

Sustainability, Solid Waste and Recycling

“Sustainability the Wal-Mart Way”

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WAL★MART®

Presentation Objectives:

- Introduction to Wal-Mart, Sam's and Neighborhood Markets
- Understanding Wal-Mart's vision of the "Zero Waste" Philosophy
 - Wal-Mart's "Sustainability" Organization
- Wal-Mart's Commitment



The Wal-Mart Philosophy: “Save Money – Live Better”



“Bring convenience, value, good jobs and a better way of life to each neighborhood we serve.”

WAL★MART®

The Wal-Mart Formula...

EDLC = EDLP



The Wal-Mart

You may not know...



Chicago, IL



White Plains, NY



Cape Coral, FL



Baldwin Park, CA



Westminster, CA



China

Facility Types:



- Wal-Mart Stores
- Sam's Clubs (Small Business/Warehouse Sales)
- Neighbor Markets (Grocery)
- Regional Distribution Centers (Perishable, Dry Grocery, general merchandise,
- Merchandise Return Centers
- Merchandise Warehouses (Fashion, Jewelry, Pharmacy, Used Fixtures, etc.)
- Office Complexes (Home Office, Accounting, Regional Operations, Districts, Transportation, Logistics, Claims Administration, etc.)
- Import Warehouses
- Data Processing/ISD Facilities
- Layout Center
- Telecommunication Centers
- Tenant Services (Branded Foods, Banks, Hair, Portraits, Nails, Arcades, Appliances, etc.)
- Emergency Operations Center
- Aviation Facilities
- Optical Labs
- Sign Shop
- Print Shop
- Associate Store
- Fitness Center
- Tennis Facility
- Recycle Facilities
- Fleet Maintenance Shops
- Record/Archival Storage Facilities
- Automotive Service Centers
- Gas Stations
- Dark Stores

Did You Know !

WAL-MART...

- ...is the Nation's largest private employer - 1.8 million associates worldwide, including 1.3 million in the United States (hires nearly 2000 people per day)
- ...operate more than 7343 stores/clubs in 14 countries (4195 U.S. Stores/Clubs; 3148 internationally)
- ...is on of the largest single user of electricity in the U.S.
- ...operates the largest private trucking fleet – 8000 drivers, 6845 tractors and 43,650 trailers
- ...is the largest cash contributor in the U.S. - charitable giving exceeded \$300 million in 2007, the majority was given at the local level – named the #1 corporate cash contributor in America.

Sustainability...

An Opportunity:

- “We’ve been dealing with jobs, health care, community involvement, product sourcing, diversity and environmental from a defensive posture...”
- ...when in fact they represent gateways for Wal-Mart in becoming the most competitive and innovative company in the world”



Lee Scott

21st Century Leadership

October, 2005

Sustainability...

The Decision?

Is it
Sustainable
from a
Business
Perspective?



