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Sustainable Agriculture and Local Sourcing at Walmart

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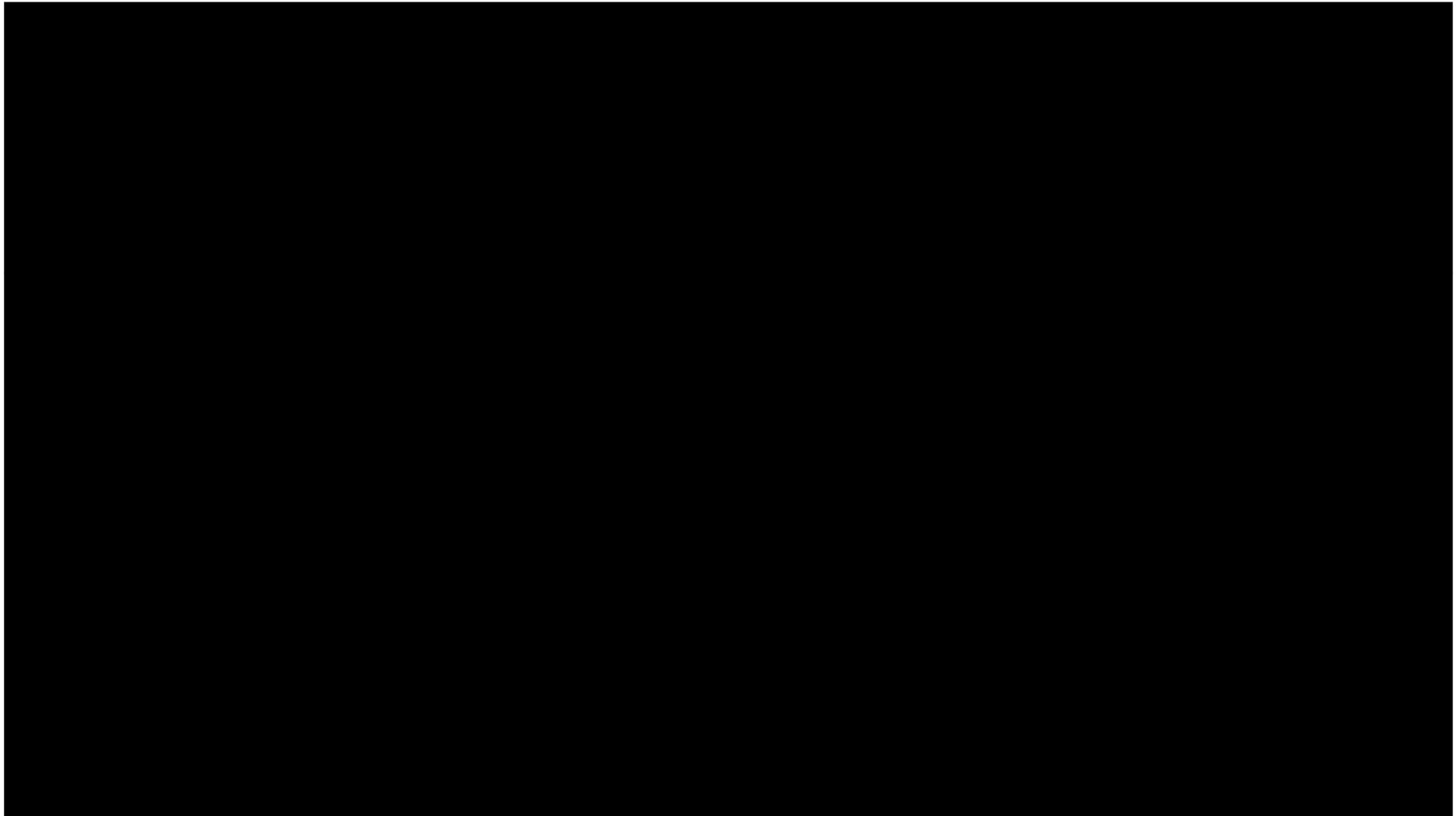
Vice President Produce & Floral
Walmart



Last updated 2-1-2013



Walmart Local Grocery Store: Lake Oswego



**Low prices.
Every day.
On everything.**



We ad match.

We match local competitors' printed prices.
Guaranteed.

We match the price of an identical product in a local competitor's store.
We do not match online prices or percent-off ads.

