



We will reduce the environmental impact of our business, partnering with our suppliers and associates to rethink every aspect of our business in the context of greater sustainability.

We are aggressively pursuing our long-term goals to be supplied by 100 per cent renewable energy, produce zero waste and sell merchandise that sustains resources and the environment.

In 2007 we became a more sustainable company, reduced our energy consumption, introduced new recycling programs, became the nation's largest commercial purchaser of green power and supported community greening projects across Canada.

make a difference

Living Greener

The small choices we make every day can lead to lasting changes in our environment.



25% reduction in energy loss through the roof with improved insulation

Environmental Sustainability

In 2005 Wal-Mart announced a commitment to become a more sustainable company, establishing aggressive long-term goals. At the time, people asked, “Can a business focused on selling more merchandise to more people at a lower cost take sustainability seriously? Can a company the size of Wal-Mart change? Will Wal-Mart’s efforts to mainstream sustainability lower environmental standards?”

The answer is simple: the need for real and sustainable change is not just key to environmental sustainability; it’s key to the sustainability of our business.

Environmental sustainability is not only 100 per cent achievable, it is entirely in keeping with the Wal-Mart way of doing things. In fact, many of our sustainability efforts have already translated into significant cost savings for our company, our suppliers and our customers.

By reducing our energy consumption, we have reduced carbon emissions and costs. By eliminating waste, we have eliminated landfill and costs of garbage hauling – while profiting from the sale of recyclables. By encouraging our suppliers to use smaller packages and introduce greener products, we have better served our customers, introducing 300 new environmentally preferable products.

There is no question. Implementing sustainability measures in more than 300 stores nationwide is a significant undertaking with unique challenges.

However, the scale of our operations also puts us in a unique position to affect meaningful change, both within and beyond our business.

It is estimated that just eight per cent of our environmental footprint is related to our business operations. That means a full 92 per cent is related to the merchandise we sell. For Wal-Mart Canada to drive sustainable change, we clearly need the cooperation of our more than 8,000 suppliers and supply-chain partners.

In 2007 Wal-Mart Canada challenged various product and logistics partners to “footprint” their operations and to operate more efficiently. Some reduced product packaging, others changed shipping routes, but virtually all embraced the challenge. Our environmental standards for supplier conduct are growing and will increasingly become a condition of doing business with us.

We’re also bringing our 77,000 associates into the sustainability mindset. In 2008 we will challenge our associates to create a Personal

How are we doing? 2007 Results Against Key Performance Indicators (KPIs)

We will reduce the overall environmental impact of our operations and products

| Goals | KPIs |
|--|--|
| <ul style="list-style-type: none"> • Be 100 per cent supplied by renewable energy • Produce zero waste • Provide more environmentally friendly products | Greenhouse gas produced in Canada: <i>Direct – Metric Tonnes CO₂ Equivalent</i> 72,302 <i>Indirect – Metric Tonnes CO₂ Equivalent</i> 203,817 |
| | Total electricity intensity per sq. ft. 18.72 kWh |
| | Total waste diversion 101,720,924 kgs |
| | Number of environmentally friendly products introduced 300+ |

Sustainability Project to improve their wellness and the wellness of the environment.

Similarly, customers are another important link to change. We strongly believe that if environmental sustainability is to be achieved on a global scale, its principles and practices must be brought into mainstream thinking. We have a great opportunity to influence that thinking by offering an expanding selection of environmentally preferable merchandise and solutions to the more than one million Canadians who shop our stores each day.



2007 Investment in Sustainability in Canada

| | |
|--|--------------------|
| Building Efficiency | \$8,346,221 |
| Community Greening/ Education Programs* | \$725,000 |
| Purchase of Green Power | \$504,155 |

* Community Greening/Education Program totals duplicated in the Community section.

When our company chose to set sustainability goals, our first decision was to seek out the experts who could offer meaningful guidance, encouragement and the stark facts of our environmental responsibility. We have been very fortunate to count renowned environmentalist and lecturer Dr. David Suzuki among them.

At the close of our February 2007 year-beginning meeting, Dr. Suzuki addressed an assembly of Wal-Mart Canada executives and 1,200 store managers with his sustainability message, and later spoke to an assembly of 2,000 of our suppliers.

“Wal-Mart’s commitment to sustainability acts as an inspiration and incentive to other corporations to follow suit. The company has enormous influence on corporate thinking and I am delighted with the priorities it has selected.”

Dr. David Suzuki

Initiatives



At Wal-Mart Canada, the theme *For the Greener Good* encapsulates the products, initiatives and partnerships associated with our goal of becoming a more sustainable company.

