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Environmental care



Our sustainability strategy is designed to reduce the environmental impact of our operations and of the products we sell, through innovation and investment in state-of-the art technologies, in collaboration with our business partners and through training for our associates and suppliers. Our size allows us to make a significant difference in the environment and for our business.

Carbon dioxide emissions

Emissions increased only **1/3** of sales floor growth in Mexico

Through the use of renewable energy and the implementation of initiatives meant to reduce energy use, we reduce carbon emissions and, as a result, the impact on climate changes.

In 2014, we reduced carbon dioxide emissions per square meter of construction by 6.4% in Mexico and 0.6% in Central America. Energy efficiency initiatives served to reduce CO₂eq by 19,174 tons, comp stores.

Absolute emissions of scope 1 and 2 amounted to 15.8%, an improvement less than our sales floor.

Emissions created by the transportation of merchandise from distribution centers to stores were reduced 9.5%, as compared to 2013, thanks to the consolidation of reverse logistics initiatives. In Central America, the *Backhauling* initiative has saved 525,873 liters of diesel.

In Mexico we disclosed our carbon emissions to *Carbon Disclosure Project* platform for third consecutive year.

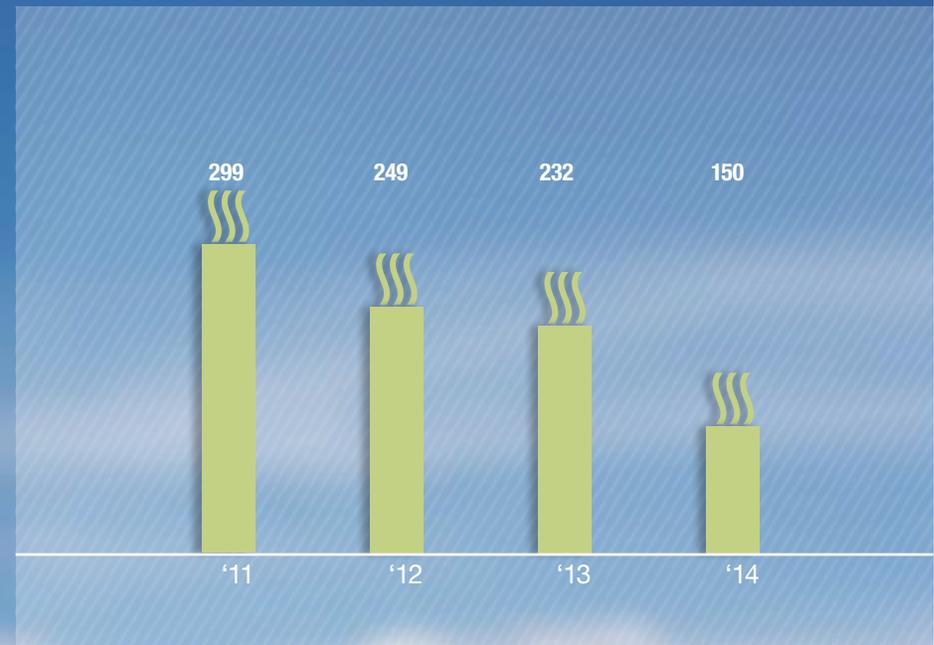


Reduction in **221,611** tons of CO₂ emission

CO₂eq Emissions (thousand tons)

Carbon Intensity (ton CO₂eq/mil m²)

Mexico & Central America





42 million
kWh saved

Energy

We reduced energy use in stores and distribution centers by 1.8% in Central America and 1.6% in Mexico, equivalent to 42 million kWh.