Coupons? You bet!

We gladly accept all valid manufacturer and printed internet coupons.
We also accept competitors' coupons that feature a specified price.

We don't honor double or triple coupon offers or percent-off or dollar-off coupons. We accept only 1 eligible coupon per item.



Our Foundation

**Every Day Low Prices and
Every Day Low Costs**

Our Company



1.4 million U.S. Associates

Over 4,000 U.S. stores

\$274 Billion in U.S. sales in FY2013



Our Vision of Sustainability



To be supplied by
100% renewable energy



To create zero waste

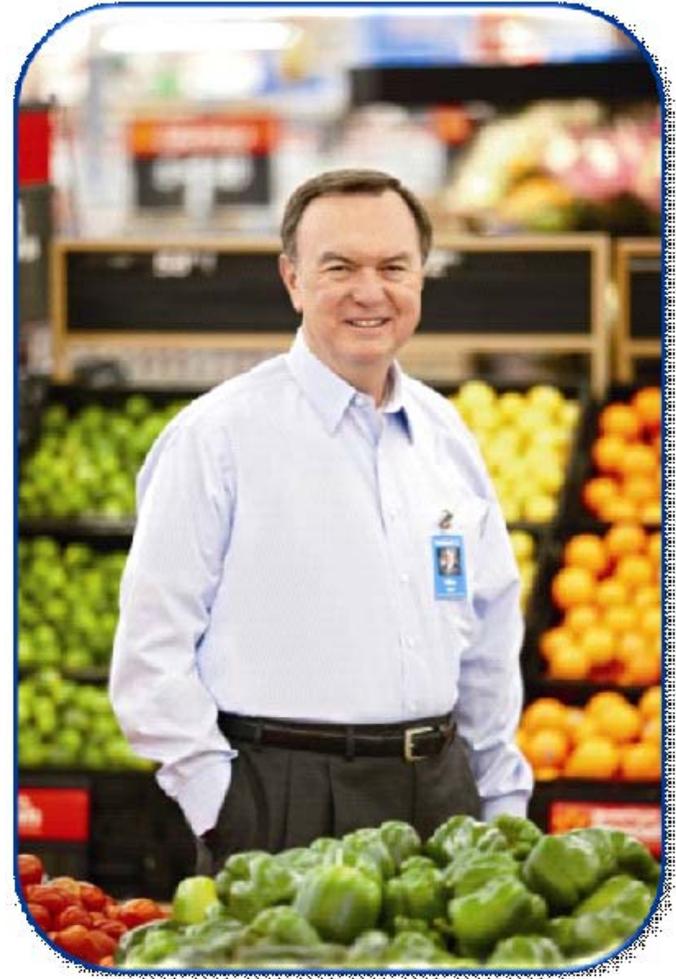


Sell products that sustain
people and the environment

Our Commitment to Sustainable Agriculture

“Sustainable agriculture is an area where Walmart can make a big difference for local communities, for local economies, and for families all over the world... I think we have a unique responsibility [through sustainable agriculture] because we are the world’s largest grocer. **We sell more food than anybody else in the world.”**

- Mike Duke, President and CEO, Wal-Mart Stores, Inc., speaking at the Oct. 2010 Global Sustainability Milestone Meeting



Walmart's Sustainable Agriculture Platform

Support development of farmers and their communities



- Increase sourcing from small and medium farmers
- Train small and medium farmers to adopt better, more sustainable practices.
- Improve access to markets.

Produce more food with less resources and waste



- Reduce food waste from field to store
- Plan with farmers to maximize crop utilization.
- Reduce food miles to add freshness & pantry life.

Sustainably source key agricultural products



- Work with farmers to reduce use of fertilizer, water, & pesticide per pound of food sold.
- Source a diversity of items in each growing area.
- Encourage GAP.

Empower women in agriculture



- Improve health and livelihood of women farmers by skills enhancement and economically sustainable hometown businesses.

