

CARE FOR THE ENVIRONMENT

WAL*





SMART

67

— ECO-EFFICIENT STORE
— ZERO IMPACT
— REDUCTION IN USE OF BAGS

CARE FOR THE ENVIRONMENT



Eu faço a diferença.
Uso Sacola Retornável.

WAL*MART *Brasil*
SUSTENTABILIDADE

Wal-Mart inaugurates eco-efficient store

**Changes shall
reduce energy
consumption in 25%
and water in 40%**

By opening its new store in the district of Campinho, in the north zone of Rio de Janeiro, end of 2008, Wal-Mart reached a new baseline in its sustainability program. The unit incorporated the largest number of initiatives accomplished by the company aiming at improving the socio-environmental efficiency of the operation. The changes are expected to reduce by 25% the unit's energy consumption, and by 40% the water consumption. The store serves as a test laboratory for a number of initiatives in sustainable engineering. Successful experiences are replicated to other stores of the chain. The inauguration of the first eco-efficient hypermarket was a major milestone for Wal-Mart Brazil, but other eco-efficient stores are under construction to be inaugurated in 2009.

To achieve the results, the store has a sewage treatment system, and the treated water is reused for toilet flushing, garden irrigation and yard washing. An energy management system determines how and when equipment and systems should be activated, reducing peak demands for these tasks. At the sales space, moderate use of air-conditioning is ensured by controllers installed in roof machinery regulating its performance according to the store's room temperature and working hours.

The use of reflective film, insulating panels, vegetation, and clear paint at the façade completes the system.

TECHNOLOGY AND EFFICIENCY

Similarly to most stores in the chain, the Campinho unit uses T5 model low consumption fluorescent lamps. An important differentiating factor, though, is the system that adjusts the use of artificial lighting according to the availability of natural light, further reducing energy consumption. At the external parking lot, photovoltaic panels are being tested to turn solar energy into electricity. The idea is to adopt more efficient technologies with the same investment.

The store will also serve to test the technical and economic viability of the initiatives for a larger number of stores, in addition to contributing to expand and improve the portfolio of sustainable initiatives available for future projects. The Campinho unit implemented 71% of the eco-efficient initiatives already used by the company in other units.

Wal-Mart intends to expand eco-efficiency to all stores of the chain across Brazil. On this line, each implemented technology which results to be efficient and economically feasible is incorporated in the daily construction of units.

POSITIVE INFLUENCE

Wal-Mart endeavors to combine the three sustainability pillars - economic, social and environmental development - into its commitment to saving people money so they can live better.

**SUCCESSFUL
EXPERIENCES WILL
BE REPLICATED IN
OTHER STORES**

The concept implies in a permanent care in the relations with people and enterprises, so as to positively influence the entire chain.

The company's objective is to democratize the sustainability practices to customers, suppliers and employees. The engagement happens both by the example and by the exchange of information. Suppliers act as partners in defining joint solutions, and employees receive training on initiatives and

guidance to keep customers well informed. Those, in turn, are fundamental pieces in the communication and engagement strategy for a healthier planet.

In Campinho, for instance, flyers printed on recycled paper explain every eco-efficient initiative at the store and provide tips for similar results at home. Customers can also have a closer view of the applications in guided tours of the store.

MAP OF SUSTAINABLE INITIATIVES AT THE CAMPINHO STORE



- 1. Renewable energy sources**
(Photovoltaic panels – solar energy)
- 2. Energy efficiency**
(LED illumination in refrigerators)
- 3. Cooling system**
(Intelligent air-conditioning)
- 4. Recycled and organic materials**
(Floors in exposed concrete)
- 5. Rain water collection**
(Porous concrete in circulation areas)
- 6. Responsible use of water**
(Waterless urinals)
- 7. Waste management and recycling**
(Correct disposal of construction waste)
- 8. Landscape planning**
(Permeable floor)
- 9. Sustainable construction**
(Use of vegetation to regulate temperature)
- 10. Training and awareness-raising**
(Visual communication of the initiatives)



More efficiency throughout the chain

Successful initiatives are replicated and reduce consumption at new stores

In 2005, Wal-Mart made the commitment to build new stores 30% more efficient by 2009, in addition to potentializing the performance of the existing chain in 20% by 2012. For this, the company introduced changes in the system of construction, remodeling and operation of its buildings. The selection of solutions to be implemented in new buildings considers the characteristics of lots, location and kind of store. The challenge is to introduce the largest possible number of eco-efficient actions to increase the generated benefit.

