



Walmart plans to reduce greenhouse gas emissions

By Sara Wyant

© Copyright Agri-Pulse Communications, Inc.

Bentonville, AR. Feb. 25. Even though members of Congress have not been able to agree on legislation to reduce greenhouse gas emissions, more and more private sector firms are voluntarily making plans to reduce their carbon footprints. The nation's largest grocer joined the ranks yesterday, with an announcement that Walmart plans to eliminate 20 million metric tons of greenhouse gas (GHG) emissions from its global supply chain by the end of 2015.

This represents one and a half times the company's estimated global carbon footprint growth over the next five years and is the equivalent of taking more than 3.8 million cars off the road for a year, according to the company. With fiscal year 2010 sales of \$405 billion, Walmart employs more than 2.0 million associates worldwide.

"Energy efficiency and carbon reduction are central issues in the world today," said Mike Duke, Walmart president and CEO. "We've been working to make a difference in these areas, both in our own footprint and our supply chain. We know that we have an opportunity to do more and the capacity to do more."

Walmart collaborated with Environmental Defense Fund (EDF) to develop this approach that looks at the supply chain on a global scale. Other external advisers include: PricewaterhouseCoopers, ClearCarbon Inc., the Carbon Disclosure Project and the Applied Sustainability Center (ASC) at the University of Arkansas. This team will identify projects, quantify reductions, engage suppliers and ensure proper procedures are followed for each GHG reduction claim.

"Today the world's largest company begins a global race for carbon pollution cuts," said Fred Krupp, president of Environmental Defense Fund. "Walmart's bold move will help companies identify steps to slash pollution and costs. As this story unfolds, it will transform a vast supply chain here at home, and around the world."

The innovative program to reduce GHGs has three main components:

Selection -- Walmart will focus on the product categories with the highest embedded carbon. This is defined as the amount of life cycle GHG emissions per unit multiplied by the amount the company sells. To find the embedded carbon, the ASC reviewed the GHG emissions associated with all Walmart product categories. This approach ensures the project team focuses on the categories that have the greatest opportunity for reductions. Reductions can come from any part of a product's life cycle.

Action -- For a project to be included as part of this goal, it must reduce GHGs from a product in either the sourcing of raw materials, manufacturing, transportation, customer use or end-of-life disposal. Walmart must demonstrate it had direct influence on the reduction and show how that reduction would not have occurred without Walmart's participation.

Assessment -- Suppliers and Walmart will jointly account for the reductions. ClearCarbon will perform a quality assurance review of those claims to ensure methodology, completeness and calculations are correct. When the claims meet the quality assurance check, PricewaterhouseCoopers will assess under consulting standards whether the defined procedures were followed consistently to quantify the reduction claim.

In 2007, the company launched a pilot program to cut emissions in certain categories. As a result of this program, DVD suppliers eliminated more than 28,000 metric tons of GHG in 2009. Under Walmart's Supplier Energy Efficiency Project (SEEP), in which the retailer oversees energy audits and retrofits of supplier's factories, the program cut more than 3,300 metric tons of greenhouse gas emissions and saved suppliers \$200,000 in energy costs in its first year.

#30

For more news, go to: www.Agri-Pulse.com