In 2007 we established 14 Sustainability Networks to assess, identify and measure opportunities for sustainability in all areas of our business. While we have already made progress in areas believed to offer the greatest immediate impact, we are just beginning to explore opportunities in others.

To date, our progress relates to reducing our operational footprint in logistics, building design and maintenance, greenhouse gas emissions, packaging, waste and the purchase of green power.

In product-related networks we committed to – and achieved – a 30 per cent increase in our selection of environmentally preferable merchandise, primarily in textiles and grocery. Today in our stores and sales flyers, customers can see the distinctive *For the Greener Good* icon on organic foods, organic cotton clothing, energy efficient appliances, earth-friendly cleaning products and much more.

In 2007 our Wal-Mart Evergreen Green Grants program provided financial support to 48 community projects ranging from tree planting to outdoor education for kids. With a \$2.5 million five-year commitment from Wal-Mart Canada, this is the largest program of its kind nationwide.

Visit www.forthegreenergood.com

for more detailed information about Wal-Mart Canada sustainability initiatives.



For the Greener Good organic cotton athletic wear

Waste Diversion

As we work toward our ultimate goal of becoming a “zero-waste” company, 2007 brought improvements to existing programs and the introduction of new programs designed to better manage the elimination, capture and diversion of our waste.

In our stores, we reduced and recaptured enough materials to eliminate more than 100,000 tonnes of landfill.

For associates and customers alike, our recycling efforts increased. New non-confidential paper recovery programs were introduced throughout our stores; associates received training on waste recycling and reduction; and customers were encouraged to either purchase reusable shopping bags for a nominal cost, or to return used plastic bags (from any retailer) which we recycle on their behalf.

In Ontario, Nova Scotia and British Columbia we introduced three- and five-stream disposal bins in select stores. Though this was initially a test, the three-stream program is now active in 121 stores, and scheduled for all Ontario stores by the end of 2008.



Three-stream disposal bin

| Waste Diverted | Est. Weight in kgs |
|----------------------------|--------------------|
| OCC (cardboard) | 88,132,521 |
| Plastics | 359,568 |
| Shredded Paper | 772,026 |
| Organic Oil and Rendering | 385,852 |
| Bottles and Cans | 202,470 |
| Misc. Organics | 30,136 |
| Oxidizers | 24,005 |
| Paint | 39,795 |
| Aerosols | 38,088 |
| Tires | 3,993,724 |
| Motor Oil and Filters | 2,962,876 |
| Batteries and Lead Weights | 3,187,140 |
| Electronics | 98,284 |
| Organics | 1,350,490 |
| Photo | 143,952 |
| Total | 101,720,924 |

Beyond the walls of our stores, we are working closely with our suppliers and shipping partners to eliminate waste in the supply chain. Whether it's new multi-use shipping containers or product packages that are smaller, made of bio-materials, or made of smarter materials, we've challenged our suppliers to think creatively and they have responded.

Adding More Plastics to the Mix

Over the years, our in-store recycling efforts have grown in scope and complexity. Initially our stores recycled just cardboard. In 2006 we added plastic film to the mix. In 2007 we evolved to include virtually every type of plastic waste generated in our stores, from hangers to pill bottles. The materials are compacted together to create "sandwich bales" (a layer of plastic between two layers of cardboard), eventually sold at a profit for Wal-Mart for re-use by others.

Separating Organic Waste

As our grocery business continues to grow, we are investigating ways to improve and expand our organic waste handling programs. Currently, our six Sam's Clubs (with full grocery operations) separate fresh food waste for composting, animal feed or other solutions. Similarly, Wal-Mart stores in Halifax divert organic waste to comply with local disposal bans.

Further investigation is needed before we introduce new organic waste diversion programs, as we expect significant challenges, including the operational and environmental cost of additional trucks required for hauling. While separating organic waste may offer advantages in urban centres, it may present greater challenges in outlying areas.



Wal-Mart reusable shopping bags

Keeping Score with Our Suppliers

Wal-Mart Canada is using new criteria to assess its suppliers and supply-chain partners on the basis of their environmental efforts, impact and improvement. The business case is clear: operating sustainably is not only the right thing to do, it is the most cost-effective way to do business.

A More Sustainable Supply Chain

Finding better ways to ship merchandise offers two key advantages:

1. Lower operating costs mean lower prices for our customers.
2. Reducing materials and reducing transportation will reduce the environmental impact of our business.

In 2007 we assembled dozens of Canada's largest trucking, rail, storage and distribution companies to establish the framework of our new Supply Chain Sustainability Scorecard to be launched in 2008. As a result, we will begin to assess our supply chain partners on the sustainability of their equipment, operations, facilities and overall corporate mindset.