Different initiatives have been introduced at stores. Some actions were applied to 18 out of 34 new units inaugurated in 2008, such as the energy management system and the installation of automatic faucets, today found in most stores and offices across the chain. Refrigerated chambers received insulating panels in walls and floors in 25 new stores, and automatic doors were installed in 23.

Essentially important, waste management is also planned from construction to inauguration and during operation of the store. The implementation of appropriated processes for material separation, handling,

storage, transportation and disposal ensures effective management of the residues generated in the operation. For customers, recycling centers encourage local selective collection, contributing to development and income generation for refuse collectors' cooperatives. Landscape plans seek to preserve original trees existing in the lots.

SPECIFIC ACTIONS BECOME GLOBAL TARGETS

Not all adaptations require great engineering works. The Wal-Mart headquarters, in Barueri (SP), found specific ways to fight water waste in daily operations. Double-action flushing, automatic faucets and waterless urinals were installed at the restrooms. The measures were extended to all stores inaugurated in 2008, the nine distribution centers and other office facilities.

Also at the headquarters, lighting intensity is reduced at the lunch time in each department and at the end of the day, from 7 to 8 PM. During the night, all lights are turned off. The process for implementation of the new initiatives was accompanied by an engagement campaign that advertised the benefits of sustainable attitudes.

Proven results ★

One year after its inauguration, occurred in November 2007, good results are proving the efficiency of 47 sustainability-differentiated initiatives implemented at the Wal-Mart Supercenter Granja Viana, located in Cotia (SP). The 19.5% saving in energy consumption is the best example of success, and it was reached by efficient systems of air-conditioning, refrigeration and lighting.

Reduction in water consumption was 58.2% due to the installation of a system

to collect rain water and two sewage treatment stations. Water treated by two equipments is intended for general cleaning and garden irrigation. The large green area is also highlighted at the store. Beside the 6-thousand sqm constructed, there is an Atlantic Forest reserve in which 170 species of native plants were preserved. Integrated into the landscape planning, the parking lot was covered by concrete grass to absorb rain water and prevent environmental warming.



T5 lamps and skylight for better natural lighting

INNOVATIVE INITIATIVES

Building eco-efficient stores is a challenge that requires creativity and dedication. Many of the initiatives implemented today in the chain's units have been developed thanks to joint efforts of Wal-Mart and its suppliers. An example is the partnership with Novar, a company specializing in innovation.

The exchange of information between the two companies triggered the development of a project to install dimmers in T5 model fluorescent lamps, for real savings in energy and costs. The dimmer automatically controls the energy consumption of reactors, according to natural lighting.

The new technology was tested at the SAM'S CLUB Contagem, in Minas Gerais. The adjustment took eight months, and the outcome was a system to control illumination in the sales floor especially tailored for Wal-Mart. With this, energy consumption will be as low as 40% of the installed capacity in solar light peak hours.

Novar's global president, Dean Lindstrom, highlights the importance of having a customer willing to invest in new ideas. "Wal-Mart is leader in sustainability because it is a pioneer and doesn't mind testing new technologies, always in search for efficiency and best solutions, saving time and money", he observes.

The techniques learned from the tests will be used in other systems marketed

by Novar. "The beauty in the sustainability concept is that learning is shared and serves to promote new advancements", Lindstrom highlights.

SUSTAINABLE BUILDINGS

For considering civil construction a sector that really matters in search for sustainability, Wal-Mart is a founding member of the Green Building Council (GBC) in Brazil. With large expansion plans, in 2008 the company provided two training programs supported by the entity and intended for employees and suppliers. The development area has the objective of disseminating the concept and recycling professionals, in addition to encouraging the development of new techniques.