Walmart's Sustainability Index



- Integrate sustainability into our **core business**
- Drive the productivity loop by reducing **cost**, increasing **product quality** and finding **supply chain efficiency**
- Increase customers' trust in us and the brands we carry by **leading in transparency**

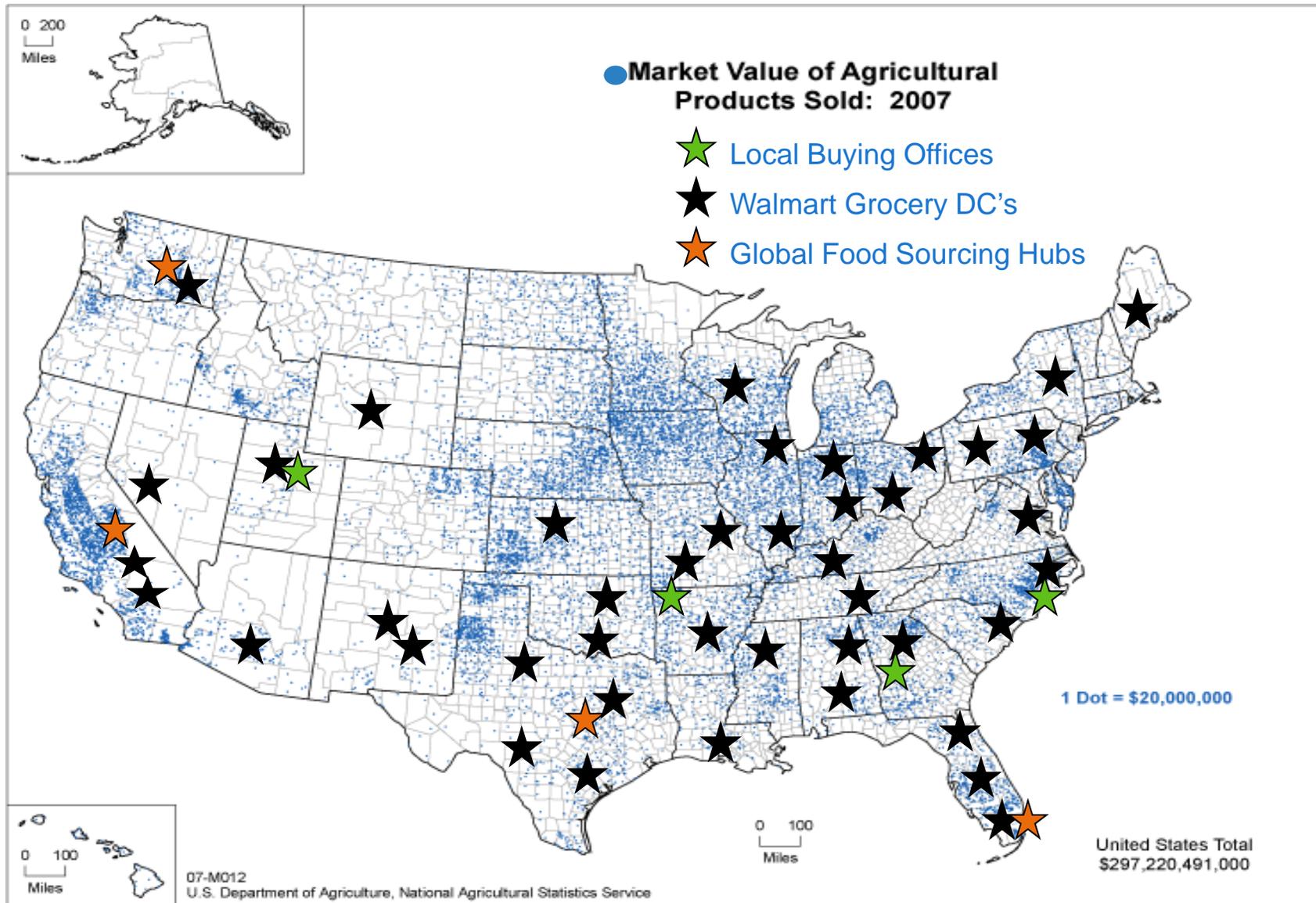
Using the Walmart Sustainability Index

Over **90%** of our footprint is in the **supply chain**

Significant global trends threaten our brand promise of 'saving people money so they can live better'. The Index helps us **evolve to meet these challenges to maintain EDLC**

- | | |
|---------------------------------------|--|
| • Resource scarcity: water & energy | • Supply shortages, price volatility |
| • Waste & inefficiency | • Opportunity for greater EDLC |
| • Traceability | • Operate for less by avoiding risk |
| • Food security and population growth | • Supply shortages, price volatility, opportunity to grow the business |

Our Network Gives Farmers Access to Markets



From Farm to Shelf to Table

Integrated Grower-shipper

- Generally corporate farming operations
- Sourced by GFS-Global Food Sourcing Team
- Shipped Farm to Packer to DC to Store



Packer Shipper Consolidator

- Medium to large farms providing product to suppliers
- Sourced by our GFS team or jointly with our Local Buyers
- Shipped Farm to Shed or Packer to DC to Store



DC Farmer

- Generally medium to larger farms...often family owned
- Sourced by GFS and Local Buying Teams
- Shipped Farm to Shed to DC to Store...may be aggregated by a 3rd party arranged by Walmart.