We expect to be able to report on supply chain performance in greater detail in next year's report.

Exploring Alternatives in Transportation

Wal-Mart and shipping partner SCM switched from road to rail to transport merchandise to 10 stores in Nova Scotia and PEI. In addition, for necessary road delivery, 20 truck generators were converted to electric power, saving 40,000 litres of fuel. Together these initiatives deliver annual cost savings of more than \$2 million.

Did you know?

In May of 2008 Wal-Mart Canada began selling only concentrated formulas of laundry detergent. In the next three years this initiative will save about 25 million gallons of water, six million pounds of plastic resin and eight million pounds of cardboard.

Reducing Packaging

Packaging reduction offers huge environmental and business benefits. Globally we're targeting a five per cent reduction in packaging for merchandise sold in our stores by 2013. We will need to work closely with our suppliers to reach this goal.

make a difference

You can make a difference just by reducing your energy consumption – turning the heat and air conditioning down, dimming lights and switching to more energy efficient appliances. In 2007 we expanded our 2/3 lighting program to Wal-Mart stores across Canada, reducing store lights to save energy during the summer months.

In 2007 Wal-Mart Canada held two sustainable packaging expositions, in partnership with the Packaging Association of Canada and 120 exhibitors, to help educate many of our suppliers and other businesses on new sustainable packaging materials, technologies, designs and alternatives. On the strength of the first exposition, the second exposition was the largest attended one-day packaging event in Canada's history.

In 2008 Wal-Mart Canada will introduce a packaging scorecard to measure suppliers and their products on these criteria: package reduction and elimination; use of materials that are biodegradable or have residual value; commitments to reduce emissions or use renewable energy in the creation of packaging and support for programs that encourage recycling.

The Packaging Association of Canada actively educates its members, including Wal-Mart Canada, on sustainable packaging solutions. In 2007 they trained 175 Wal-Mart buyers and executives and co-sponsored two sustainable packaging expos for Wal-Mart suppliers.

"Wal-Mart Canada has pushed sustainability to the top of the agenda in the packaging community. They have tremendous influence to affect the packaging decisions of their suppliers and other Canadian businesses."



James Downham
President & CEO
Packaging Association
of Canada

Did you know?

Wal-Mart has set a target to reduce packaging on products sold in its stores globally by five per cent by 2013.



20% reduction in energy consumption in sales floor lighting

Energy Efficiency

Our long-term goal is to operate with 100 per cent renewable energy from wind, solar and low-impact hydro sources. In 2007 Wal-Mart Canada became the nation's largest commercial purchaser of green power.

Today Wal-Mart Canada operates the equivalent of six stores emissions-free, through green power purchases in Ontario and Alberta, through Bullfrog Power, and in B.C., through B.C. Hydro, where the equivalent of 25 per cent of stores are green powered.

While we have made huge investments to support the growth of the green power industry, we are also saving money in our stores by making wiser energy choices that protect the environment.

In 2007 we saved millions of dollars through centralized control of store heating, ventilation, air conditioning and lighting systems. We installed the latest high-efficiency equipment in new prototypical stores, making them 20 to 30 per cent more energy efficient than the Canadian average for non-food retail outlets. By increasing insulation in new stores, we have reduced roof energy loss by 25 per cent, and white roofing membranes on our new buildings are being installed to reflect heat and reduce summer air conditioning requirements.

To date, we have converted sales floor lighting in the majority of our stores in an effort to convert more than 1 million bulbs nationwide to energy efficient alternatives. We expect a return on our investment within 1.8 to two years.



Helping Customers Become More Energy Efficient

Rising energy costs are a growing concern – driving up the cost of business and the cost of living. Wal-Mart is determined to protect our customers from rising energy costs, both by reducing our own energy use and by helping Canadians do the same.

To help save people money on energy use so they can live better, we have expanded our offering of energy efficient products and improved labelling to educate our customers about the energy implications of their purchasing decisions. This effort will grow in 2008 and beyond.

The Switch to More Efficient Lighting

- By switching more than 1 million light bulbs in 2007, we have reduced our related energy use by more than 20 per cent
- Our adoption of LED technology in display cases, refrigerators and exterior signage has reduced our related energy use by up to 90 per cent
- Switching a single exterior Wal-Mart sign to LED lighting reduces our energy costs from \$950 a year to \$120

Did you know?

In 2007 Wal-Mart became Canada's largest commercial purchaser of green power.