For Marcos Casado, a technical manager with LEED (Leadership in Energy and Environmental Design, the GBC's own certification system adopted in Brazil), it is important to bust the myth that sustainable buildings are expensive and time consuming. He stresses that the return on investment generated in the long run is much larger, especially for those who operate the buildings, as it is our case. "Wal-Mart pioneers the transformation of civil construction in the country. Although there is still too much to do, there is advance already, especially in supplier engagement. This is fundamental to promote solutions that are increasingly better and less expensive", he concludes.

PARTNERSHIP AND INFORMATION BOOST ADVANCES

Zero impact

A major environmental impact of retail companies is the generation of solid residues. For that reason, a global target of the company is to reduce it in 25%. To help fulfill it, in 2008 Wal-Mart Brazil started a process to organize its waste management, by establishing a specific area within the company to approach the topic.

In addition, it developed the Zero Impact program, prepared from mapping the characteristics of solid residues (recyclable, organics, light bulbs, batteries, among others) generated by the chain, and from the identification of the major difficulties for their treatment and final disposal.

The program is especially aimed at reducing solid waste generation by perfecting procurement processes, storage, transportation, and exhibition of products in displays. To that end, some practices are priority:

Reducing generation

The process includes initiatives to keep materials in their productive cycle, preventing them from becoming residues, and actions aimed at reducing overall generation. With the objective of minimizing environmental impacts caused by solid residues, Wal-Mart promotes process improvement, improved management, organized transportation of stored products, and fight against food waste (Food Bank).

Controlling generation

Residues will be always generated, for more efficient the operation may be. The process consists of the separation of residues and correct packaging and storage.

Treatment and final disposal

Generated residues shall be disposed of adequately considering the following practices:

- **Treatment of residues**

Refuse collectors' cooperatives and recycling centers: Organizations that separate different recyclable materials to be intended for recycling.

Composting Centers: will receive organic residues to turn them into organic composts.

- **Final destination**

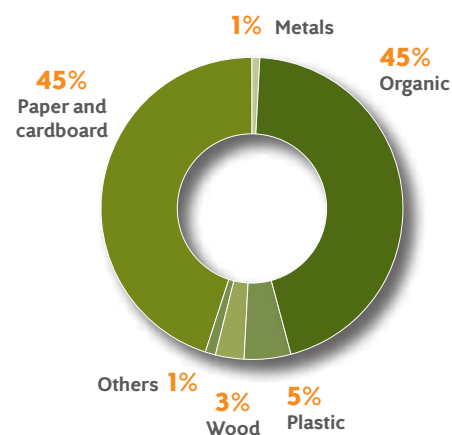
Landfills: locals that receive solid residues which could not be reused, recycled or composted.
Important: Any of these practices should consider only organizations bearing respective authorizations and required environmental licenses.

CONCRETE ADVANCEMENTS

The program's implementation started in 2008 and is divided in five consecutive

Project calls for correct destination of residues

SOLID RESIDUES CHARACTERIZATION



ZERO IMPACT – STEP BY STEP

1. Management Plan	2. Qualification	3. Implementation	4. Monitoring	5. Waste reduction	Zero impact
Preparation and approval of the Management Plan for Solid Residues	Training of responsible teams	Infrastructure preparation and identification of partners	Following up of indicators and identification of possible improvements	Reduction by 25% of residues intended for landfills	
RESULTS 2008¹					
89 stores ²	81 stores ³	5 stores	Not started	Not started	

¹It indicates how many stores had concluded each step at the end of 2008, without considering units only partially meeting the requirements or developing specific initiatives related to future steps.

²It includes units that had concluded steps 1, 2 and 3.

³It includes units that had concluded steps 2 and 3.

