

Walmart Inc. Green Financing Framework

AUGUST 2021

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1 Introduction

1.1 Overview of Issuer

Walmart Inc. (NYSE: WMT) helps people around the world save money and live better - anytime and anywhere - in retail stores, online, and through their mobile devices. Each week, approximately 220 million customers and members visit approximately 10,500 stores and clubs under 48 banners in 24 countries and eCommerce websites. With fiscal year 2021 revenue of \$559 billion, Walmart employs 2.2 million associates worldwide¹. Walmart continues to be a leader in sustainability, corporate philanthropy and employment opportunity. Additional information about Walmart can be found by visiting <http://corporate.walmart.com> and our 2021 Environmental, Social and Governance (ESG) Reporting at <https://corporate.walmart.com/esgreport/>.

1.2 Walmart's Approach to ESG

Shared value — addressing societal issues in ways that create value for our business and stakeholders — lies at the heart of Walmart's enterprise strategy and our approach to ESG issues. We believe we maximize long-term value for shareholders by serving our stakeholders: delivering value to our customers, creating economic opportunity for associates and suppliers, strengthening local communities, and enhancing the environmental and social sustainability of our business and product supply chains. Addressing such societal needs builds the value of our business by extending our license to operate, building customer and associate trust, creating new revenue streams, managing cost and risk, building capabilities for future advantage, and strengthening the underlying systems we all rely on. In other words, business exists to serve society: business strengthens society and at the same time serving society strengthens business. We aspire to become a regenerative company — helping to renew people and planet through our business.

We prioritize the ESG issues that offer the greatest potential for Walmart to create shared value: issues that rank high in terms of relevance to our business and stakeholders as well as Walmart's ability to make a difference. Based on our most recent ESG priority assessment, we have organized our ESG priorities into four leadership themes: Opportunity, Sustainability, Community, and Ethics & integrity.

1.2.1 Walmart's Opportunity Priorities

Retail can be a powerful engine for inclusive economic opportunity. We aim to advance equity and opportunity throughout Walmart, our supply chain and the communities we're in to fulfill our customer mission, strengthen our business and help people build a better life for themselves and their families.

Human capital: Good jobs & advancement for associates

With our position as one of the world's largest private employers, we seek to accelerate the professional development and advancement of our associates and help make retail a gateway to upward mobility in the sector overall. Our human capital development strategy focuses on inclusion, well-being, growth and digital enablement

¹ As of August 2021.

Inclusion: Walmart is committed to making retail a place of inclusive opportunity where people, regardless of where they start, can gain the skills and experiences they need to advance in their careers. Doing so allows us to attract, develop and retain the talent we need to deliver our distinctive omni-channel customer proposition.

Well-being: We are focused on the financial, physical and emotional well-being of our associates. We provide competitive total compensation and benefits packages, including paid time off (including sick leave) and medical coverage to eligible associates, and we seek to improve job experiences through approaches such as scheduling that is predictable, yet flexible. In the U.S., our wage structure reflects the skill requirements associated with each role, our geographic footprint, and our retail format. By market and role, we aim to provide competitive starting wages to attract talent and serve our customer. We have introduced a team-based model, raised wages for hundreds of thousands of associates, introduced compelling benefits packages, and created leave and scheduling policies that provide stability and flexibility.

Growth: Walmart continues to design and invest in programs that help our associates develop the skills and knowledge they need to advance within our company. As of 2021, approximately 75% of our U.S. salaried store, club and supply chain management started their careers in hourly positions. In FY2021, our U.S. store managers, who are not required to have a college degree, earned an average of approximately \$210,000. In addition to on-the-job development and redesigned roles with a focus on cross-training and mobility, Walmart's formal training program, Walmart Academy, has paid associates to learn through immersive teaching that combines technology, classroom training and ongoing coaching on the sales floor. We have found that more than 80% of Walmart Academy graduates are retained for an additional year. Through Live Better U (LBU), Walmart provides eligible U.S. associates the chance to complete higher education debt-free. At the end of 2020, our associates had completed 290,000 college credits worth more than an estimated \$123 million.

Digital: To meet evolving customer expectations, we empower our associates through digital tools and prepare them for the digital present and future, including newer roles supporting our omni-channel business.

Read more: [Human capital: Good jobs & advancement for associates](#)

Equity & inclusion at Walmart & beyond

Numerous studies have shown that diverse, inclusive businesses tend to outperform their peers, as they attract and retain talent, foster innovation, and better reflect the complex character of the customers and communities they serve.