Jewellery showcase with LED lighting

New Stores Lead the Way

Initiative

Application in Wal-Mart Canada Stores

Heating, Ventilation and Air Conditioning (HVAC)

Wal-Mart Canada uses the most efficient RTU HVAC systems in our industry. Carbon-dioxide monitors assess the need for ventilation to ensure it is used when necessary – rather than constantly – and in a manner that reduces the need for energy-intensive heating and cooling.

Temperature control

Monitoring and control of store temperatures is centralized to ensure energy use is justified and appropriate. De-stratification fans over our sales floors push hot air down during winter months to circulate warmth without the need for heating systems. Energy recovery ventilators temper external air to reduce the need for heating and cooling.

Roofing

With enhanced insulation and white roofing membranes, our new buildings reduce winter heating and reduce summer air conditioning requirements.

Materials

By using concrete floors where possible, we have reduced many of the materials and most of the harsh chemicals associated with tiled or waxed floors. Similarly, by eliminating ceilings in our stores, we use fewer materials for construction.

Refrigeration

Wal-Mart uses exceptionally efficient refrigeration systems. To reduce fogging on refrigerator doors, we use a special film that replaces the traditional energy-intensive heated doors used by most retailers. For open refrigeration, specially fitted curtains hold cold air in at night to reduce the need for off-hour energy use.

Lighting

The sales floors of our new stores are lit with T8-25W bulbs, reducing lighting-related energy use by 20 per cent. Our adoption of LED technology in various display cases, our refrigerators and signage, reduces related energy use by up to 90 per cent.

make a difference

Compact fluorescent (CFL) lights are significantly more energy efficient and have a longer life than incandescent bulbs, saving you money on your energy bill. Our own switch to efficient lighting in 2007 had the equivalent effect of powering nearly 4,000 homes emissions-free.

Products

More and more, Canadians want products that are manufactured, sourced and packaged in sustainable ways. We don't believe they should have to pay more for those products.

We're on a mission to provide our customers with quality, environmentally preferable products

that are comparable in price and quality to the products they currently use. Today our *For the Greener Good* label can be seen in our stores on organic clothing, energy efficient appliances, ethically sourced foods, biodegradable cleaning products and more.



For the Greener Good products

Greener Cleaning with "The Greenline"

This year Wal-Mart partnered with Canadian entrepreneurs David Stone and Jeremy Quinn, owners of the Oxi Brite brand, to develop an exclusive line of effective, environmentally preferable cleaning products. The Greenline products are non-toxic, phosphate-free, readily biodegradable and EcoLogo[®] certified.

The Greenline cleaners are priced lower than most green cleaning products – and many leading brand-name cleaners – to ensure customers don't have to choose between products that are good for the environment and those they can afford.



David Stone and Jeremy Quinn, owners of the Oxi Brite brand

What is a “For the Greener Good” Product?

Labelling a product “sustainable” is a responsibility we take seriously. Before a product is identified as *For the Greener Good*, it must bear one of the following third-party accreditations. The list of accreditations will be reviewed and expanded as needed. To further ensure legitimacy of labelling, we plan to assemble a sustainable product review committee of non-government organizations, regulators, academics and Wal-Mart Canada representatives to maintain the highest standards of review.

