Mart’s business.</td>
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<tr>
<td>Standards for Suppliers</td>
<td>Wal-Mart’s Code of Conduct for labor, safety and environmental practices that apply to suppliers and their factories.</td>
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<tr>
<td>Subcontractor Factory</td>
<td>Factories contracted by other factories to produce finished merchandise.</td>
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<tr>
<td>Supplier</td>
<td>A company that sells merchandise to Wal-Mart.</td>
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<tr>
<td>Supplier Factory</td>
<td>Any factory or facility producing merchandise for our suppliers.</td>
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<tr>
<td>Sustainability 360</td>
<td>Our strategic approach to achieve our sustainability goals that involves taking a comprehensive view of our business — both inside and out — to find ways to reduce our own environmental footprint while engaging our suppliers, associates and customers around the world in our sustainability efforts. Overall, Sustainability 360 recognizes our ability to make a difference on the environment, and that this difference pales in comparison to the results we can achieve by leveraging our entire global supply chain.</td>
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<td>Sustainable Value Network (SVN)</td>
<td>Strategic networks developed to integrate sustainable practices into the various divisions within our business.</td>
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<td>Traceability</td>
<td>Ability to chronologically interrelate uniquely identifiable entities in a way that is verifiable.</td>
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<tr>
<td>Unannounced Audit</td>
<td>An audit of a factory’s operations without advanced notification.</td>
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<tr>
<td>Wal-Mart vs. Walmart</td>
<td>The terms “Wal-Mart” and “Wal-Mart Stores” refer to the corporate entity. “Walmart,” expressed as one word and without hyphenation, refers to the brand name of the Company’s U.S. operations. This distinction came after the Company announced the introduction of a new logo for its U.S. store operations in June 2008.</td>
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