Fostering a culture of inclusion & more diverse, inclusive teams throughout Walmart: Within our company, we are focused on fostering an inclusive culture and creating a more diverse, inclusive team at every level. We aim to set the tone at the top through a diverse board and executive team. We have seen progress in several areas, including seeding our talent pipeline with diverse talent in management promotions and the percentages of officers that are women and/or Black/African American.

Measurement, insights & reporting: We track and publicly disclose (semiannually) key performance indicators on diversity and inclusion at Walmart to inform our plans for continued progress. We also make disclosures through our annual ESG reporting.

Advancing equity in society: We are redoubling our efforts to direct business and philanthropic resources toward addressing drivers of systemic disparities in society and reporting on our progress through our ESG reporting and our biannual Culture, Diversity, Equity and Inclusion reports.

Read more: [Equity & inclusion at Walmart & beyond](#)

Supplier opportunity

Through sourcing, Walmart aims not only to delight our customers but also to provide opportunities for economic growth and development for our suppliers, for the people they employ, for their communities and for people who work throughout supply chains. Examples include:

- **America at Work initiative:** Through our America at Work initiative, we committed to invest an incremental \$250 billion in products that support the creation of American jobs between 2013 and 2023. As of the end of FY2021, we have sourced an incremental \$145 billion since 2013.² In March 2021, we announced a refreshed ten-year commitment to invest \$350 billion in products made, grown or assembled in the United States.
- **Make in India:** Since 2019, Walmart has invested in the development of micro, small and medium sized suppliers in India through our Vriddhi program to prepare them to participate in global supply chains. Most recently, we announced an ambition to triple our exports from India to \$10 billion each year by 2027.
- **Supplier inclusion:** We have programs to source from and develop diverse suppliers, including suppliers owned and/or operated by women and people of color. In FY2021, Walmart's U.S. businesses spent over \$13 billion with diverse suppliers.³

Read more: [Supplier opportunity](#)

1.2.2 Walmart's Sustainability Priorities

Working with suppliers, NGOs and customers, Walmart seeks to transform not only our business but also the world's supply chains to be regenerative. Below we describe our approach — in our operations and in supply chains — to addressing issues and opportunities related to climate, waste, nature, and people in supply chains.

Climate

Walmart aims to galvanize collective climate action across the retail and consumer goods sector through our ambitious targets and mitigation initiatives, advocacy, supplier engagement, philanthropy and innovation in product supply chain practices, while taking steps to strengthen the resilience of our business against the effects of climate change. Read more: [Climate change](#)

Mitigation

Walmart has committed to science-based targets (SBTs) for emissions reduction, including achieving zero emissions in our operations by 2040 and engaging suppliers through our Project Gigaton™ to reduce supply chain emissions by 1 billion metric tons by 2030.

² As of the end of FY2021, we had achieved ~93% of expected progress to date.

³ A diverse supplier is defined as a U.S. privately held company that is recognized as 51% owned and operated by a woman, minority, veteran, disabled veteran, person with a disability or member of the lesbian, gay, bisexual or transgender (LGBT) community.

In 2020, we realigned our SBT to a 1.5-degree Celsius trajectory, the highest ambition approved by the Science Based Targets Initiative (SBTi). Our new target is to reduce absolute scopes 1 and 2 GHG emissions⁴ by 35% by 2025 and by 65% by 2030 (2015 base year) on the way to achieving zero emissions in 2040. We achieved a 12.1% reduction in scopes 1 and 2 emissions between our 2015 calendar year (CY) baseline and 2019.⁵

And we're proving that we can reduce emissions while growing revenues by reducing our carbon intensity by 19% since FY2016 versus FY2020, as measured by CO₂e/\$M revenue.⁶

In support of these ambitions, we are committed to 100% renewable electricity by 2035; in 2020, an estimated 36% of our global electricity needs were supplied by renewable sources.⁷

Mitigating the effects of climate change will require worldwide collective action. In retail, the vast majority of emissions occur in product supply chains rather than in retail operations. Our Project Gigaton™ initiative—a science-based target for Scope 3—is part of our commitment to pursue substantial emissions avoidance and reduction in product supply chains. More than 3,100 suppliers have formally signed on to Project Gigaton™, making it one of the largest private sector consortiums for climate action. Suppliers report having avoided more than 186 MMT of CO₂e in 2020, for a cumulative total of more than 416 MMT of CO₂e avoided since 2017.⁸

Adaptation

Our climate strategy includes adapting our operations to enhance resilience in the face of climate risk. Strategies include preparing our facilities and associates for weather-related disasters, taking steps to enhance surety of supply in the face of near-term disasters and disruptions and longer-term climate change, and accounting for transition risk in business planning. Walmart uses its enterprise risk management process and other processes to incorporate climate strategy into overall strategic planning.