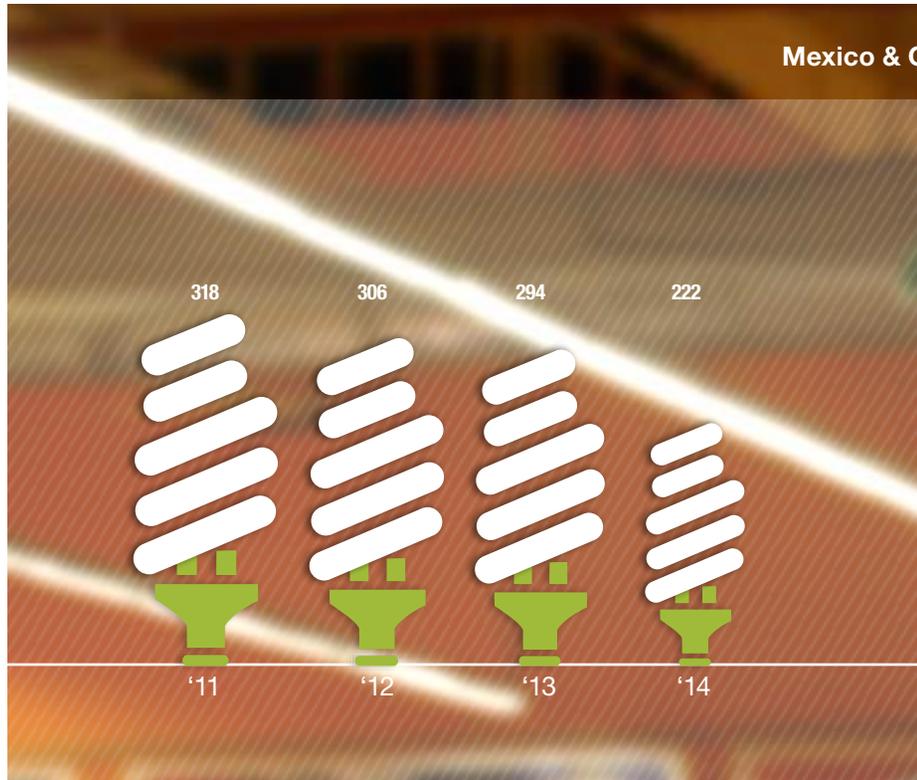
In Mexico, we continue working together with teams from Operations, Operational Efficiency, Remodels, Maintenance, Internal Supplies, Projects and IT to take advantage of new technologies and operational practices to take advantage of new technologies and operational practices for efficient use of energy, through:

- Monitoring and optimization of energy management and control systems.
- Replacement of fluorescent lighting with LED.
- Implementation of energy savings operational campaign.
- Installation of open refrigeration doors and control systems for their resistance.
- Dehumidifiers for refrigeration displays.

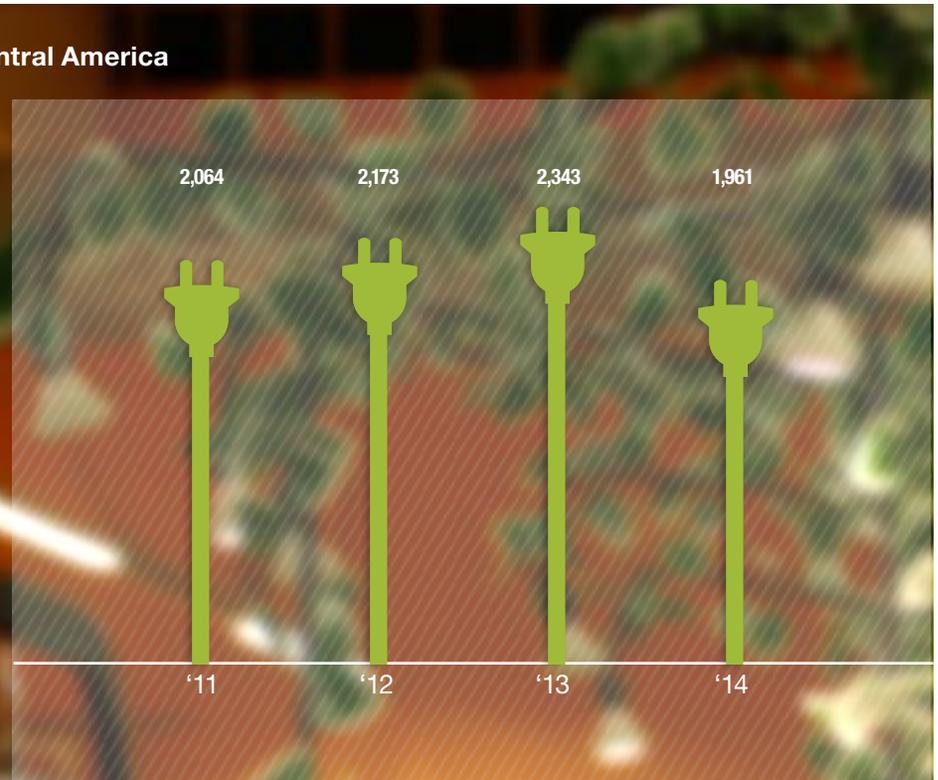
2020 Goal:
reduce
20%
energy use

Progress:
26%
in Mexico and
4.8%
in Central America

Energy Intensity (kWh/m²)



