

Wal-Mart is Taking the Lead on Sustainable Packaging

At Wal-Mart, we know that being an efficient and profitable business and being a good steward of the environment are goals that can work together. Two company-wide goals are to create zero waste and to sell environmentally friendly products. Our Packaging Network aims to reduce the amount of packaging in our supply chain by 5 percent by 2013.

Packaging Achievements:

Packaging is at the nexus of every global supply chain and customer relationship because for nearly every product sold in stores, there is both primary and secondary packaging. Small changes to packaging can have significant impacts on the use of materials, manufacturing, shipping containers, trucks, storage, refrigeration, waste and energy used for production. Together with our suppliers, we are making great strides to improve packaging and reduce our footprint on the environment.

- On September 26, 2007 at the Clinton Global Initiative, Wal-Mart pledged to transition all of the liquid laundry detergent on its shelves to the concentrated “compact” versions of detergent by May 2008. We project that this change will save more than **125 million pounds of cardboard, 95 million pounds of plastic resin and 400 million gallons of water.**
- In 2006, Sam's Club **reduced the amount of packaging in its digital media department by 50 percent.** As part of this change, we worked with Apple to convert I-pod packaging to 100 percent renewable, recyclable and more sustainable materials. The package is also reusable and dramatically reduced in size.
- In 2005, Wal-Mart's packaging team partnered with select private label brand suppliers to improve the packaging on nearly 300 items in its Kid Connection toy line. By making the packaging a little smaller on this one toy line, **we used 497 fewer shipping containers and generated freight savings of more than \$2.4 million per year.** We estimate that **more than 3,800 trees and 1,000 barrels of oil were saved.**
- In 2005, Wal-Mart committed to converting out of PVC packaging on all private brand items where suitable alternatives exist. **To date, we have redesigned 75 items to eliminate PVC as a packaging material.**
- Wal-Mart and Sam's Club have been actively working with their private label suppliers to increase the sustainability of their packaging. One product that has made sustainable packaging changes is the **apple juice sold under the private Member's Mark label at Sam's Club.** This **packaging is produced using 100 percent renewable energy generated from hydroelectric plants** that use moving water to generate electricity. The mill and converting process of the packaging has also realized a 35 percent gain in energy efficiency by integrating new technologies throughout the operations.
- Our **buyers are helping us identify where packaging can be improved.** One of our buyers pointed out that an infant car seat could easily be transported in a thick plastic cover instead of a large, bulky box. With this change, we were able to store more car seats on our distribution trucks, causing our shipping and fuel costs to drop, and now our customers can see and touch the seat before they purchase it.
- Select produce packaged in corn-based NatureWorks PLA can be found in all of our stores and Clubs. All of Wal-Mart's cut fruit and 40 ounce vegetable trays are packaged with this sustainable material, and some of the 9 ounce vegetable trays, bags of spinach and green onions are also packaged in PLA. When we changed the packaging on just four produce items to PLA in 2005, we **saved approximately 800,000 gallons of gasoline and prevented more than 11 million pounds of greenhouse gas emissions** from polluting our environment.
- Since 2006, we host an annual **Sustainable Packaging Exposition** where approximately 2,000 product suppliers meet with 130 packaging suppliers to learn more about sustainable packaging innovations and options for their products. Participation at the exposition increases every year.

The Sustainable Packaging Scorecard:

On November 1, 2006, Wal-Mart introduced a scorecard that evaluates Wal-Mart and Sam's Club suppliers on their progress toward developing more sustainable packaging, and helps track the company's progress to reduce packaging in its supply chain by 5 percent by 2013. On February 1 2008, the online scorecard was made available to all of our buyers to use as a tool to make more informed purchasing decisions, and 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 Wal-Mart achieve their goals to be supplied 100 percent by renewable energy, create zero waste and sell sustainable products. The item packaging receives a grade based on the results, and suppliers learn about ways to improve their packaging. Conservative annual estimates of the changes we can make by 2013, based upon a 5 percent packaging reduction in the Wal-Mart supply chain are:

- 667,000 metric tons of CO₂ not emitted into the atmosphere (Wal-Mart U.S. only)
- 213,000 trucks off the road annually (Wal-Mart U.S. only)
- 66.7 million gallons of diesel fuel saved (Wal-Mart U.S. only)

The 7 R's of Sustainable Packaging:

The primary goal of the Packaging Sustainable Value Network is to be packaging neutral by 2025, which means all packaging recovered or recycled at our stores and Clubs will be equal to the amount of packaging used by the products on our shelves. In 2006, the Packaging Network announced its desirable principles of sustainable packaging to suppliers through the "7 R's of Sustainable Packaging." The "7 R's of Packaging" are:

- **Remove:** Eliminate unnecessary packaging, boxes or layers, and harmful materials.
- **Reduce:** "Right-size" packages, optimize material strength, and design packages appropriately for contents and merchandising requirements.
- **Reuse:** Wal-Mart has a goal that all transport packaging will be reused or recycled by 2011 through improved pallets and reusable plastic containers (RPCs).
- **Renew (able):** Use materials made of renewable resources as measured using ASTM D6866, or select biodegradable materials that meet ASTM D6400 or ASTM D6868.
- **Recycle (able):** Use materials made of the highest recycled content without compromising quality, including post-consumer recycled material (PCR) where appropriate. Components should be chosen based on **recycle-ability** post-use, with a goal of increasing the municipal recycling rate to 35 percent by 2011.
- **Revenue:** Achieve all principles at cost parity or cost savings, which requires a supply chain approach.
- **Read:** Get educated on sustainability and how suppliers play a part. The Education Sub-Committee of the Packaging Sustainable Value Network recommends the following curriculum for professionals to learn more about packaging design for sustainability:
 - Sustainable Packaging
 - New Thinking: The Sustainable Packaging Essentials Program
 - More information at www.pac.ca
 - Packaging Fundamentals
 - Fundamentals of Packaging
 - More information at www.iopp.org
 - Damage reduction through Simulated Distribution Testing
 - CPLP training
 - More information at www.ISTA.org
 - Sustainable Packaging Scorecard
 - Training from ECRM and Thumbprint

- More information at www.sustainability-education.com

Did you Know?

- In 2005, the packaging industry worldwide was a \$465 billion business.
- Americans sent 246 million tons of trash to landfills and incinerators in 2005.
- Individual waste generation in the United States is approximately 4.5 pounds per person, per day.
- One-third of all consumer trash in the United States comes from packaging.
- Reducing packaging can also reduce the amount of greenhouse gas (GHG) emissions because it means fewer raw materials are used to manufacture packaging, less energy is required to produce recycled packaging, and less fuel is used to transport and remove it.

What Others Are Saying:

- "When Wal-Mart tells a supplier that it wants a change in packaging, that supplier will change all its packaging," said David Willett, spokesman for The Sierra Club. **Wal-Mart has the potential to have a tremendous impact on America's environmental footprint.**" (*"Sonoco, changing the way retailers package their wares," The State, Dec. 8, 2008*)
- "Wal-Mart is not only saying we're going to do good ourselves, but we're going to require the people that sell through our stores change how they do business," said Andrew Shapiro, CEO of Green Order. "That could have a tremendous impact on our economy and on our environment, all to the good." (*"Wal-Mart Commits to Going Green," Good Morning America, Sept. 14, 2007*)
- "The chief executive of the world's biggest retailer yesterday **stepped up the pace in the race to be green** with a series of initiatives to cut its own giant carbon footprint - and those of its suppliers, customers and staff... **Suppliers are being asked to cut their packaging by 5% by 2013, which Wal-Mart says will cut the number of truck journeys and save 67m gallons of diesel a year.**" (*"Climate change: Wal-Mart boss says he will press suppliers in race to go green; Asda owner sets target to cut packaging 5% by 2013 Sustainability now mainstream, says chief," The Guardian, Feb. 2, 2007*).
- "The company said it expects to **prevent millions of tons of waste from being generated and that the program will take the equivalent of 213,000 trucks off the road each year, saving 66.7 million gallons of diesel....** Wal-Mart Watch, a group more accustomed to criticizing the retailer, **responded with praise Friday to the company's announcement.** Wal-Mart Watch executive director Andrew Grossman said he was **encouraged by Wal-Mart's effort to cut packaging and emissions.**" (*"Wal-Mart to reduce packaging; even critics impressed," Associated Press, Sept. 22, 2006*)
- "Wal-Mart Stores Inc. on Friday announced a five-year program with its suppliers to help reduce overall packaging by 5 percent, hoping to keep trash out of landfills and global-warming gases out of the atmosphere... **The company is winning kudos from critics for becoming more environmentally friendly.**" (*"Wal-Mart to Cut Packaging by 5 Percent," Associated Press, Sept. 22, 2006*)

For more information about Wal-Mart's sustainability initiatives, please visit www.walmartstores.com.

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