

# CHINA

## Serving Customers In Diverse Ways

### History

Walmart China began in 1996 with the opening of a hypermarket and Sam's Club in Shenzhen. In the same year, Walmart opened China's first distribution center in Shenzhen.

### Banners

- Sam's Club
- The Mall
- Wal-Mart Neighborhood Market
- Walmart

### Quick Facts

- More than 420 retail units\*
- Approximately 100,000 associates\*\*

\* As of August 31, 2018

\*\* By end of February 2018



## SUPPLIER DEVELOPMENT

**Women development:** In 2017, Walmart China and China Women's Development Foundation announced a joint program to help women in various industries achieve economic independence by leveraging many of Walmart's business resources. The first training course was launched in Guangzhou, Guangdong Province, aiming to improve the business capability of women entrepreneurs. The program has provided 10 three-day training sessions in key cities, reaching over 500 women entrepreneurs, and aims to develop an online course platform to reach even more women.

**Workers dignity:** Governments, industry organizations and NGOs have identified the electronics supply chains in China and Malaysia as posing potentially higher risks for forced labor. In 2017, Walmart became a Supporting Member of the Responsible Business Alliance (RBA), which comprises more than 110 electronics, retail, auto and toy companies with combined annual revenue greater than US\$4.75 trillion. RBA offers its members auditing programs, resources, training and several working groups focused on priority areas in the electronics industry, including responsible recruitment, environmental sustainability, and forced and trafficked labor.

**Impact at the mill:** Inspired by our participation in the Natural Resource Defense Council's successful Clean by Design program in China, Walmart launched the Mill Sustainability Program in 2016 with 10 suppliers and their mill partners to improve environmental-impact areas at the mill. All must baseline their performance using the Sustainable Apparel Coalition's widely accepted Higg Index Facility Environmental Module (FEM) and participate in Walmart's expert-led workshops on practical steps to reduce costs and environmental impact through resource efficiency and process management. Today, the program works with suppliers representing over 40 percent of U.S. sales volume for apparel and home textiles.

**Path to certification:** In China, many small and medium enterprises (SMEs) did not have the required level of food safety knowledge to become Walmart suppliers. Working with the China Chain Store & Franchise Association (CCFA), they have been part of a committee that has developed an audit program that focuses on both the GFSI Global Market Program entry and intermediate level requirements and the need for compliance with the Chinese regulatory framework.



## COMMUNITY

**Food safety:** In 2016, Walmart created the Beijing-based Walmart Food Safety Collaboration Center (WFSCC). As a collaborative effort among industry, government and academia, it brings together local and international research into the root causes and prevention of foodborne illness in China. As part of the WFSCC opening, Walmart and the Walmart Foundation announced a plan to invest US\$25 million over five years on projects to advance food safety in China as part of this effort. Projects supported to date include:

- Fighting Salmonella
- Predicting risk of adulteration
- Educating children on food safety
- Assessing knowledge of food safety
- Improving the governance of food safety
- Improving food traceability

**School meals:** Walmart China is also working with charitable organizations to raise funds for meals for schoolchildren in high-poverty regions. These efforts have also enabled the installation of modern electric kitchens in schools for serving hot lunches.

**Disaster relief:** Over the past year, China has suffered earthquakes and flooding. Walmart China gave US\$77,000 to organizations responding to flooding in China.



# OPPORTUNITY

- We provide training to help our associates in China advance their careers in retail. Our International Academy Training program provides Chinese associates with an immersive experience at our headquarters in Bentonville, Ark.
- Walmart believes the development of female associates is vital to our long-term success. More than 60 percent of Walmart China retail business associates are female and approximately 42 percent of them are in management level positions.



## SUSTAINABILITY

**Solar energy:** In China, Walmart was the first non-state-owned company to install a solar photovoltaic (PV) system under the nation's Golden Sun program in 2011, and we continue to launch new projects, including our most recent rooftop solar project at the Sam's Club in Nanchang in Jiangxi Province, China that was completed in Feb. 2018.

**Emission:** We recently completed 1,400 retrofit projects across our more than 440 stores and clubs to help reduce emissions and create a better shopping experience for our customers. These retrofits included converting lighting to energy efficient LED, upgrading HVAC systems and improving refrigeration fixtures to save energy. Along with other operational improvements in our business, we have cut our carbon emissions by more than half on a per sales dollar basis over the last decade in China.

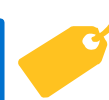


## INNOVATION

**Blockchain:** In early 2017, Walmart conducted two blockchain pilots, one in the U.S. and another in China, aiming to facilitate the navigation of complex networks of interdependent entities in the value chain. Walmart and IBM also invited leaders in the sector to participate in additional testing and today, we have a coalition of suppliers and peers in retail working to further test the technology aiming to store and share data more efficiently.

**Project Gigaton:** In China, our Factory Energy Efficiency Program complements the government's goal of reducing energy intensity 15 percent by 2020. In Sep. 2017, we surpassed the goal we set in 2014 to have 70 percent of our China-sourced business volume produced in factories that participate in an energy efficiency program by the end of 2017.

To achieve this target, Walmart promoted use of McKinsey & Company's Resource Efficiency Deployment Engine (RedE), a web-based tool designed to help suppliers identify, prioritize and implement energy efficiency projects in a simple, easy-to-use platform. At the close of 2017, more than 800 factories have joined the RedE system, including Intex Industries Co, a Chinese manufacturer that operates a large network of facilities across multiple locations. Intex's increase in efficiency within each factory resulted in US\$1.5 million in annual savings. Active users reported saving more than US\$40 million in total operational costs and reducing 270,000 metric tons in total CO2 equivalent emissions in the calendar year.



## QUALITY

Walmart works hard to ensure the quality and variety of its products for Chinese consumers. Our quality control teams are the best in the world, and they aim to ensure every product sold in a physical or online Walmart store in China is genuine, affordable and of the highest quality.

One recent example was the launch of iron-box packaged moon cakes at one of the lowest price points ever at just 9.9 yuan per box. Walmart launched the private-brand moon cakes in more than 400 stores across the country in August 2018 to attract customers by offering a quality product at a great value.

Another recent example is the launch of Marketside vegetable and fruit merchandising in China. Marketside offers 50-60 categories of vegetables and fruits, including leafy vegetables, tuber vegetables, and melon and fruits.