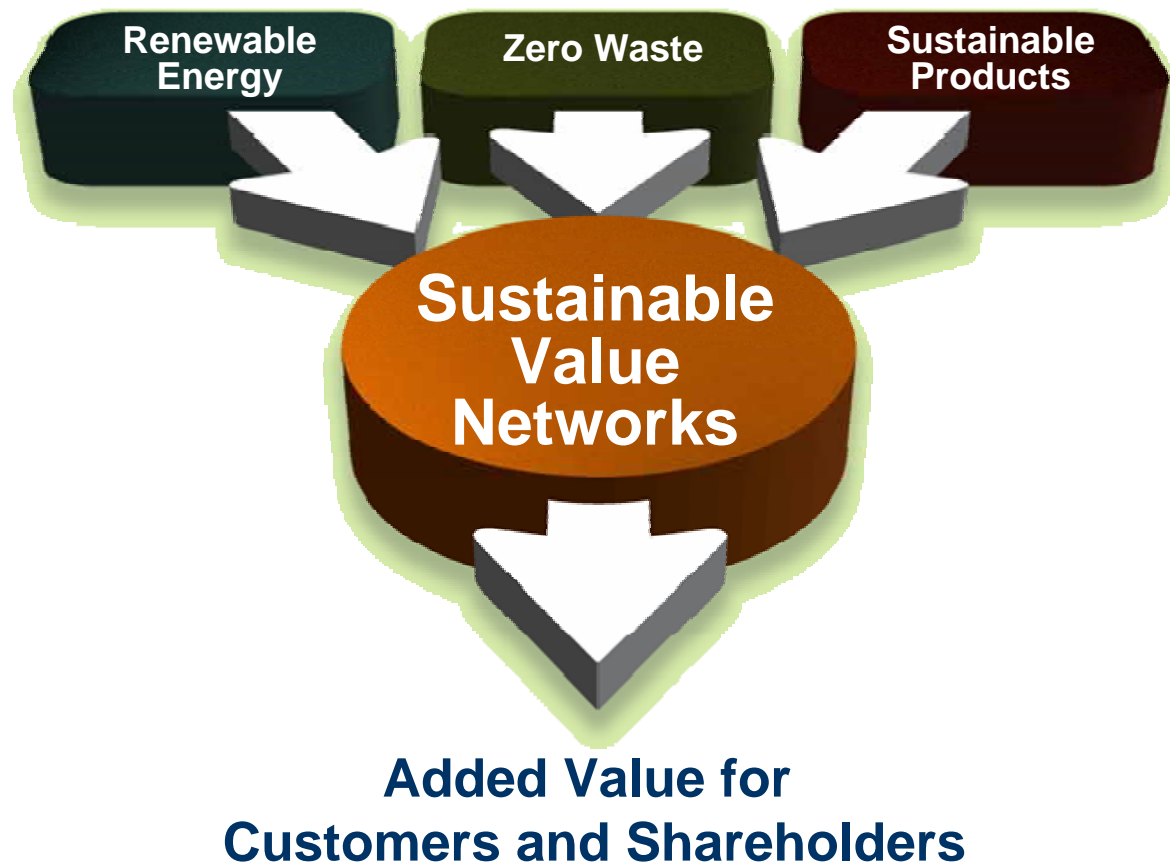
Sustainability...

Wal-Mart's Strategic Environmental Goals:

- (1) To be supplied 100% by **Renewable Energy**.
- (2) To create **Zero Waste**.
- (3) To provide **our customers with products that sustain our natural resources and protect the environment.**



Sustainability Organizational Structure:



Sustainability Value Networks:

Renewable Energy

- | |
|------------------------------------|
| (1) Global Greenhouse Gas Strategy |
| (2) Sustainable Buildings |
| (3) Global Logistics |
| (4) Alternative Fuels |

Zero Waste

- | |
|---------------------------------------|
| (5) Operations & Internal Procurement |
| (6) Packaging |

Sustainable Products

- | |
|----------------------------------|
| (7) Textiles |
| (8) Electronics |
| (9) Food, Agriculture & Seafood |
| (10) Forest and Paper |
| (11) Chemical Intensive Products |
| (12) Jewelry |
| |
| |



Sustainability:

The Reality



- **To work, you must be Committed to *Sustainability***
 - (“feel good” vs. business sustainable)
- ***Sustainability* is good business!**
 - “***Being Green***” is no longer about TREE HUGGING; it is about good business, domestic, foreign policy and global survival
 - Sustainability will provide *National Security Options*
- **No “*Sustainability Playbook*”**
 - Scale and scope of services
 - Big single solutions will not work – must move forward in reasonable fashion and seek options best for that application
 - Must seek out-of-the-box Innovations and different ways of doing business
 - Life Cycle Analysis

Sustainability Practices:

Changing the way you think about business:

- *Recycling vs. Materials Management*
- *Waste-to-Shelf*
- *Sustainability is “Common Ground” shared by competitors (Benchmarking)*
- *Choose to do business with suppliers/vendors who set their own environmental/sustainability goals and aggressively follow it*
- *Continually seek for Waste Diversion Savings and Recycling Revenues*
- *Challenge your existing “Business Model” - Sustainability will take us outside of the “Core” business. How far are you prepared to go?*
- *Long-standing “solutions” and “ways of thinking” will change*
While we tend to think domestically, true sustainability can only be accomplished globally – must apply “lessons learned” and sustainability leverages into both the local and global communities

Adopting a “Zero Waste” Business Model...