DSD Farmer

- Small to medium farms...usually family owned
- Primarily sourced by our local buyers or requested by our store associates
- Shipped from farm to individual stores



The Benefits of Locally Grown



Product

- Improve quality
- Improve freshness
- Store of The Community Knowledge



Community

- Support the economies that support our stores
- Provide good corporate citizenship
- Create jobs



Sustainability

- Reduce impacts due to transportation
- Encourage GAP in new production
- Reduce waste and improve utilization
- Increase productivity



Cost

- Reduce transportation and packaging costs
- Leverage utilization to lower costs per unit
- Leverage volume to reduce costs of inputs and production



Our Commitment to Nutrition

Make it easier to **live healthier** – by bringing better nutrition to kitchen tables across the country



- **Reformulating thousands of packaged foods**, such as reducing sodium and added sugars in select Great Value products
- **Saving customers \$1 billion/year** on healthier items, including reduced prices on produce
- **Developing a simple front-of-package icon** that debuted in produce and beginning to appear on select products making it easier to identify healthier foods
- **Opening between 275 and 300 stores** in urban and rural food deserts by 2016 to increase residents' access to fresh, healthier foods
- **Increasing charitable support for nutrition education** programs by donating millions of dollars through the Walmart Foundation

A Tool to Find Food That's Great For You



- Developed **rigorous nutrition criteria** for healthier foods, informed by the latest nutrition science and FDA's definition of Healthy
- The icon appears on **fresh fruits and vegetables**, and our private label foods that meet the criteria
- Currently **rolling out across the country** on qualifying packaged foods

Our Customers Want Locally Grown Produce



In-store marketing/promotions

Walmart is **doubling** our **U.S. sales** of locally sourced fruits and vegetables.



Buy Local. Buy Pride of New York.



Recognizing the Work of Local Farmers

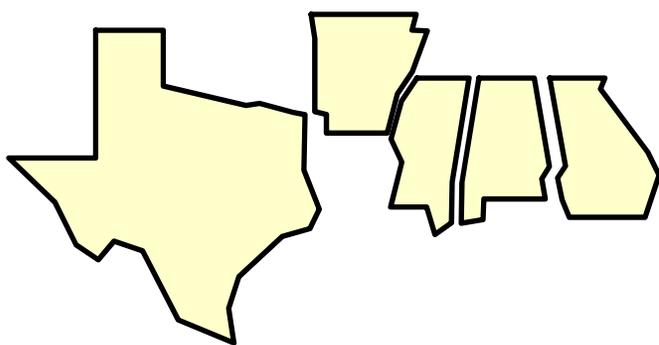


- A marketing campaign rolling out in 4 phases **highlighting local farm families** in most states across the nation
- These farmers are recognized for their **hard work and quality product**
- Many other farmers supply produce **grown and sold in their state**

An advertisement for Rousseau Farms. It features a family photo of five people standing in a field. To the left of the photo is a text box with the following text: 'Rousseau Farms', 'U.S. Rousseau arrived in Phoenix in 1892 and began farming that same year. His great grandson Will Rousseau is still growing vegetables in Phoenix and your farm. That's why we call Rousseau events, farms, and farms produce Rousseau Farming Community.' Below the photo is the 'Locally Grown' logo and the text 'Proud to support local farmers.' A small 'Arizona' logo is in the bottom right corner of the photo.

Growing the Future Pilot

- **Expertise:** Historical Black Land Grant Universities
- **Focus and Resources:** USDA Strikeforce
- **Leadership:** USDA OAO
- **Experience and Access:** Walmart and our suppliers
- **Buying Power:** Large commercial buyers including national retailers



Working with **the USDA Office of Advocacy and Outreach (OAO)** in Georgia, Alabama, Mississippi, Arkansas, and Texas to find scalable models for supporting underserved farmers and building sustainable ag economies.

