

The Company of the Future: Fact Sheet

In a speech to Wal-Mart store managers in Kansas City on January 23, 2008, Wal-Mart Stores, Inc. CEO and President Lee Scott laid out the company's vision for addressing major issues that are important to the future of the company and the world. He announced high-level goals and commitments in three areas – health care, energy efficiency and ethical sourcing.

Making Quality Health Care More Affordable and Accessible

We believe every American should have access to quality, affordable health care. By reducing waste and increasing efficiency in the health care system, we can increase access for all Americans. Through partnerships with other employers and medical professionals, Wal-Mart will lower prescription costs for companies and increase the number of electronic prescriptions, which are key to reducing medication errors caused by hand-written prescriptions.

Working with physicians to increase electronic prescriptions:

The Institute of Medicine estimates that there are more than 7,000 deaths per year due to medication errors, many attributable to hand-written scripts. Electronic prescriptions reduce the chance for error. They also:

- Reduce wait time at the pharmacy for consumers
- Reduce the chances of lost or stolen paper scripts
- Increase efficiency by reducing the number of follow-up calls from the filling pharmacist
- Enable customers to fill their prescriptions at any participating Wal-Mart pharmacy

By partnering with physicians and other providers, Wal-Mart will increase the number of electronic prescriptions it fills to 8 million by the end of 2008. This will amount to a 400 percent increase in the total number of e-scripts filled by Wal-Mart in the United States over last year.

Helping Employers Save Money on Prescription Costs:

Wal-Mart will be contracting with select employers in the U.S. to help them manage how they process and pay prescription claims. The company's approach will be based on taking out unnecessary costs while providing high quality health care products and services. **Wal-Mart estimates that this effort will save employers more than \$100 million this year alone in costs associated with their pharmacy benefit management programs.**

Electronic Health Records (EHR) for all Wal-Mart Associates:

Wal-Mart will provide its Associates and their families, including retirees, with personal, private and portable electronic health records by the end of 2010. EHR drives efficiency and increased quality within the health care system. For consumers, EHR brings transparency of health care quality, safety and pricing among providers; provides better use of the health care system; and allows patients to become more informed and responsible for their own health care needs. EHR also strengthens communication between patients and providers; reduces medical errors and provides complete information to physicians; and lowers costs by engaging consumers in managing their personal health care.

Reducing Energy Costs for Our Customers

Over the past decade, out-of-pocket energy costs for the average American family have doubled. These families now spend 17 percent of their monthly income on energy. And the burden of high energy costs is being felt throughout the world. For example, the price of electricity in Japan, the U.K. and several European nations is as much as triple U.S. costs:

United Kingdom: \$.15/kWh	Germany: \$.18/kWh	France: \$.17/kWh
United States: \$.08/kWh	Denmark: \$.24/kWh	Japan: \$.27/kWh
South Korea: \$.14/kWh	Canada: \$.09/kWh	India: \$.07/kWh

The trend of rising energy costs will likely continue. According to the U.S. Department of Energy, global energy consumption is projected to be 57 percent higher in 2030 compared to 2004. To help our customers use less energy -- and spend less on energy -- Wal-Mart is committed to carrying products that are efficient and save on energy costs.

Products that use less energy:

A household is made up of hundreds of items that contribute to energy use -- sometimes wastefully. Microwaves, televisions, computers and portable phones, for example, draw standby power even when they are not in use. Energy is also wasted by how hot water is stored and used, and how heat leaks out of homes and cold seeps in. **Wal-Mart's goal is to work with suppliers to make the most energy intensive products in our stores, anywhere in the world, 25% more energy efficient within three years.** If we can achieve this goal just in the U.S., it would save enough electricity to power 3 million homes per year or the equivalent of 10 million barrels of oil.