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Recycling Stations were installed in partnership with Coca-Cola

REUSE ★

- 72% of pallets
- 81% of hangers
- 53% of plastic boxes in perishables

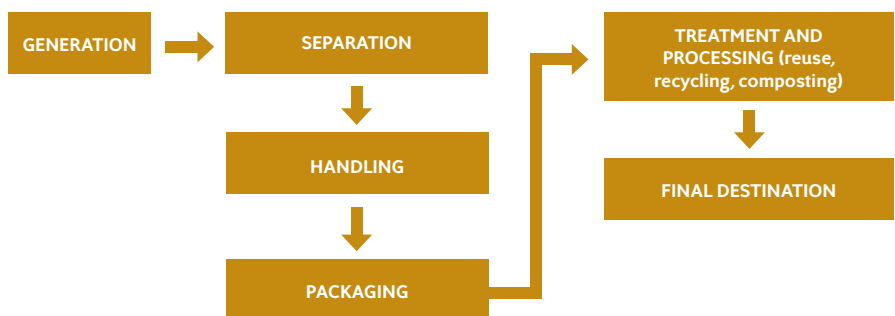
steps. The unit only advances to the next step after perfectly fulfilling the previous. Therefore, a unit in step 1 can have initiatives meeting steps 3 and 4, but they will only be considered after step 2 is fulfilled. The commitment taken by Management of Residues for 2009 is that 100% of the units in the chain complete the first and second steps, and it is expected that at least 50% of the units complete the third and fourth. In short, the objective is that all stores in the chain be within the Zero Impact program.

Initiatives ensuring correct destination of residues are multiplied throughout the chain. In 2008, 34 stores from Salvador (BA) had their materials recycled in partnership with the Canabrava Cooperative of Ecologi-

cal Agents (CAEC) and, also, Recycling Stations, installed in partnership with Coca-Cola, reached 236 units, cooperating with the development of 42 collectors' cooperatives. During the year, 4,318 tons of material were collected.

On this line, the transportation sector reduced by 68% the consumption of stretch plastic per pallet with the use of glue, and replaced cardboard boxes - which lasted only for five trips - by plastic ones, that last for 35. At the offices, consumption of plastic cups fell 40% with the distribution of reusable mugs, and paper savings reached over 50% after a campaign to use both sides of a sheet, the use of digital fax and removal of individual printers.

AT WAL-MART, RESIDUE MANAGEMENT CONSIDERS THE FOLLOWING STAGES:



Selective collection

Partnership created Recycling Stations in stores

236

RECYCLING STATIONS INAUGURATED IN 2008. INCOME GENERATION FOR 42 COOPERATIVES AND AROUND 2,500 COLLECTORS

A project performed by Wal-Mart Institute in partnership with Coca-Cola Institute promoted the installation of Recycling Stations in 236 Wal-Mart units. Containers intended for selective collection of plastic, paper, metal and glass help inform customers at stores and encourage recycling, especially packages after use. Residues are claimed by refuse collectors' cooperatives across the country, and are resold as an important source of income for them. Along the year, the project relied on the work of 42 collectors' cooperatives.

Wal-Mart started the installation of recycling stations at the stores in 2005. In March 2008 a partnership was launched with Coca-Cola to expand its reach. The action includes also technical support by Cempre (Business Commitment for Recycling), a non-profit organization. Coca-Cola is part of Cempre ever since the organization was founded in 1992.

PRODUCTIVE CYCLE

For the president of Coca-Cola in Brazil, Xiemar Zarazua, "the best way to protect the environment is to assure that used packages remain in the productive cycle". On this line, the company encourages material recycling, qualifies communities for its practice and supports the formation of new cooperatives.

By the end of 2009, the program intends to install volunteer delivery points of recyclable material in all stores of the chain, benefiting 80 cooperatives and 2,500 collectors with a source of income. "The partnership between a major industrial organization and a leading retailer to promote recycling is a pioneering action. We should use the strength of our brand names to encourage our consumers to do their part, offering opportunities such as the Recycling Station", Zarazua emphasizes. He explains that the stations work as an instrument for people to adopt sustainable practices, for the correct destination of the residues they produce.