Electrical Grid Energy Use (GWh)





49%
of stores supplied
with renewable
energy in Mexico

Renewable Energy

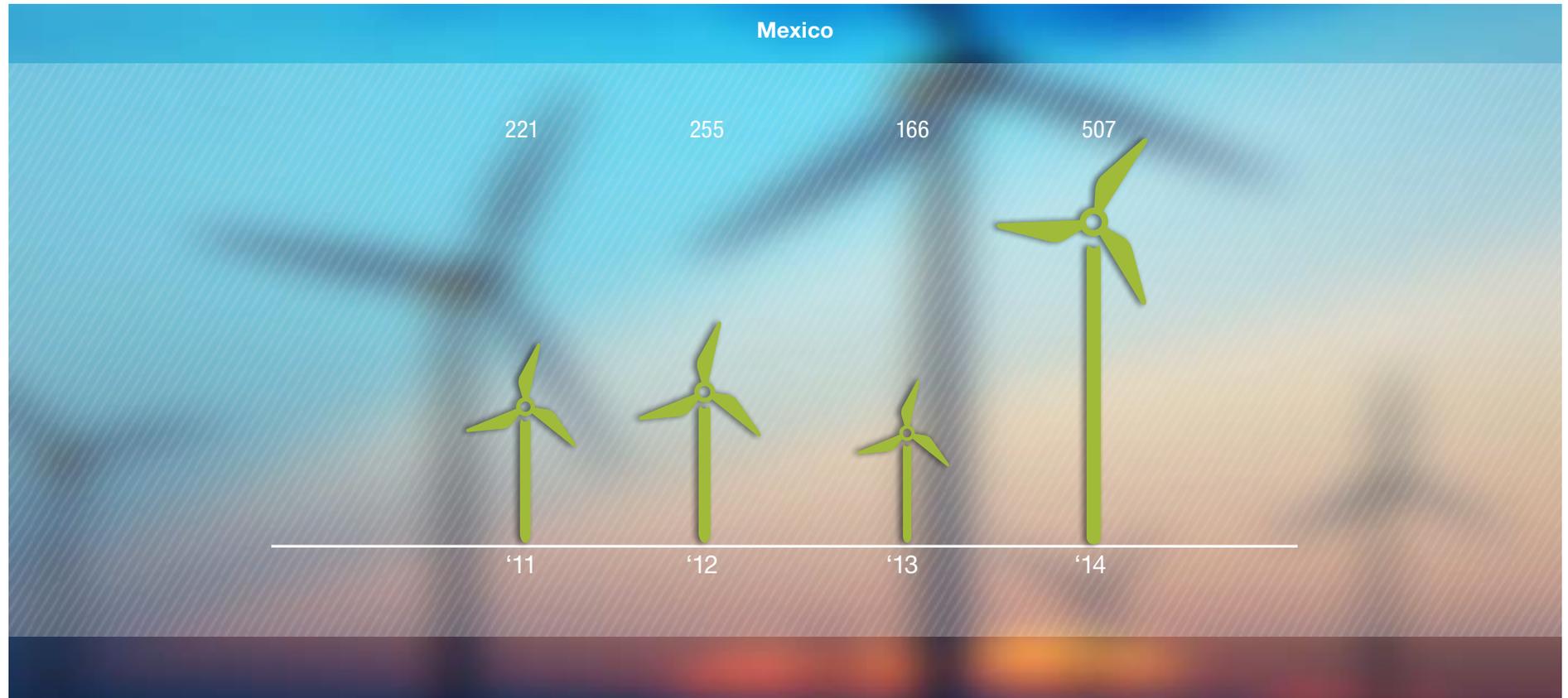
Aligned to our objective to have 100% supply of energy from renewable sources, the development and installation of projects with this approach allow us to have lower rates, which help us keep our productivity circle, operate with low costs thus offering low prices to our customers.

We strive to become the most efficient and sustainable retailer chain. Therefore, it is essential to have an efficient use of clean energy and energy from renewable sources.