Americans spend \$5 billion annually to power their television sets. Standby mode alone for televisions accounts for 9 percent of annual power use, with an overall cost of \$25 per television over the course of a year. **Flat screen television sets sold at Wal-Mart will be 30 percent more energy efficient by 2010.** Increasing efficiency by 30 percent in the 7 million TVs Wal-Mart sells each year will save enough power for 52,000 single family homes, or 634 million kWh.

Within two years, all air conditioners sold at Wal-Mart will be Energy Star qualified. These models use at least 10 percent less energy than non-Energy Star units, and typically feature timing mechanisms that allow room cooling with the minimum energy required.

Lowering the cost of energy-efficient products and driving consumer adoption:

At Wal-Mart, we do not believe that our customers should have to choose between products they can afford and products that are energy-efficient. In September 2007, Wal-Mart launched a private label energy-saving compact fluorescent light bulb (CFL) that contains less mercury than national brands and allows a better entry price into this category for our customers. To date, Wal-Mart and Sam's Club have sold 145 million CFLs, saving our customers more than \$4 billion in electricity costs over the life of the bulbs. Those bulbs will have the effect of:

- Eliminating the need for three coal-fired power plants
- Powering a city of 2 million people
- Powering 898,726 homes
- Keeping 43,446 rail cars of coal from being burned
- Pulling 1.8 million cars off the road
- Curbing 18.8 billion pounds of CO2 emissions

Wal-Mart's goal is to double the sale of products that help make homes more energy efficient. The average American household spends \$1,500 on energy bills during the winter. Weather-stripping can reduce those bills by 10 percent. By increasing sales of weather-stripping products 100 percent, Wal-Mart will save our customers \$285 million in home heating costs -- the equivalent of 702 million kWh of electricity and 2 billion cubic feet of natural gas to \$10.88. By regularly changing air filters in air conditioning systems, customers can reduce the amount of energy required to heat and cool their homes.

Wal-Mart will work with suppliers to reduce prices on items that significantly reduce energy use for customers. For example, stores have rolled back the price on 3M Allergen Air Filters by \$2 -- from \$12.88 to \$10.88. By regularly changing air filters in air conditioning systems, customers can reduce the amount of energy required to heat and cool their homes.

Ethical and environmentally responsible sourcing around the world, including China

Wal-Mart U.S. stores alone buy from more than 61,000 suppliers in more than 55 countries around the world. Customers want to be confident that the products in stores are safe and durable. They also want products that are made in a way that is consistent with their own personal values. Wal-Mart believes that suppliers that are ethical and responsible in how they do business and make their products are much more likely to care about quality and, therefore, care about our customers.

Ethical and environmentally responsible sourcing:

1) **Suppliers who work with Wal-Mart through global procurement, who are domestic importers, or are manufacturers of Sam's Club or Wal-Mart private brands, will be required to demonstrate that their factories meet specific environmental, social and quality standards.** Wal-Mart has already started doing this and hopes to make significant progress on the requirement within the next three to five years.

2) **Wal-Mart will only work with suppliers who maintain our standards throughout our relationship.**

Certification and compliance will be part of supplier agreements. Suppliers will report to the company regularly. Any supplier that fails to keep its word will need to take prompt and serious action. If a supplier fails to improve and fix the problem, Wal-Mart will stop working with that supplier.

3) **Wal-Mart will favor -- and in some cases even pay more -- for suppliers that meet its standards and share its commitment to quality and sustainability.** Paying more in the short term for quality will mean paying less in the long term as a company. Higher quality products will mean better value, fewer problems, fewer returns and greater trust with our customers.

Wal-Mart's seafood network has already demonstrated this commitment by driving the purchase of Marine Stewardship Council (MSC)-certified seafood for sale in our stores. Wal-Mart has committed to sourcing all wild-caught fresh and frozen fish for the North American and U.K. market from fisheries that meet MSC standards within 2 to 4 years. Currently, 22 products available in all Wal-Mart stores are MSC-certified. Wal-Mart carries pink salmon from an MSC-certified fishery in Alaska, at the cost of 9-10 cents/lb more on current market than the same species from non-certified fisheries.

