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To the Editor:

This is an article from a series of monthly columns by Environmental Law Specialist Dianne Saxe, one of the top 25 environmental lawyers in the world. These articles are available for publishing at no charge, provided Dr. Saxe is cited as the author. She can be contacted at (416) 962 5882 or admin@envirolaw.com. For more information, visit <http://envirolaw.com>.

Is Wal-Mart's green agenda for real?

Wal-Mart is trying to position itself as a powerful and important green retailer. At first glance, this is pretty hard to swallow, given that Wal-Mart's business model depends on selling huge amounts of low-cost stuff from around the globe, in huge stores surrounded by even larger parking lots. This is, in many senses, the opposite of sustainability.

But Wal-Mart should never be underestimated. It has already begun to reduce the footprint of its stores, buying renewable energy and reducing packaging waste. Now, it has begun to green its supply chain, a move that could have bigger impacts than most government regulations.

In July, Wal-Mart announced that it is creating its own sustainability index, which will be rolled out in three phases. To start, Wal-Mart is surveying its 100,000-plus suppliers throughout the world, asking them to report on their own sustainability. Top tier suppliers in the US were expected to complete the survey by October, 1, 2009.

Wal-Mart's *Supplier Sustainability Assessment* document is impressive. It includes clear questions, plus the rationale behind each issue and links to organizations and good practice models, as well as to reputable climate change policy documents.

The survey requires companies to reveal how sustainable they are, in 4 categories:

- ***Energy and climate.*** Questions include whether the supplier has measured its greenhouse gas emissions, has opted to report these to the Carbon Disclosure Project and *publicly* set targets to reduce them.
- ***Material efficiency.*** The section focusses on how the supplier has reduced waste and enhanced quality of its products. Specifics, like total water used and solid waste

generated from production facilities, and whether *publicly available* reduction targets for these have been set (and what they are), are asked. As well, the suppliers' score on Wal-Mart's *Packaging Scorecard* will be factored in to the supplier's score in this category. The *Scorecard*, introduced in November 2006 to evaluate suppliers on their progress in developing sustainable packaging, is available to buyers to assist in making informed purchasing decisions about suppliers.

- **Natural resources.** These questions examine whether the supplier has established publicly available sustainable purchasing guidelines for its own direct suppliers, e.g., addressing environmental compliance, employment practices and product/ingredient safety, and whether the supplier has obtained third party certification for any products it sells to Wal-Mart.
- **People and community.** This category probes whether the supplier is aware of all the facilities that produce its products, and whether it evaluates production quality and capacity prior to doing business with a manufacturer. It also covers whether the supplier has a process to manage social compliance at the manufacturing level, and whether the supplier works to resolve social compliance issues identified, and to document corrections/improvements. As well, it examines whether the supplier invests in community development activities in its various markets.

For now, Wal-Mart will not validate survey responses. However, it states that violations of its trust will be considered serious. As well, there is a whistle-blowing option: anyone can email Wal-Mart with concerns about inaccurate information given by suppliers.

Second, Wal-Mart has helped to set up a Sustainability Index Consortium administered by Arizona State University and the University of Arkansas. It will develop a global database of products throughout their life cycles, from raw material to ultimate disposal. Third, Wal-Mart's Sustainability Index will be to provide consumers with access to clear and understandable information about various products, to help them select products that are more sustainable.

Critics are unimpressed. They argue that Wal-Mart forces suppliers to provide unsustainable goods, made overseas with cheap labour and weak environmental rules, by forcing prices down. This is central to Wal-Mart's business model, and therefore seems unlikely to change. They point out that Wal-Mart's index leaves out criteria (e.g., labour issues, cancer and reproductive health risks) that are found in the competing GoodGuide, which originated at UC Berkeley. They also doubt the independence of the Sustainability Consortium, since it will be funded by manufacturers with a strong stake in the results.

Will Wal-Mart actually sell more expensive goods, if they are more sustainable? And will its customers buy them? Or can Wal-Mart successfully marry rock-bottom prices with sustainable products? Other companies, like Nike (the *Nike Considered Index*), Patagonia (the *Footprint Chronicles*) and Mountain Equipment Co-Op (Ethical Sourcing) already rate and label products for sustainability. However, Wal-Mart, with over \$400 billion in sales for fiscal 2009, is the largest company to move towards developing a green labelling system for its products. It could change the entire market.

We love the concept of mega-corporations competing on their “sustainability quotient”, as long as the results are legitimate and not just greenwashing. Wal-Mart deserves credit for its new initiative, but also careful scrutiny to see what it produces.

Dianne Saxe
Jackie Campbell
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Resources

Walmart: Sustainability index. Available at <http://walmartstores.com/Sustainability/9292.aspx> . See the link to the extensive Supplier Sustainability Assessment document.

Carbon Disclosure Project. <https://www.cdproject.net/en-US/Pages/HomePage.aspx>

Walmart: Packaging. At <http://walmartstores.com/Sustainability/9125.aspx>

GoodGuide. At <http://www.goodguide.com/?ontology=default>

Nike Considered Index. At http://www.nikebiz.com/responsibility/considered_design/considered_index.html

Patagonia. The Footprint Chronicles At http://www.patagonia.com/web/us/patagonia.go?slc=en_US&sct=US&assetid=23429

Mountain Equipment Co-Op. Ethical sourcing. At <http://blog.mec.ca/>