⁴ Annual Scopes 1 and 2 GHG emissions and Carbon Intensities correspond to the results we disclose in response to the annual CDP Climate Change questionnaire and can be downloaded from the CDP website. The methodology is in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, meaning we use the latest available emissions factors for energy grids at the time of annual reporting to CDP. As a result, emissions reported to CDP in any given year are subject to the grid factors available in the year of reporting. Lucideon CICS independently verified Walmart's reported Scope 1 and Scope 2 emissions, pursuant to ISO 14064-3 (the international standard for verification of Greenhouse Gas inventories). For more details, please refer to Walmart's Greenhouse Gas Inventory Methodology attached to our CDP disclosures. Scope 2 (market-based) emissions include the carbon reduction value of renewable electricity procured from onsite and offsite projects. The GHG Protocol outlines three emissions sources (referred to as "scopes") that provide the framework for operational boundaries. The three scopes are:

Scope 1, "Direct Emissions," represent emissions from the combustible fuels and other sources that occur directly on sites (e.g., refrigerants, livestock) and mobile emissions sources.

Scope 2, "Indirect Emissions," represent emissions that occur off-site to produce electricity or steam purchased for use at corporate locations. Scope 3, "Other Indirect Emissions," represents emissions from activities down or upstream from a company's core business such as product use, waste disposal, commuting, and business travel.

⁵ On an adjusted basis between the 2015 calendar year baseline and 2019, Walmart reduced its absolute Scope 1 and 2 emissions by 10.15%, equivalent to 1.98 million metric tons of CO₂e. Adjustments may include the effects of acquisitions and divestitures for the period in which they had an effect.

⁶ Carbon intensity (Scopes 1 and 2 per revenue) calculation is based on emissions reported for calendar year and divided by total annual revenue as measured by Walmart's fiscal year. Absolute emissions have been adjusted for most recent grid factors.

⁷ This includes generation from active or under-development renewable and low-carbon projects. It considers the combined contribution of the renewable energy credits and power generated from on-site and off-site projects as well as renewable energy that we receive from utility-owned renewable generation feeding into the grids where our sites are located. Third-party-verified energy consumption data is one year in arrears (for example for FY2020, we used CY2019 energy consumption). This was used in combination with the electricity procured from our renewable energy projects in 2019 and the most recent grid fuel mix information obtained from the International Energy Agency for the regions where we operate.

⁸ Supplier-reported; calculated in accordance with Walmart's Project Gigaton Accounting Methodology, available on the Walmart Sustainability Hub.

Advocacy

Walmart has a board-adopted [climate policy](#) and advocates for 1.5 degree Celsius-aligned, science-based national and international climate policies that are consistent with achieving net-zero emissions by 2050 and fairly and equitably addressing the needs of all stakeholders. We advocate by leading one of the largest private sector consortia for climate action, contributing to public policy, and engaging in thought leadership. We also engage policymakers, customers, associates, other retailers, and opinion leaders in support of climate action. For example, in spring 2021, we agreed to be a retail sector champion of Race To Zero, a U.N. global campaign to mobilize around net-zero efforts in the lead-up to COP26.

Waste

We aim to break the link between consumption and waste as part of a movement toward a circular economy, meaning a transition from a “take-make-dispose” approach to one that values the reuse and regeneration of materials. We aspire to achieve zero waste to landfill or incineration in our operations, and we work with suppliers, customers and communities to accelerate the adoption of circular packaging and products. Our strategies to achieve zero waste include eliminating food waste and packaging waste (including plastic waste) and engaging our customers. Read more: [Waste: circular economy](#)

Operational waste: We set a goal to achieve zero waste⁹ to landfill or incineration in our U.S., Canada, Mexico, U.K. and Japan markets by 2025.¹⁰ In CY2020, we diverted 81% of waste from landfills and incineration globally, holding steady from the previous year.¹¹

Food waste: To reduce food waste in our operations, we focus on increasing the sell-through of food products and diverting unsold food from landfill, putting still-fresh food to use for meals in the community or other purposes such as animal feed, composting, or anaerobic digestion.

Packaging waste: Walmart is working with our suppliers and the broader retail consumer packaged goods industry to optimize packaging. Packaging overall. Our ambition is to accelerate a transition to 100% recyclable, reusable or industrially compostable private brand packaging. Read more: [Waste: plastics](#)

Customer engagement: We are also taking steps to encourage our customers to participate in the circular economy. For example, in 2020, we launched a new partnership with thredUp provide new, like new or gently used items from its inventory for sale on [Walmart.com/thredUP](#). The offering has grown to over 2 million pre-owned quality items from pre-owned clothes.