- “ZERO WASTE” is a philosophy, design principle, goal in which you commit to:
 - Creating “Zero Waste” behavior
 - Journey vs. Destination
 - Utilizing purchasing practices that promote no waste
 - Connect upstream with downstream
 - Redesigning products and packaging
 - Adopting *Extended Producer Responsibility*
 - Managing your excess materials as “resources” not “waste”

Renewable Energy Goals:

“Using, Encouraging and Investing in Renewable Energy is Good for the Environment and Good for Business”

- Eliminate 30% of the energy used by the stores/clubs
- Reduce green house emissions by 20% over next 7 years
- Design stores that are 25-30% more efficient with next 4 years
- Double the fuel efficiency of our trucks/fleet



Sustains Business: by improving our fleet efficiency by 1 mile per gallon, we save over \$52 million in cost

Zero Waste Goals:

“Reducing Waste is Responsible and Cost-Efficient”



Sustains Business: Replace/reduce packaging – fewer trucks = \$4 billion savings to Wal-Mart & \$7 billion to manufacturers.

- Reduce the solid waste generated by U.S. Stores/Clubs by 25% in next three (3) years.
- Work with suppliers to create less packaging, increase the recycling of product packaging and use more post-consumer recycled materials.

Sustainable Product Goals:

“Environmentally- Friendly Products Reduce Cost and Expand Affordable Options for Customers”



- Organic Fruits and Vegetables
- Organic Cotton (largest purchaser of organic cotton in world)
- Forest and Paper products
- Produced, packaged and delivered in an environmentally-friendly way
- All wild-caught & frozen fish, shrimp, etc. farmed and harvested in sustainable ways. (e.g. *Marine Stewardship Council* certified)
- Develop/market products that are good for the environment (e.g. *compact fluorescent bulbs, cold water detergents, etc.*)

Recycling Programs



- OCC Management Program
- SSB Management Program
- MRF Program
- Transportation System
- Commodity Brokering Program
- Home Office Recycling
- Used Fixture/Asset Recovery Programs
- C & D Management Program
- PSP Sustainability Program
- Sourcing Programs
- Building Materials Sourcing
- Zero Waste Project
- Food Donation Programs

Other examples of Sustainability/Environmental Efforts:

- Paperless Systems
 - Payroll
 - Office Forms
 - Billing/Invoicing
- Double side receipts
- Default 2-sided copy machines
- Phase out products that contain 20 selected toxic chemicals
- Buy Local Programs
- Carpooling (Home Office)
- Drought tolerant native vegetation
- Low energy LED lighting for cases, signage, etc.
- Natural sunlight harvesting
- Heat recovery from Refrigeration Units
- Hybrid vehicles in fleet since 2003 (200+)
- Rainwater Harvesting
- Bio-Retention Areas
- Management Evaluations –
“What have you done to improve our Sustainability?”