In Mexico, we began using a mini hydroelectric power plant in the state of Veracruz and 2 wind farms in the state of Oaxaca. These are added to the 2 already in use, thus completing 5 renewable energy projects. With the above, we now supply clean, renewable energy to 1,114 stores. We currently use 1,196 million kWh, representing 40% of our 2020 goal and 17% of Walmart's global goal to supply 7,000 million kWh.

2020 goal:
3,000 million
kWh of renewable
energy in Mexico and
80 million
in Central America

Used Renewable Energy (GWh)





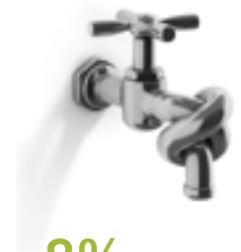
Water

We consolidated our operation with a low water use. In Mexico we were able to use 280 million less liters of water, which equals the water used by 1,280 families a year.

We increased our wastewater treatment plants to 911, thus being able to treat and reuse 1,756,375 m³ of water.

In Mexico we disclosed our water management performance to *Carbon Disclosure Project* platform for third consecutive year.

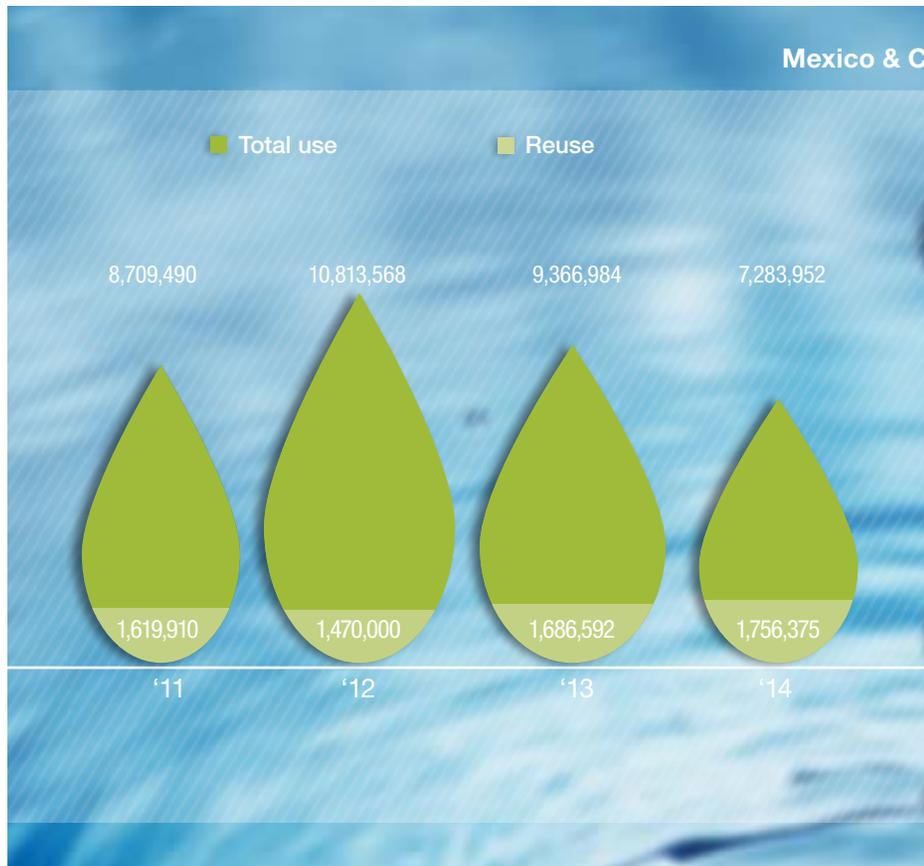
In Mexico we successfully tested the use of a condensate recovery system in air conditioning equipment, thereby recovering the equivalent of 20% of the total water use per store. Thanks to this initiative, together with water recovered from backwash filters, water used from the municipal system was reduced by almost 30%. Both initiatives were devised for remodeling projects and for new stores.



8% water savings compared to 2013 in Mexico

38% of treated residual water is reused in watering and bathrooms in Mexico

Water Use and Reuse (m³)



Efficiency Indicator per Area Unit (l/m²)





Waste

We continued with the implementation of initiatives to reduce the amount of waste produced. We launched the *Reduce, Recycle and Win* campaign to adopt the best operating practices with the purpose of reducing the amount of perishable waste, and increasing rates of recovery for recyclable materials.

We consolidated the operation of a multidisciplinary committee to reduce food waste, developing innovative techniques aimed at controlling and reducing shrink with these products, thereby achieving a reduction of 6%, as compared to 2013.