⁹ Meeting or exceeding Zero Waste International Alliance (ZWIA) business recognition program requirements, which include adoption of the ZWIA definition of zero waste and achievement of 90% or more diversion of all discarded resources from landfills, incinerators and the environment. We measure reductions in food waste through use of the following: Measurement metric = total weight of non-diverted food in pounds (i.e., landfill and controlled combustion without energy recovery) / total weight of all food sold in pounds. Zero waste goal and reporting scope includes waste materials and products generated in Walmart’s owned facilities and its operations (stores, clubs, warehouses, return centers, truck maintenance garages, etc.).

¹⁰ Original goal covered U.S., Canada, Japan and the U.K. and now includes Mexico. Walmart divested its retail operations in the U.K. and Japan in February and March of 2021, respectively. Going forward, we will no longer disclose progress for our divested operations.

¹¹ Based on review of material handling and waste diversion processes, as reported by waste vendors, food banks and stores. In cases where certified or otherwise documented weights were not available due to industry challenges, they have been estimated based on waste audits, historical data, extrapolation for similar facilities in size and scope, etc. Global plastic total includes CY2019 totals for Argentina as the market’s CY2020 data was not available.

Nature

Walmart works with our suppliers to increase the adoption of sustainable and regenerative practices in supply chains. Building upon years of work promoting the sustainable production of important commodities, Walmart and the Walmart Foundation committed in 2020 to help protect, manage or restore at least 50 million acres of land and 1 million square miles of ocean by 2030.

Source more sustainably: Our sourcing teams seek to procure products and ingredient lines that support our regenerative ambitions and advance our nature goals. In some instances, credible third-party certifications help us validate that products meet a standard that is more sustainable than conventional products.

Engaging suppliers & others to accelerate progress: We encourage suppliers to undertake sustainability initiatives and report their progress; provide resources and forums to share best practices; and support collective action among retailers, suppliers, NGOs, governments, and other stakeholders through special initiatives and consortia.

Scaling impact through systemic change: Walmart and the Walmart Foundation use philanthropy to complement and extend the work of our business to help preserve irreplaceable landscapes by supporting innovative approaches that can help address gaps in the way the system works today.

Habitat Conservation: In 2005, Walmart committed to preserve at least one acre of natural habitat for every acre of land developed by the company in the U.S. through the Walmart Acres for America program, administered by the National Fish and Wildlife Foundation (NFWF). As of 2021, NFWF reports that it has helped to conserve more than 1.6 million acres of land since inception.

Read more: [Regeneration of natural resources: forests, land, oceans](#)

People in Supply Chains

Responsible sourcing: Our Responsible Sourcing program sets expectations of product suppliers aligned with our Human Rights Statement, monitors supplier performance against those expectations and works through our business to continuously improve our product supply chains. We train merchandising and sourcing associates on Responsible Sourcing, assess tens of thousands of third-party audits of facilities producing products for Walmart, and manage hundreds of cases involving allegations of supply chain misconduct. In 2021, we revised and reissued our [Standards for Suppliers](#) and issued new Responsible Sourcing and Forced Labor Prevention policies.

Creating economic opportunity for people in supply chains: Growing, making, and transporting products can significantly benefit local economies and provide economic opportunity for people who work in product supply chains. Walmart sources billions of dollars from diverse suppliers and uses business and philanthropic resources to help smaller producers access markets and grow.

Collaborating to address systemic risks to worker well-being: Systemic issues such as forced labor, unsafe working conditions and gender inequity require collective action to bring about significant, positive and lasting protection of worker well-being. Walmart and the Walmart Foundation collaborate with suppliers, nongovernmental organizations, experts and others to address root causes of these issues, foster innovative solutions and accelerate adoption at scale.

Read more: [People in supply chains](#)

1.2.3 Walmart's Community Priorities

As an omni-channel retailer with a physical presence in thousands of communities around the world, Walmart aims to serve and strengthen communities through our products, services, jobs and other resources that help people live better.

Serving communities

Serving communities lies at the heart of Walmart's mission to save people money and help them live better by providing convenient, omni-channel access to affordable food and other essential products and services day to day. We aim to create value for communities in many ways, including:

- Providing convenient access to affordable, quality food and other essential products through our omni-channel business model and everyday low prices
- Providing meaningful employment and helping develop the local workforce through quality jobs, training, education and career paths
- Investing in the local supplier base in markets where we operate to meet customer needs while helping to support supplier jobs and inclusive economic growth
- Contributing to community resilience through disaster response and enhancing food security
- Supporting local organizations and causes that matter to customers, associates and neighbors in our communities
- Contributing to the tax base through corporate income-based tax and the impact our business has in varying ways by community on other types of tax revenue (e.g., sales and property tax)

Read more: [Serving communities](#)

Providing safer, healthier food & other products

Providing safer, healthier and affordable food and other products is central to our mission to help people save money and live better. Our efforts include policies, standards and practices to sustain the safety and quality of our assortment, while engaging our customers and working with others on industrywide efforts in consumer education, food and product safety, and access to safer, healthier and affordable products.