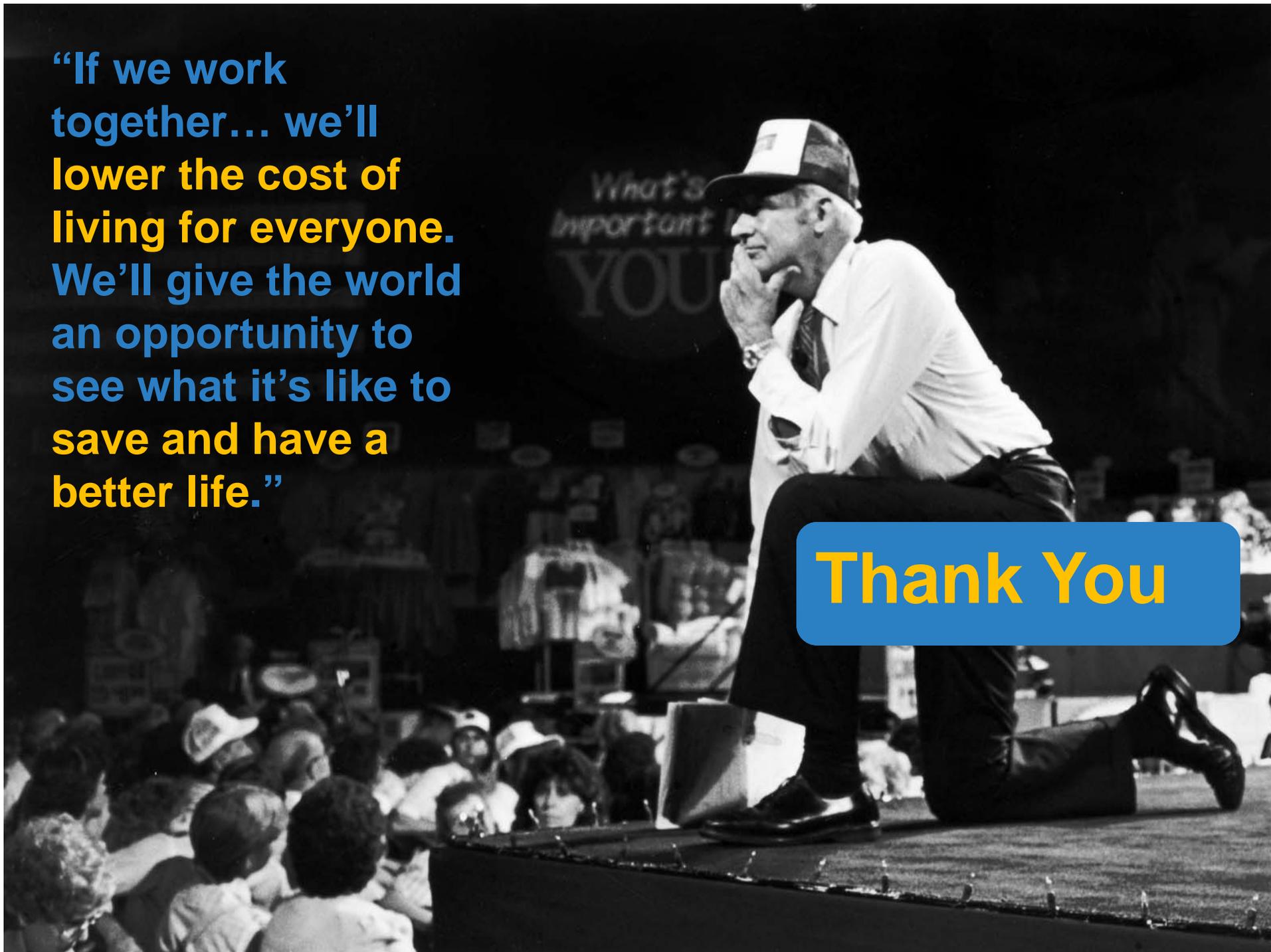
How We Address the Challenges Farmers Face



Partnerships Focused on Adding Customer Value



“If we work together... we’ll lower the cost of living for everyone. We’ll give the world an opportunity to see what it’s like to save and have a better life.”



Thank You