In Central America 100% of the stores, plants and distribution centers have recycling programs, 94% in Mexico.

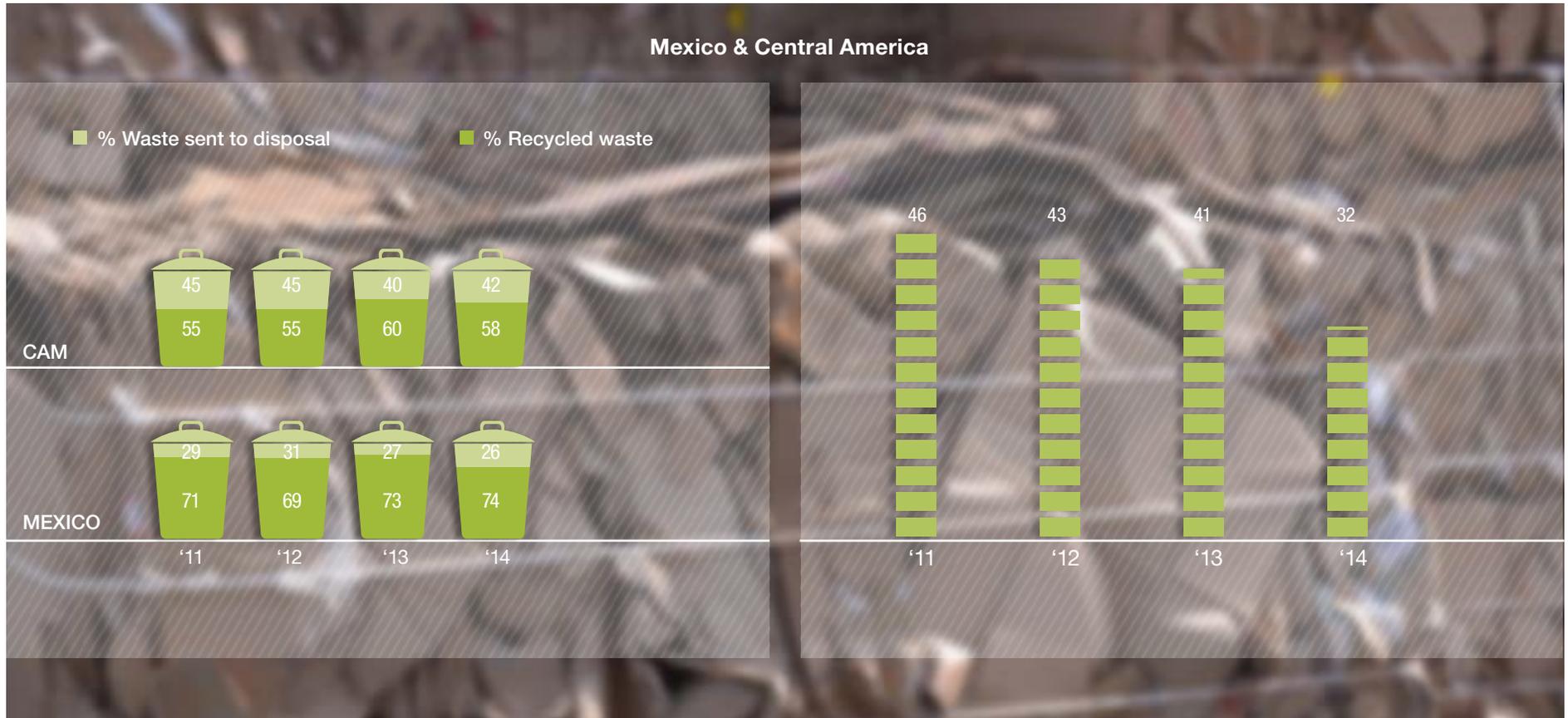
In Mexico we extended our *Collection Drive of Expired Drugs*, in conjunction with the National System of Waste Management for Containers and Drugs. Some 193 containers were set up in 10 states, and over 20 tons were collected, thus totaling the collection of over 40 tons of expired drugs since 2012.

74% progress to achieve the zero waste objective in Mexico and **58%** in Central America

Recycling of over **250 thousand tons** of waste

Waste Management

Waste Management Intensity (kg/m²)





Carried out forest compensation for the construction of the distribution center in Monterrey

Biodiversity

We continue reinforcing policies and procedures aimed at diminishing the impact that our Company may have over biodiversity, both during the construction phase of our units and the use of natural resources in products and materials for our operation.