Joint actions

The partnership between Wal-Mart and its suppliers collaborates to manage residues more efficiently. In an initiative implemented in 2008 with Nestlé Brazil Foundation, for instance, two Bompreço stores, in Salvador and Recife, received kiosks to collect packages of Nestlé products. At every seven packages returned, the customer is given a copy of the recipe magazine "Programa Nestlé Faz Bem Nutrir".

Diageo, beverage manufacturer, was partner in a pilot project to stimulate

glass recycling, and installed a collector at Wal-Mart Supercenter Tamboré, in Sao Paulo.

In partnership with the manufacturer of domestic appliances Whirlpool, with the brand names Brastemp and C&S, a pilot project was implemented to collect their product packages at the customers' houses, right after delivery of the products. In 2008 tests were made in Curitiba and Porto Alegre, and the collected material was donated to Rubem Berta Ecological Recycling Association, Zumbi dos Palmares Refuse Collectors' Cooperative, and Santo Aníbal Association.



Sustainable Retail Award

In its first edition, almost 900 entries

In 2008, the 1st Sustainable Retail Award, promoted by Wal-Mart, invited technical secondary and college students from all over the country to think of environmental innovations to be applied to retail. A pioneering initiative in retail, the award aimed at fostering and raising discussions on sustainability in all areas of the academic community.

Submitted works featured proposals aligned with the need to change for the benefit of future generations. In its first edition, the Award received almost 900 entries, a number in excess of the company's initial expectations. The quality of projects also called the attention, and a mention of honor was included in addition to awards for the three best works. The judging committee consisted of Osvaldo Stella, from the Green Initiative, Alcir Vilela Júnior, from SENAC, Jozeti Barbutti Gatti, from CETEA (Center of Packaging Technology), and Raquel Diniz, from Akatu Institute.

The initiative awarded the three best projects - in equal prizes - notebook compu-

ters and R\$ 5 thousand worth scholarships, in addition to a mention of honor. During a week, winners were invited for technical visits to the chain's Sustainability Department, in Sao Paulo.

YOUNG AND CREATIVE

Adriano Augusto França Pimenta, Production Engineering student, Minas Gerais Federal University (Belo Horizonte), one of the winners, submitted the Green Retail Program, intended to recognize and reward sustainable actions from consumers, suppliers and employees, through a program of points.

Roberlei César Dal Sasso, Environmental Engineering student, Minas Gerais State University, in Passos, developed the Organic Cycle Project, in which residues generated in a store would be sent to partnering agricultural properties to be transformed in fertilizers for organic plantations. Cultivated products would be marketed at the stores of the chain.

Another proposal, by Marina Porto Alegre Valente, studying Architecture and Town Planning at Pontifícia Universidade Católica of Paraná, in Curitiba, also approached waste, under the perspective of its reduction. Under the name Cleaning Product Refill System, the project proposes that disposable packages of non-abrasive cleaning products be replaced by returnable ones.

A system for collection and storage of organic residues, conceived by Paulo Paiva Oliveira Leite Dyer, student of Environmental Engineering at Universidade Estadual Paulista, in Sorocaba, deserved the Mention of Honor. The Intelligent Collector and Market Residues Management involves the transformation of collected residues in fertilizers for donation to social entities maintaining vegetable gardens for their own consumption.

Winners, 1st edition, Sustainable Retail Award



Plastic bags

Company's target is 50% reduction in their usage

PILOT-PROJECT OFFERS DISCOUNTS TO CUSTOMERS WHO DO NOT USE PLASTIC BAGS

The consumption of plastic bags imposes a great challenge for the company in the fight against residues. In the country, the chain consumed 1.4 billion units of the product in 2008, equivalent to 5.32 thousand tons of plastic resin. In search for efficient solutions to reach the daring goal of reducing its consumption in half by 2013, Wal-Mart Brazil conducts researches and projects aiming at offering sustainable alternatives to plastic bags.