Food access: Our omni-channel business model provides convenient access to food and other products for our customers around the globe. In the U.S., our stores and clubs are within 10 miles of 90% of American households, our eCommerce capabilities allow us to reach many more, and we have expanded pickup to thousands of locations globally. Walmart donates hundreds of millions of pounds of food globally each year, improving food security for those in need and strengthening the charitable meal system.

Food safety: Walmart maintains a global food safety compliance program to assist Walmart associates and suppliers in meeting that expectation. As part of that program, Walmart develops policies, standards, procedures and controls designed to prevent, detect and remediate practices that do not meet our expectations. Walmart's Food Safety Compliance team comprises experienced food safety professionals who oversee our food safety program. Tens of thousands of independent food safety audits are conducted each year, and hundreds of thousands of associates are trained on food safety.

Read more: [Safer, healthier food & other products](#)

Disaster preparedness & response

We aim to mitigate the impact of disasters and related disruption on our business and local communities with a focus on associate safety and well-being and recovery of business operations to serve communities in need. To enhance the resilience of our business in the face of disaster and disruption, and help mitigate the impact of disaster on the communities where we operate, we focus on the following:

- Effective corporate governance, including policies, procedures and executive oversight
- Disaster planning and preparation, through risk assessment, business continuity planning, and training
- Disaster response, including mitigation and recovery
- Collaboration with community leaders to support local response by activating Walmart logistics and operations capabilities, donating essential products and grants

Read more: [Disaster preparedness & response](#)

1.2.4 Walmart's Ethics & Integrity Priorities

Walmart wants to make trust a competitive advantage. Integrity builds trust in our business, and modeling the highest standards of ethics and compliance helps us create and maintain a culture of integrity.

Ethics & compliance

Walmart strives to make trust a competitive advantage. Integrity builds trust in our business, and modeling the highest standards of ethics and compliance helps us create and maintain a culture of integrity. At every level of our company, we work to create a culture that inspires trust among our associates, with our customers, and in the communities we serve. We do this by:

- Setting ethics and compliance program foundations, including having the right program structure, developing standards and controls to maintain compliance, training associates on compliance and controls and monitoring for and responding to issues.
- Building trust with our associates and customers, including by not tolerating discrimination or harassment, promoting health and safety, selling safer food and products and delivering quality health care services.
- Building trust with our business, including by competing fairly, combating bribery and corruption, using data and technology respectfully and ethically and sourcing responsibly.

In February 2021, Walmart published our Code of Conduct, which replaced the former Statement of Ethics as our internal policy and external statement of our values, principles and expected behaviors. The code applies to all associates of Walmart and its subsidiaries and to Walmart's and its subsidiaries' board members when they are acting in their capacity as directors. To complement and supplement the Code, Walmart released new versions of 20 ethics and compliance policies in 2020 and 2021, covering topics ranging from Anti-Money Laundering and Financial Services to Discrimination and Harassment Prevention and Trade Compliance.

Read more: [Ethics & compliance](#)

Corporate governance

Strong corporate governance starts with setting the structures and incentives to help the company thrive in the long term and flows through to everyday practices. Our approach to corporate governance includes maintaining a majority independent Board with diverse backgrounds and relevant experiences and skills and developing a talented and diverse pipeline of leaders. As of April 2021, our Board of Directors was 25% female and 17% racially or ethnically diverse. We design our compensation programs to support our enterprise strategy and to align our leadership team with our culture, strategy and organizational structure. Our executive compensation programs are intended to motivate and retain key executives, with the goal of generating strong operating results and creating alignment with our shareholders.

Read more: [Corporate governance](#)

Engagement in public policy

We strive to make a meaningful and positive contribution to the countries and communities in which we operate through our engagement with government. Through policy advocacy, support of the political process and collaborations with business coalitions, we aim to support public policy that is in the interests of our business, customers, associates and other stakeholders. Issues of focus include health and safety, climate change, marketplace trust and transparency, racial equity, trade and supply chains, and data privacy.

Read more: [Engagement in public policy](#)

Digital citizenship: Ethical use of data & responsible use of technology

As our customer proposition has evolved beyond stores and clubs to become a more digital, omni-channel offering that blends online and in-store experiences, our approach to data and technology has become central to building trust. Walmart's digital trust commitments, based in Walmart's core values, provide a foundation for the company to earn and maintain customer trust as we make decisions regarding new technologies, services and data use; maintain policies and controls regarding the use and sharing of personal information; responsibly manage data, records and information; and protect our information and digital infrastructure from cyber intrusions.