1. Protecting biodiversity during the construction of units. Policies, procedures and contractual clauses cover the protection of biodiversity and the sustainable use of natural resources, from the acquisition of the property, to the construction of units by third parties and the design of units. Said policies include:
 - a. Environmental analysis of properties prior to purchase, with the purpose of verifying the existence of any protected flora or fauna, soil contamination, bodies of water as pertains the viability of the project, and the necessary means of mitigation and compensation required.
 - b. Proper project design as per environmental regulations covering green areas, permeable areas, the use of renewable energy, and plant management.
 - c. Environmental measures and compensations during the construction phase, including proper waste management, flora and fauna recovery, atmospheric emissions, noise pollution, and measures set forth by environmental authorities.
 - d. Joint responsibility of third parties, including contractual clauses and bidding stipulations for construction companies and suppliers to provide material from authorized banks, manage waste in keeping with current legislation, wastewater management, and compliance with their responsibilities in these matters.
2. Preventing water pollution and soil degradation during farming and fishery-related activities, and in overexploitation of forestry resources.
 - a. We use wood products, such as pallets, that come from authorized domestic or foreign sources; pulp products that use recycled, post-consumption fiber; and internal paper supplies having *Forest Stewardship Council* certification.
 - b. We defined a policy for the use of certified palm oil in the products we sell under our private label, so as to avoid deforestation of tropical forests. Moreover, we are working with other suppliers so that all may have proper certification in 2015.
 - c. We restated the sustainable fishery strategy upon renewing work plans and policies so that in 2015 all aquaculture products, either domestic or imported, are *Best Aquaculture Products* certified.



All supply chain distribution pallets are from authorized sources



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SMEs participate in the *Eco-Efficiency Consultancy program*

Value chain

Most of our environmental impact is on our supply chain; hence in cooperation with our suppliers, we undertake the commitment to reduce our impact while offering quality products at accessible prices.

The mutual aid from our suppliers and other organizations is fundamental to make greater progress towards a more sustainable supply chain. For us, there are no competitors on sustainability issues, the addition of efforts and resources may lead to more significant changes.

Workshops on exchange of best practices

As a follow up to sustainability forums, *Together for a Better Planet* in 2010 and 2013, we organized 4 workshops to exchange best practices among companies: logistics, sustainable packaging, carbon footprint measurement and the communication of sustainability initiatives to customers.

Eco-Efficient SMEs

In Mexico, a program on *Eco-Efficiency Consultancy* for SMEs was launched. Its objective is to develop eco-efficiency projects that decrease operative costs by means of a more efficient use of energy, water and raw materials. The program was developed and is operated by the Global Institute for Sustainability sponsored by the Technological Institute of Monterrey.

Innovation Award

In cooperation with the Iberoamerican University, we granted the *Walmart + Ibero Sustainable Innovation Award* for the second consecutive year. A total of 231 projects were presented by students throughout 26 states.

The winner project was *Acuaponia* (Aquaponics), a sustainable biomimetic crop, consisting on combining hydroponics with aquaculture, or raising aquatic animals such as fish, to create a highly sustainable system that does not generate waste. The model imitates an ecosystem similar to a *Chinampa* (a method of Mesoamerican agriculture), when biogeochemical cycles are closed the process is self-sustainable and does not require fertilizers, thus generating organic food.

Products

Initiatives developed by our suppliers allow us to offer over two thousand products that have managed to reduce their impact in one or more of their life cycles. Among others, there are products cultivated through sustainable agricultural practices, those manufactured using less energy or water, those made with recycled materials, and even products that when used required less energy than their previous versions or similar ones.

A pilot test on the *Product Sustainability Index* was performed. This is a tool that identifies the most significant environmental impacts of products in their different categories and the actions to reduce such impact. Focusing on the life cycle, the tool aims at achieving improvements in those stages where a significant change can be made for each product category.

The testing stage included 4 categories: coffee, detergents, dairy products and domestic use paper. The participant companies answered a questionnaire related to the environmental impact areas of their products, so as to identify achievements and areas of opportunity.

These types of initiatives allow us to increase our assortment of products with low environmental impact and a similar or better performance than their current versions.



Over **1,500** products with low environmental impact