To reach the goal, Wal-Mart has been developing several projects aiming at reducing the use of plastic bags at stores. In 2008, a pilot-project in three stores from Curitiba - Mercadorama Mundo Novo, BIG Pinheirinho and Maxxi Jardim das Américas - presented customers some alternatives to plastic bags. Among the alternatives, such as boxes and paper bags,

cotton bags stood out, and, therefore, the alternative was selected for appearing in units of the entire chain. With cream color, and carrying the message "I make a difference. I use Returnable Bag", they were distributed to all Wal-Mart stores in Brazil and to over 70 thousand employees. By the end of 2008, 838 thousand units were sold.

In December 2008, a program was implemented in the stores Bompreço and Hiper Bompreço in the cities of Recife and Salvador to offer financial discounts to customers who do not use plastic bags. The discount is automatically calculated at the checkouts. A discount of R\$ 0.03 is granted per saved plastic bag (the real cost of each bag) at every five items purchased. That is: when acquiring 200 items, the customer will save R\$ 1.20. In case the customer buys less than five items without using a plastic bag, the discount is also granted.

In only two months, 1 million plastic bags were saved. The initiative has received from the Legislative Assembly of Pernambuco a "Mention of Applause for socio-environmental responsibility actions at stores with discounts to customers who saved plastic bags in Bompreço stores". In 2009, the initiative is to be expanded to other cities where Wal-Mart operates.

Another initiative aimed at fighting waste was the adoption of plastic bag dispensers at the checkouts, for one bag at a time restraining unnecessary use. In 2009 the campaign "Another item in the bag" will be reinforced to guide customers assisted by packers to accommodate more items in each bag. And, to prevent the material from becoming waste, Wal-Mart stimulates their recycling through recycling stations installed at the stores.

In only two months, 1 million plastic bags were saved





Investment in Amazon conservation

Project promotes forest conservation and fosters local social development

According to the Intergovernmental Panel on Climate Change (IPCC), wildfires in rainforests represent between 16% and 25% of total CO₂ emissions around the world, and the Brazilian emission inventory points deforestation in the Amazon as the main source of greenhouse gases, with almost 80% of total. To protect the Amazon is, therefore, a most efficient way to limit climate changes in the planet. That is the reason for which Wal-Mart, in partnership with Conservation International (CI) NGO, supports the project for conservation and sustainable management of the Amapá's National Forest (Flona).

Started in 2008, the project aims at the implementation of a sustainable management plan for that portion of the Amazon Rainforest within five years. During this time, the institutions will be responsible for investing R\$ 5 million – R\$ 2.5 million each – in two different stages: the construction of an adequate infrastructure and mapping of the entire flora and fauna in the forest's 412 thousand hectares; followed by a diagnosis on how to use its economic potential in a sustainable way.

The main target is to preserve the area and its wealthy biodiversity, whilst offering a better life to the families living in the region. Through a technical cooperation agree-



Flona conservation in Amapá will prevent the emission of 458 million tons of carbon

ment with Chico Mendes Institute for Biodiversity Conservation (ICMBio) and Peabiru Institute, the project aims at creating a sustainable business plan. On these lines, the region's potentials will be surveyed for the development of economic activities without disrupting the environment, to generate income and autonomy to local dwellers. The objective is to preserve the forest by means of local human development. A model shall also be created to replicate in other conservation areas in the future.

The Amapá's Forest was delimited in the 1970's but a management plan has never been developed. Forest maintenance will prevent 458 million tons of carbon from being released in the atmosphere, and will assist in the conservation of natural resources that will provide goods and services to future generations.

FIRST STEPS

The project's Advisory Council was created in October 2008. Consisting of pri-

vate enterprises, public agencies and local residents, the Council will be responsible for coordinating the project and for all legal attributions. Through the Management Plan, prepared to promote human development, Flona is to become a conservation model to be replicated in other forest areas.

Global warming

Wal-Mart endeavors to minimize the impact of its operations in climate changes and, by 2012, it aims at reducing by 20% its greenhouse gas emissions. Since 2007, the company plants trees in the required amount to neutralize emissions generated in corporate events. During the year, 6,673 seedlings were planted.

And, with the 'Carona Solidária' program (carpooling), the company encourages employees to share transportation in commuting. Implemented in all cities where the company operates, the program has most followers in Sao Paulo, with 26% of all enrolled.