Fairtrade
www.fairtrade.net



Energy Star
www.energystar.gov



Green Seal
www.greenseal.org



Oregon Tilth
www.tilth.org



Forest Stewardship Council
www.fscscanada.org



Rainforest Alliance
www.rainforest-alliance.org



Environmental Choice Program (ECP)
www.ecologo.org



Aquaculture Certification Council
www.aquaculturecertification.org



Designed for the Environment – U.S. EPA
www.epa.gov/dfe



Marine Stewardship Council
www.msc.org



OMRI – Organic Materials Review Institute
www.omri.org



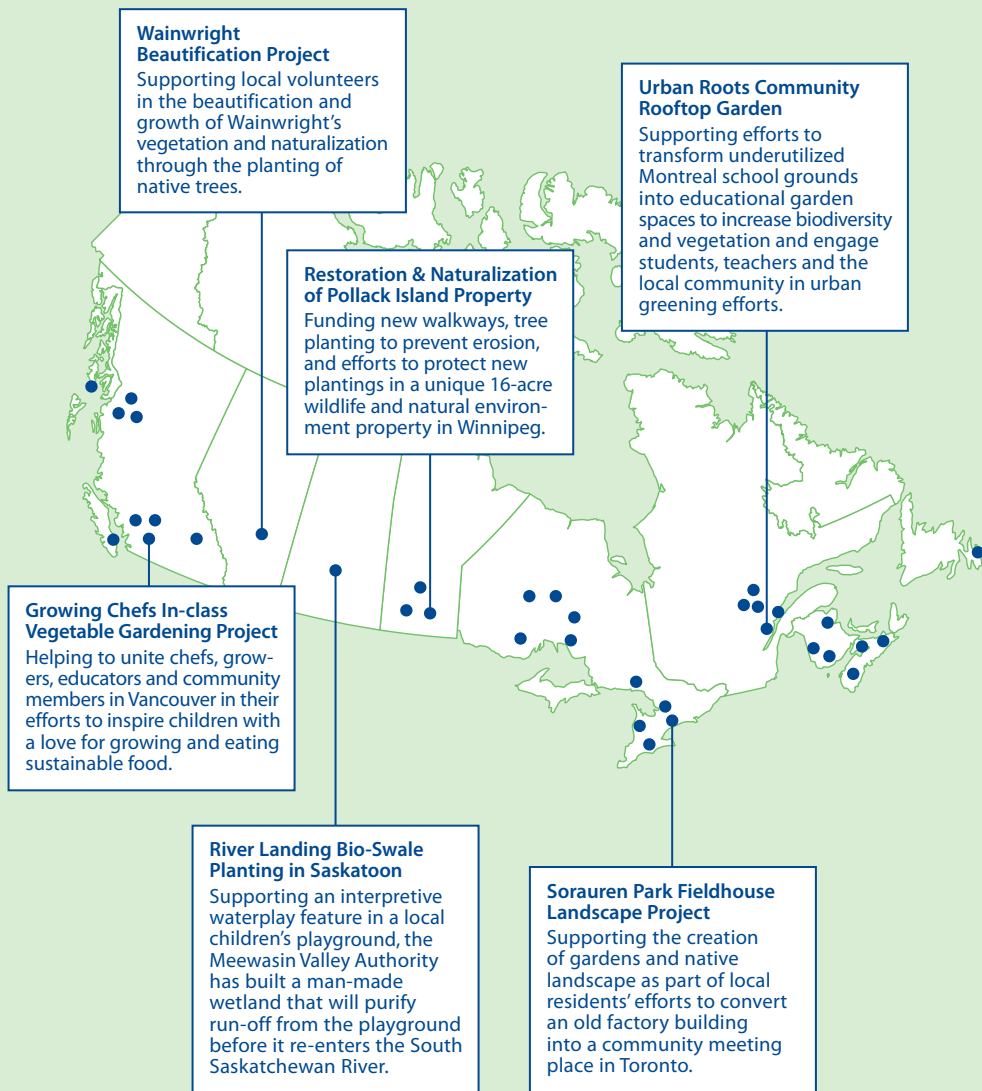
Partnerships

Grassroots Greening

Wal-Mart Evergreen Green Grants provide funding to groups introducing or enhancing community green space. Since 2005, Wal-Mart and Evergreen have administered \$821,000 in grants, supporting 130 local environmental projects across Canada.

In 2007 – with a new five-year, \$2.5 million commitment – Wal-Mart worked with Evergreen to help fund 48 local projects, with Green Grants totalling as much as \$10,000 each. The projects included naturalization of urban spaces, repair of fish and wildlife habitats, sustainable food gardening and tree planting to buffer urban development.

Here are just a few of the greening efforts we supported in 2007.





Evergreen is a not-for-profit organization that makes cities more livable. By deepening the connection between people and nature, and empowering Canadians to take a hands-on approach to their urban environments, Evergreen is improving the health of our cities – now and for the future. They work to inspire individuals and communities across Canada to create and sustain healthy, natural outdoor spaces, and provide them with the practical tools they need to be successful. Wal-Mart Canada has partnered with Evergreen on a number of community greening projects since 2003 including Learning Grounds, a program that helps schools create healthy outdoor classrooms that foster respect for nature.



Did you know?

These are just a few of the more than 300 environmentally preferable products available today at Wal-Mart Canada stores.

Compostable garbage bags

Recycled fill eco pillows

Organic dog treats

Men's bamboo socks

Organic cotton balls

100% recycled, chlorine-free bath tissue

Organic lawn fertilizer

Organic baby food

Priorities for 2008

Target 65% waste diversion

Launch Packaging Scorecard for suppliers

Launch private-label green merchandise under the *For the Greener Good* label

Develop green awards for buyers and suppliers

Maintain 10% increase in energy efficiency (over 2005 baseline) at existing stores:

Lighting retrofits

Lighting reduction

Refrigeration heat reclaim

make a difference

Join the many Canadians who are choosing to eat more organic food, either for their health or the health of the planet. Wal-Mart Supercentres and Sam's Club stores are offering a growing selection of organics at a great price.