“Super Sandwich Bale” – SSB

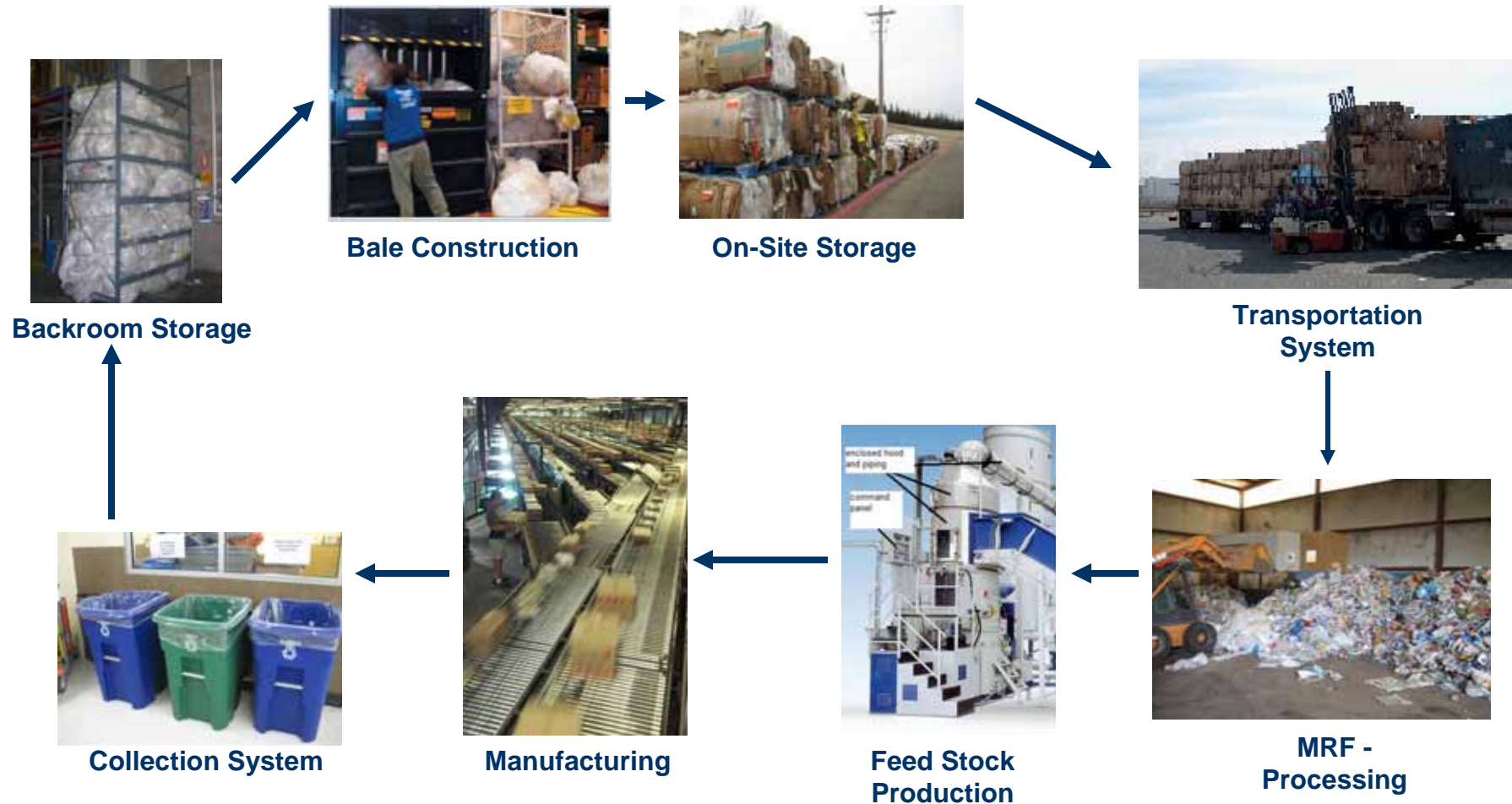
The New Generation...

- Stretch Wrap/Films
- Hangers
- Paper
- PET
- Aluminum
- Books
- Pharmacy Stock
- Misc. Containers
- etc.



Material Management

Bale Management Program



Sustainability Consciousness:

Answering the Hard Questions:

Must be careful when doing life cycle analysis; if you push in one area, may inadvertently cause problem in another

- Mexican “Tortilla” Crisis
- *Reduce/Reuse/Recycle* vs. Feed Stock

The Future...

**“Sustainability is a new journey
for Wal-Mart, and
we know it’s going to be a long one”**



Lee Scott

YBM - 2007

For Additional Information:



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