Ensuring supplier compliance in China:

As the growth of China has exploded, the environment has become an increasingly important issue in that country. Wal-Mart believes it can make a major contribution here. **The company will work with the Chinese government and NGOs to make sure suppliers comply with Chinese environmental laws and regulations.** Wal-Mart will require its suppliers who export from China to certify that they meet key standards. It will include this certification in supplier contracts. The company will also have a mechanism in place to make sure suppliers meet these standards throughout the term of the relationship. The company hopes to see significant results within three to five years.

A new framework of standards and a single third party auditing system for retailers:

In the next three years Wal-Mart's goal is to build a framework of social and environmental standards for all major global retailers. The company believes there should be one third party auditing system for everyone. This will ensure improvement can occur across the board on a level playing field.

The leading global retail and consumer goods network, CIES, is working on this with Wal-Mart and a number of global retailers. The effort is now focused on social standards, but Wal-Mart believes it should be expanded to environmental standards as well. Wal-Mart CEO Lee Scott has called on all major global retailers to join the effort and has committed to meeting competitor CEOs to make socially and environmentally responsible sourcing a reality across the entire retail industry.

The Company of the Future: Global Innovation Projects

In each of the markets in which Wal-Mart operates around the world, our Associates are working hard to make our stores more energy efficient, reduce waste and provide our customers with products that sustain our environment. Through an effort we call Global Innovation Projects, associates are sharing the best ideas from around the world to drive sustainable business practices. The practices are incorporated into specific sustainability actions that are appropriate and relevant for each of the markets in which we operate. Global Innovation Project teams track their performance against a variety of key metrics to validate progress against our corporate sustainability goals.

- 1.) **LED lighting in refrigerated cases is being rolled out in the United States and our international markets.** LED lighting has been installed in refrigerated cases in 218 stores in our international markets with aggressive roll-out plans to retro-fit remaining stores. Wal-Mart China has been testing LED sales floor lighting for use in Supercenters.
- 2.) **In Mexico, we are adding wastewater treatment plants to all new stores and are retrofitting existing stores, with priority focus on those areas of the country most impacted by water shortages.** To date, we have added 235 wastewater treatment plants and are committed to installing these facilities for all Supercenters, Sam's Clubs and Bodega stores in the country. These initiatives are being evaluated by other markets around the world for implementation.
- 3.) **U.K. stores now divert 65 percent of store waste from the landfill.** In 2008 we are targeting the remaining 35 percent, with particular focus on bio waste. We are undertaking trials this year to send bio waste back to our ASDA Service Centers which provide waste consolidation services for our stores. There, the waste will be consolidated for use in bio-generators or Combined Heat and Power plants.
- 4.) **In Brazil, we have developed a partnership with the Cooperative of Collectors and Ecological Agents of Canabrava (CAEC), an association of formerly independent garbage collectors.** At 25 stores in the city of Salvador, CAEC recycles damaged corrugated cartons from stores, and has recycled more than 100 tons of cardboard since the end of 2005. Not only does this effort help divert waste from going to the landfill, but it also ensures employment for the collectors in the cooperative.
- 5.) **In Japan, we encourage our customers to use reusable bags as part of our "Hummingbird Program."** In 2007, working with our customers, we were able to reduce the use of plastic bags in our stores by 21 percent, or 60 million bags diverted from the landfill.
- 6.) **ASDA is leading all U.K. supermarkets on packaging reduction, and by the end of 2008 will have reduced food packaging weight by at least 13 percent versus 2005.** In 2008, ASDA will trial selling one and two-pint milk bottles with the handles removed to save plastic and will introduce a two-pint 80 percent RPET plastic bottle for organic milk. ASDA now sells zucchini packaged only in netting instead of a tray and plastic wrap, using 93 percent less packaging. Following the best practice introduced by Wal-Mart U.S., ASDA is selling concentrated fabric softener which uses 44 percent less plastic versus the old product packaging.

For more information, please visit www.walmartstores.com.

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