Read more: [Digital Citizenship: Ethical use of data & responsible use of technology](#)

Human rights

We respect human rights and seek to use our scale, capabilities and influence to help people and communities improve their lives, with a focus on our salient human rights issues. Our [Human Rights Statement](#) serves as the foundation of our efforts. to respect human rights by confirming our respect for human rights and articulating how our culture, values and international instruments inform our approach to human rights.

Read more: [Human rights](#)

2 Green Financing Framework Overview

This Framework addresses the four core components and key recommendations (shown below) of the International Capital Markets Association (ICMA) Green Bond Principles (2021) (“the Principles”) and their recommendations on the use of external review and impact reporting. These principles and guidelines are voluntary process guidelines for best practices when issuing Green Bonds.

Core Components:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

Key Recommendations:

- Framework
- External Review

2.1 Scope

Walmart Inc. (“Walmart”, the “Company”, or the “Issuer”) has designed this Green Financing Framework under which Walmart intends to finance or refinance new and/or existing investments, in whole or in part, that enable the company to meet its environmental objectives. This Green Financing Framework details which project types are eligible for financing / refinancing with the net proceeds of various types of financing the Company elects to use (e.g., commercial paper, term loans, bond issuances, among other options (each, a “Green Financing”)).

2.2 Use of proceeds

Walmart intends to allocate an amount equal to the net proceeds of any Green Financing to investments which meet the eligibility criteria outlined in this section. These investments may be for new eligible investments or existing eligible investments financed within three years preceding the issue date of the Green Financing (“Eligible Green Investments”). Walmart follows the recommendation of the Principles and has two forms of external assurance – a Second Party Opinion on the Framework (received pre-issuance) and Verification Letter from an independent party (received annually post-issuance until full allocation of an amount equal to net proceeds of each Green Financing).

Walmart intends to allocate an amount equal to the proceeds of any Green Financing to a portfolio of Eligible Green Investments within the following Eligible Green Categories.

Eligible Green Category	Category Description
Renewable Energy	Expenditures related to the acquisition or development of new and ongoing renewable energy projects (including supporting infrastructure such as micro grids and energy storage) to reduce emissions and transition away from fossil fuel use for Walmart’s facilities, vehicles and supply chain. This includes long-term (typically 10-15 years) power purchase agreements (PPAs) and virtual power purchase agreements

	<p>(vPPAs) entered into prior to the commercial operation date of the facility. The onsite and offsite renewable projects are limited to those generate electricity or fuels from renewable sources including:</p> <ul style="list-style-type: none"> • Wind • Solar • Micro-hydro projects of 25 MW or less
High Performance Buildings	<p>Expenditures related to energy efficiency projects and technologies for Walmart’s corporate facilities with projected energy savings and other environmental co-benefits. This includes retrofitting and or whole replacement of energy consuming equipment (e.g. lighting, refrigeration and air conditioning systems) with more efficient models. These projects will aim to achieve a minimum of 15% energy savings compared to baseline.</p> <p>Expenditures related to energy management systems that are expected to improve energy and environmental performance. This includes energy audits, recommissioning, monitoring and controls and energy storage equipment.</p> <p>Expenditures related to greenhouse gas management and reduction projects and technologies for Walmart’s corporate facilities and supply chain. This includes refrigerant monitoring and detection equipment, purchase of refrigerants with low-GWP¹², installation of new low-GWP refrigerant using equipment and the conversion of existing systems to enable them to use low-GWP refrigerants.</p> <p>Expenditures related to buildings that have met within the last three years, or are expected to meet regional, national or internationally recognized “green building” standards or certifications such as LEED (gold or higher).</p>
Sustainable Transport	<p>Expenditures related to clean transportation projects and technologies for Walmart’s operations, supply chain or customers, such as electric, hydrogen and hybrid vehicles that emit less than 25 grams of CO₂ per ton-kilometer (gCO₂/t-km) and less than 75 grams of CO₂ per passenger-kilometer (gCO₂/p-km) (using the Worldwide Harmonised Light Vehicles Test Procedure (WLTP) procedure). This also includes any infrastructure related to these vehicle types (e.g., electric vehicle (EV) charging stations).</p>
Zero Waste and Circular Economy	<p>Expenditures related to waste prevention, waste reduction, and waste recycling for Walmart’s facilities, supply chain and in the communities where Walmart operates with a minimum projected waste-to-landfill reduction of 15%.</p> <p>Expenditures related to supporting a circular economy and closed-loop material flows for Walmart’s operations, products, supply chain and customers, such as resource-efficient packaging and distribution.</p>
Water Stewardship	<p>Expenditures related to projects and technologies that support an efficient and quality water supply for Walmart’s facilities, supply chain and in the communities where Walmart operates. This includes water efficiency, water conservation and</p>

