

**INTERVIEW WITH
THE PRESIDENT**



Positive influence

Héctor Núñez stresses the major role of retail in disseminating good practices

With well-coordinated actions throughout the entire chain and clear performance goals, Wal-Mart endeavors to perfect its own business model whilst not neglecting people well-being and the environmental preservation. In the interview below, the company's president in Brazil, Héctor Núñez, talks about the sustainability principles that guide the company's activities in Brazil, and the advancements attained so far.

How does Wal-Mart incorporate, in practice, sustainability concepts to its activities as a retail chain?

Since 2005, when we set daring targets in Brazil and the world, it has been our understanding that sustainability could not be a discrete department or a concern separate from key business areas. In fact, socio-environmental responsibility has to become part of all stages in our operation, as a center ring in our management model. And not only for our direct contribution to communities and the environment, but also for the potential of influence retail exercises in two ends of the productive chain: suppliers and customers.

To make it come true, we have implemented multifunctional workgroups on a number of sustainability-related topics such as energy, waste, products and packaging, relying on the direct participation of company's top executive officers. The groups assemble on a quarterly basis to present results.

What is the connection between sustainability and the corporate mission: saving people money so they can live better?

I am very proud to work for a company that has such a mission. It is quite more

comprehensive than simply buying and reselling goods at fair prices. We want that all people who interact with us live better. Our customers can save money to better manage their own budgets. Our employees have the opportunity to grow and develop in an encouraging, inclusive environment. Suppliers rely on our partnership to boost their own businesses. The community benefits, for instance, from projects such as the integrated local development of a district in Recife - Bomba do Hemetério - or the Amapá's National Forest (Flona).

The concept of living better is present also in projects such as the Community Store, through which we offer low income people a solutions center to improve their lives, with services such as issuance of documents, medical attention, professional courses, popular bank, and LAN house for digital inclusion.

From the standpoint of suppliers, how does Wal-Mart engage them?

We endeavor to share our vision and socio-environmental goals with all suppliers. Many of our commitments - such as good labor practices and respect for human rights - are expressed in our contracts, with clauses on child labor and forced labor.

In half-yearly meetings that we maintain with leading suppliers we discuss such topics as sustainability, trying to create joint solutions. We managed to advance in many aspects: we worked with our suppliers to reduce the size of some product packages, extended our offer of organics to over 1,500 items, and developed new products, in addition to joint support to social projects.

“WE WILL INVEST R\$ 1.6 BILLION IN 2009, GENERATING 10 THOUSAND DIRECT JOBS”

1.5 thousand

ORGANIC PRODUCTS ARE ON THE SHELVES



How does Wal-Mart participate in sector pacts led by the Sustainable Amazon Foundation (FAS) in 2008?

We actively participate in the pacts to ensure that our suppliers would not produce in Amazon preservation areas. At the year end, we included the pact commitments in our commercial contracts. We will monitor the compliance and, in case irregularities are found, the companies will be given a time to correct or contracts will be terminated.

The company is clearly positioned in that issue regarding social and environmental topics. In 2008, for instance, we conducted a campaign to collect signatures to change the legislation on compulsory labor. Through the initiative, we collected 103,841 signatures from the total 147,071 signatures collected by the movement (March 2009). Further to not engaging in business with companies using compulsory labor, we will defend the expropriation of their lands.

You mentioned the Community Store. How do they work?

The Community Store is a great evolution in retail not found anywhere else in the world. In a single place, we gathered together our business model and a service center customized to the community's interests. The project is a solutions center for the region, for easier ac-

cess to services not always offered in popular districts, either at low prices or for free. It is our understanding that it greatly benefits the community, employees, as well as the company, which strengthens its ties with our customers.

It is different from Bombando Cidadania (Pumping Citizenship), a social project held in the district of Bomba do Hemetério in Recife. Through the project we learn how to work together with the public authority, NGOs, labor associations and suppliers to provide human development and improvement to local life. We provide technical support, methodology and financial resources for the community to stand on its own and manage itself.

