

## **Deforestation Policy**

### **Sustainable Products at Walmart**

Our customers count on Walmart to deliver affordable products in a way that is sustainable for people and for the planet, through actions that build transparency and trust. We work with others, including suppliers, NGOs, and governments, all along the supply chain to help improve the sustainability of products we sell. We do this while aiming to offer quality products at affordable prices with a time-saving shopping experience.

### **Sustainable Forests**

Walmart recognizes the important role of healthy forests for society, as well as for our business. Forests provide numerous benefits to people and the planet: a home for people that live in forests, habitat for a vast number of species, carbon storage, and water flow regulation and purification. Forests are directly responsible for 1 in 4 people's livelihoods, they are important sources for products like paper and furniture, and they provide fundamental environmental services that people and agriculture depend upon.<sup>1</sup> As the global population increases, Walmart believes that changes to sourcing and production of products are necessary in order to continue to meet the expectations of our customers and to help preserve forests as a resource.

### **Walmart's Position**

Walmart understands that our aspiration to deliver more sustainable products means leveraging our position as a trusted retailer and brand to help protect forests and biodiversity, while working to reduce our carbon footprint. We believe we can deliver the greatest impact by creating a higher demand for zero net deforestation products, supporting and enabling transparency, and investing in sustainable sourcing regions.

As a member of the Consumer Goods Forum, we supported the resolution to achieve zero net deforestation in our supply chain by 2020. In 2015, we also joined public and private sector leaders and signed onto the New York Declaration on Forests. In furtherance of these public commitments, and as described below, Walmart is focusing on four key commodities that, according to the World Economic Forum, are responsible for more than 70% of global deforestation in tropical forests: palm oil, pulp and paper, beef, and soy.<sup>2</sup> Although we are focused on these four commodities for 2020, we recognize that additional production types also contribute to deforestation such as other food types, lumber and forest-based fabrics. We encourage our suppliers of these types of products to work to source products produced with zero net deforestation as well. We ask suppliers to avoid ancient and endangered forests, to encourage conservation solutions, and to increase recycled content.

Walmart recognizes that no company can solve deforestation on its own and that we must leverage our ability to promote sustainable agricultural production and sourcing beyond our private brands, and even beyond our retail supply chain. We recognize the importance of collaboration with our suppliers, our peers, governments and NGOs to address deforestation and promote sustainable production at an industry level. This will require new approaches and solutions at both the jurisdictional and landscape level that drive results on the ground by engaging both governments, to improve policy and increase scale, as well as the market with clear demand signals for more sustainable products.

We will publicly share our progress annually in our Global Responsibility Report and will continue to engage in the development of public disclosure tools and reports.

## **Key Commodities**

### **Palm Oil**

Palm oil is an ingredient in a variety of food and consumer products, and is also widely used as cooking oil in many parts of the world. According to the World Wildlife Fund, high demand for palm oil has contributed to deforestation, which increases the amount of greenhouse gas released into the atmosphere through burning of forested lands, and leads to the loss of natural habitat of endangered species and conflict over land and natural resources.<sup>3</sup> To address these and related issues in the palm oil supply chain, stakeholders created the Roundtable on Sustainable Palm Oil (RSPO) to develop and maintain global standards for sustainable palm oil.

### **Walmart's Goal**

By 2020, Walmart's aim is that private brand products with palm oil will be sourced with zero net deforestation in accordance with the principles and criteria of the RSPO, or equivalent, standards.

### **Our Approach**

We ask our global private brand suppliers to:

Source and use palm oil in accordance with the principles and criteria of the RSPO (mass balance and segregated supply chain systems), or equivalent standards, in 100% of Walmart private brand products by the end of 2020.

Engage with the RSPO standards review process to improve the existing standard to sufficiently cover guarding against the expansion into high carbon stock forests, protecting peat lands, reducing greenhouse gas emissions and improving quality control.

Maintain (and make available upon request) comprehensive records about the volume of crude palm oil and verification of sustainable palm oil used in Walmart private brand

products on an annual basis, as well as disclosing the origin (geographic region, country, state/province, plantation, and trader) by 2020

We also encourage our national brand suppliers to improve their palm oil sourcing practices in accordance with the RSPO. Walmart will continue to advocate, alongside the RSPO, NGOs, suppliers and others, to make zero net deforestation the norm in the industry – including encouraging a multi-stakeholder approach to strengthen current standards.

### **Pulp and Paper Products**

According to the Food and Agriculture Organization of the United Nations (FAO) forty percent of the world's annual industrial wood harvest is processed into paper and paperboard.<sup>4</sup> Sustainable sourcing of these products is important to foster forest health and to secure availability of forest resources into the future. Sustainable forest management protects biodiversity, High Conservation Value (HV) and High Carbon Stock (HCS) areas, enhances ecosystem functions and water quality and quantity, helps prevent conversion of natural forests to plantations or other land uses, helps promote indigenous peoples' and worker rights, and mitigates greenhouse gas emissions.

### **Walmart's Goal**

By 2020, Walmart's goal is that private brand products made of pulp and paper will be sourced with zero net deforestation. Walmart aims to implement sustainable pulp and paper procurement practices that promote sustainable management, conservation, protection and restoration of the world's forests. Our primary focus is on products containing pulp and paper from wood fiber, since it is the predominant material used in the creation of our paper products.

### **Our Approach**

We ask our global private brand suppliers to:

Proactively conduct risk assessment to understand forest fiber sources and species used, and transition supply away from higher risk sources to certified and recycled sources.

Source virgin fiber from sources certified to internationally recognized forest, fiber, and chain-of-custody certification standards. We expect suppliers to be able to track and report the origin of their fiber raw materials. We recognize Forest Stewardship Council (FSC), Sustainable Forest Initiative (SFI) and Program for Forest Endorsement (PEFC) certification programs, with preference for FSC certification – especially in high priority countries<sup>5</sup> – when it is available in quantities, performance characteristics and prices that meet our suppliers' needs.

Work to increase the use of recycled content where feasible. The use of recycled fiber has reached high levels in some paper grades, but there are still opportunities to increase recycled fiber usage where technical and quality specifications allow.

Maintain (and make available upon request) comprehensive records about the volume of pulp and paper products and certification status of fiber and recycled content used in Walmart private brand products, as well as the country of origin and wood species used to make the fiber.