¹² Low-GWP refers to refrigerants with a Global Warming Potential (GWP) of less than 750. Conventional refrigeration systems use refrigerants with GWPs as high as 4,000.

	water quality projects such as upgrading water fixtures and irrigation systems, water monitoring and controls, and investment in water harvesting, treatment and recycling infrastructure.
Habitat Restoration and Conservation	Expenditures related to the preservation, restoration and management of natural landscapes including the protection of coastal, marine and watershed environments.

2.3 Process for project evaluation and selection

Projects to which a portion of the amount equal to the net proceeds of the Green Financing are intended to be allocated are evaluated and selected, based on compliance with the eligibility criteria set out above by Walmart’s Sustainable Finance Committee (“SFC”), formed by representatives from Treasury, Global Responsibility, and other subject matter experts as needed. The SFC reports to the ESG Steering Committee. The SFC will make the final decision on project selection and manage any future updates to the Framework, including changes to the list of Eligible Categories, and oversee its implementation. The Committee will adhere to Walmart’s existing policies and procedures when assessing perceived social and/or environmental risks associated with the relevant projects. The SFC will meet at least annually to ensure the ongoing eligibility of selected Eligible Projects throughout the life of the associated Green Financing(s).

2.4 Management of proceeds

Walmart intends to allocate an amount equal to the net proceeds from each Green Financing to Eligible Green Projects.

Projects will be selected in accordance with the use of proceeds criteria and the evaluation and selection process presented above. An amount equal to the net proceeds from the Green Financing will be allocated by the Treasury team to the financing/refinancing of existing and/or future projects that meet the above criteria for Eligible Green Investments. So long as the Green Financing remains outstanding, our internal records will show, at any time, an amount equal to the net proceeds from the Green Financing as allocated to Eligible Green Investments as well as any remaining unallocated proceeds. Pending the full allocation of an amount equal to the net proceeds of such Green Financing to Eligible Green Investments, an amount equal to the unallocated balance will be managed in accordance with Walmart’s normal liquidity practices. Payment of principal and interest on the Green Financing will be made from the company’s general funds and will not be directly linked to the performance of any eligible projects. Walmart expects to allocate an amount equal to the net proceeds of each Green Financing within two years of the date of issuance.

2.5 Reporting

Within one year from the date of the Green Financing, and annually thereafter until an amount equal to the net proceeds of the Green Financing has been allocated to Eligible Green Investments, Walmart will publish a public report with information on the allocation to and estimated impact of the Eligible Green Investments on a designated Walmart website.

2.5.1 Allocation reporting

Walmart commits to detailing the aggregate allocation of an amount equal to the proceeds, and to the extent practicable, Walmart also intends to report the allocation to eligible projects at a category level, which is consistent with the eligibility criteria, subject to confidentiality considerations.

2.5.2 Impact reporting

Walmart will, on a best effort basis, provide impact reporting to support the allocation reporting described above. Impact reporting will contain a disclosure of category level estimated Key Performance Indicators (“KPIs”) and/or, when quantitative information is not available or considered sufficiently reliable, contextual information such as case studies that highlight environmental impacts. For projects that are not yet operational, Walmart will strive to provide estimates of future performance and/or impact. Appendix 2 contains a list of KPIs which Walmart believes serves as meaningful guidance on impact reporting; however, the final reporting could differ from these proposed KPIs. Walmart will align, on a best efforts basis, the reporting with the portfolio approach described in Green Bonds Working Towards a Harmonized Framework for Impact Reporting (June 2021).

2.6 External review

2.6.1 Second Party Opinion (pre-issuance)

This Walmart Green Financing Framework has been reviewed by Sustainalytics, who has issued a Second Party Opinion. The Second Party Opinion is available on Sustainalytics’s website.

2.6.2 Verification (post-issuance)

Walmart will request on an annual basis, starting one year after issuance and until full allocation, a limited assurance report of the allocation of the Green Financing proceeds to eligible assets, provided by its external auditor (EY or any subsequent external auditor). Walmart may, at the company’s discretion, continue to request such assurance reports through the maturity of each Green Financing.