At the Amapá's National Forest (Flona), in turn, the objective is also assisting the development of people by adopting sustainable management practices in the forest. With Conservation International (CI) and Chico Mendes Institute (ICMbio), we will work on social aspects to provide the local population with health, education and economic development through activities such as sustainable fishing, apiculture, and handcrafted products. The outcome will be 412 thousand hectares of preserved nature - as a matter of fact, it is the most beautiful place I have ever seen.

What are the company's expectations with the inauguration of the chain's first eco-efficient store, Wal-Mart Supercenter Campinho, in Rio de Janeiro, a highlight in 2008?

The store is yet another advancement in those things we have been doing in the last years to fulfill our commitments with sustainability. The store in Campinho should not be only an icon, but a laboratory for new technologies and the lessons learned shall be replicated in other stores. Our commitment to sustainable buildings will be even more aggressive in new units. An eco-efficient store is a blend of saving, environment and social responsibility. Regarding the building, the store minimizes environmental impacts by using initiatives such as solar energy for external lighting, rainwater



collection, permeable areas over the surface, solvent-free paint, and efficient waste management.

The eco-efficient store in Campinho was built to reduce energy consumption by 25% and water consumption by 40%. Our new buildings will incorporate an even larger number of eco-efficient initiatives. In existing stores, changes will be incorporated during remodeling to reduce the environmental impact of operations.

Still in the environmental area, another great learning in 2008 was the Zero Impact program, to reduce the waste generated at stores and their correct disposal. The initiative anticipates the legislation change on the subject – as we did with the 6-month maternity leave –, as we believe it is the correct thing to do regardless of the law. The next step is reduction of waste in 25%.

What does diversity mean to the Wal-Mart business in Brazil?

From my point of view, diversity is survival. If our company does not reflect the country's diversity in an ethical, cultural way, we are disconnected from the consumer. We endeavor to bring all such diversity to our stores and throughout the corporate environment. I believe it enriches the way the company thinks and acts.

How is the professional development process conducted in Wal-Mart in Brazil and the rest of the world?

We are a global company but we work in a very independent way. Around the world and in Brazil in particular, our employees have huge growth expectations. The company grows at accelerated pace: we came from 26 stores in 1995 to 345 in 2008. In 2009 we will open other 90 – and will continue to grow. Therefore, the possibility of people growing up is impressive here. I will always say that everyone can do and be whatever they like in the company. It all depends on their will and their ability to make use of the development opportunities and support offered by the company.



How does such support happen in real life?

In 2008, we held over 2 million hours of training and invested in employee qualification at all levels. We also launched a trainee program at our offices to attract new talents. It is worth stressing that training activities are not only technical; there are qualification programs in management, leadership and corporate culture.

The sustainability training, in partnership with Instituto Akatu, involved more than 20 thousand employees and approached its meaning for each individual, for the community at large, and for the company. It is not a corporate program. The objective is to make all understand and adopt the behavior, which is good for every individual and for the world. Wal-Mart knows well about our potential to influence other stakeholders, therefore the partnership of employees is fundamental. With our penetration, we intend to become a catalyst in the process of raising the Brazilian population's awareness.

Wal-Mart intends to inaugurate 90 new stores in 2009. Even with the crisis, are investment plans maintained?

Yes. No doubt the crisis impacts the whole world, but I think Brazil is structurally in a strategic position as it managed to diversify its

“WE SHARE OUR VISION AND SOCIO-ENVIRONMENTAL GOALS WITH ALL SUPPLIERS”

products and export destinations in the last 15 years, and it no longer depends on a single partner or on a specific item. In my opinion, Brazil will be strengthened with the crisis.

At Wal-Mart, we will keep our investment plans because the crisis is an opportunity to act in an strategic way. In line with this, we will invest about R\$ 1.6 billion in the country, generating some 10 thousand direct jobs.

I also believe that the crisis will evidence the real commitments of the business community with sustainability, separating companies that approach it only in marketing activities from those which effectively incorporate the subject into their business strategies. At Wal-Mart, we are accelerating even further our actions to 2009, because the planet's demands will continue.