3 Appendix

3.1 Green Financing Framework Alignment with Green Bond Principles’ Project Categories (GBP 2021)

WMT Project Category	GBP Categories
Renewable Energy	<ul style="list-style-type: none">renewable energy
High Performance Buildings	<ul style="list-style-type: none">energy efficiencypollution prevention and controlgreen buildings
Sustainable Transport	<ul style="list-style-type: none">clean transportation

Zero Waste and Circular economy	<ul style="list-style-type: none"> ▪ pollution prevention and control ▪ eco-efficient and/or circular economy adapted products, production technologies and processes
Water Stewardship	<ul style="list-style-type: none"> ▪ sustainable water and wastewater management
Habitat Restoration and Conservation	<ul style="list-style-type: none"> ▪ environmentally sustainable management of living natural resources and land use ▪ terrestrial and aquatic biodiversity conservation

3.2 Green Financing Framework impact reporting KPIs example. Figures may be actual or estimated.

Eligible green project categories	Potential KPIs
Renewable Energy	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided in metric tons of CO₂ equivalent ▪ Annual renewable energy generation in MWh/GWh ▪ Capacity of renewable energy plant(s) constructed or rehabilitated in MW
High Performance Buildings	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided in metric tons of CO₂ equivalent ▪ Annual energy savings in MWh/GWh (electricity) ▪ Type of rating scheme, certification level and m2 certified.
Sustainable Transport	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided in metric tons of CO₂ equivalent ▪ Count of new clean transport infrastructure added
Zero Waste and Circular Economy	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided in metric tons of CO₂ equivalent ▪ Waste prevented, minimized, reused or recycled, metric tons
Water Stewardship	<ul style="list-style-type: none"> ▪ Annual water savings in Megaliters ▪ Annual volume of wastewater treated or avoided
Habitat Restoration and Conservation	<ul style="list-style-type: none"> ▪ Annual acres restored or conserved. ▪ Estimated carbon sequestration benefit if known.

3.3 Alignment with United Nations’ Sustainable Development Goals (UN SDGs)

In 2015, countries adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). The following SDG goals and targets (not exhaustive) are relevant to Walmart’s Green Financing Framework:

Project Category	SDGs advanced	Relevant SDG Targets	Relevant SDG Indicators
Renewable Energy	<p>#7 Affordable and Clean Energy</p> <p>#8 Decent Work and Economic Growth</p> <p>#11 Sustainable Cities and Communities</p> <p>#12 Responsible Consumption and Production</p> <p>#13 Climate Action</p>	<p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p>	<p>7.1 Renewable energy produced</p> <p>7.2 Avoided greenhouse gas emissions (tonnes CO2eq)</p> <p>7.3 Number of people with access to clean energy services</p> <p>8.2 Number of jobs created</p> <p>8.3 Number of jobs retained</p> <p>8.10 Number of loans, deposits or insurance products in line with SDGs or number of people provided these</p>
High Performance Buildings	<p>#7 Affordable and Clean Energy</p> <p>#8 Decent Work and Economic Growth</p> <p>#11 Sustainable Cities and Communities</p> <p>#12 Responsible Consumption and Production</p>	<p>7.3 By 2030, double the global rate of improvement in energy efficiency</p> <p>11.3 By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries</p>	<p>7.2 Avoided greenhouse gas emissions (tonnes CO2eq)</p> <p>8.2 Number of jobs created</p> <p>8.3 Number of jobs retained</p> <p>8.10 Number of loans, deposits or insurance products in line with SDGs or number of people provided these</p> <p>11.3 Floor space of green real estate</p>
Sustainable Transport	<p>#11 Sustainable Cities and Communities</p>	<p>11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>	<p>11.2 Number of people with access to sustainable transport systems</p> <p>11.6 Number of electric vehicles deployed</p> <p>11.6 Number of electric vehicle charging points installed</p>
Zero Waste & Circular Economy	<p>#11 Sustainable Cities and Communities</p>	<p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p>	<p>11.6 Waste that is prevented, minimized, reused or recycled before and after the project</p>

			11.6 Number of people benefitting from selective collection of recyclables
Water Stewardship	#6 Clean Water and Sanitation #11 Sustainable Cities and Communities #12 Responsible Consumption and Production	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	3.3 Amount of wastewater treated, reused or avoided before and after the project 6.3 Volume of water saved 6.4 Volume of wastewater treated for reuse 12.3 Avoided emissions to water 12.4 Absolute or % reduction in local pollutants
Habitat Restoration and Conservation	#6 Clean Water and Sanitation #11 Sustainable Cities and Communities #14 Life Below Water #15 Life on Land	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	6.6 Area covered by sustainable land and water resources management practices 14.2 Biodiversity loss avoided or reduced (# of species) 15.2 Avoidance or reduction of biodiversity loss (# of species) 15.3 Certified afforested or reforested land 15.3 Area covered by sustainable land and water resources

4 Disclaimer

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