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Supplier transparency about the facilities used to manufacture products for Walmart Inc. (“Walmart”) is a foundational aspect of Walmart’s Global Ethics & Compliance program. Our Standards for Suppliers set the expectations that suppliers be transparent by disclosing facility information according to the requirements set out in this document. Supplier transparency allows Walmart to assess supply chain risk, monitor supplier compliance with our Standards for Suppliers, respond effectively to supply chain incidents, and deploy resources in a risk-based manner—all of which helps us earn and keep our customers’ trust. It is important to note that, although Walmart does not require suppliers to disclose all facilities, Walmart’s Standards for Suppliers apply to all steps in the supply chain.

Suppliers should also understand that the disclosure requirements in this document pertain only to Walmart Responsible Sourcing Compliance; other Walmart departments may have additional or different disclosure requirements.
Policy – Disclosure Requirements

A supplier must disclose a facility to Responsible Sourcing Compliance under the circumstances described below, unless it falls under an exemption detailed on the Page 6.*

Where the product is manufactured for sale or use by Walmart, disclose the facility if it is engaged in:

• Primary or subcontracted production involving substantial transformation of
  • any Walmart private or exclusive brand product;
  • any Walmart-branded Goods not for Resale (GNFR) product; or
  • any product where Walmart will be the importer of record.
• Post-production processing of product where a Walmart private brand is visible at the time of the processing or augmentation.
• Walmart-related production by a Walmart designated or Walmart nominated supplier.

Individual Walmart businesses may expand these disclosure requirements to other products based on responsible sourcing risks. Walmart reserves the right to add to and amend these disclosure requirements on reasonable notice to affected suppliers.

*These updated requirements go into effect on February 1, 2021. After that date, suppliers must work with their Walmart compliance, merchandising, and sourcing contacts to disclose their facilities according to these requirements.
Policy – Disclosure Requirements

Where disclosure is required, the supplier is responsible for making a timely and accurate disclosure using the electronic or manual forms provided by Walmart. In completing the disclosure process, suppliers must complete all required fields and make any required certifications. Where disclosure is required, the facility must be in “active” status prior to production of product for Walmart. See instructions covered in the guidance section of this document.

Disclosure is an ongoing obligation. Suppliers are responsible for actively maintaining their facility lists, associating and disassociating from facilities, and for keeping all required information up to date. If a supplier is uncertain whether it is required to disclose a given facility, the supplier should disclose the facility to Walmart.

More than one supplier may use the same facility. Each supplier has an independent duty to disclose. The fact that a facility is disclosed by another supplier—or is not disclosed by another supplier—does not affect other suppliers’ duties to disclose the same facility.
Policy – Disclosure Exemptions

In order to allocate resources toward higher-risk facilities, Walmart exempts certain facilities from ordinary disclosure requirements. Suppliers whose facilities are otherwise subject to disclosure may apply for such an exemption for a facility or facilities. Suppliers must receive approval from Walmart Responsible Sourcing Compliance on a case-by-case basis before relying upon an exemption.

Walmart currently offers the following disclosure exemptions on a case-by-case basis:

**Disclosure Exemptions**

- **Farms:** Walmart may exempt farms from an applicable disclosure requirement.
- **Pharmaceuticals:** Walmart may exempt facilities used by an import or domestic supplier to manufacture prescription drugs for sale in the United States. Prescription drugs are drugs that can only be dispensed on a physician’s order. This exemption will not apply if Walmart private brand products are manufactured in the same facility.
- **Spot Buys:** Facilities producing merchandise that is the subject of a spot buy—a one-time purchase of a fixed quantity of merchandise that has already been produced and where no future orders of the same goods are anticipated—may be exempt from a requirement to disclose.
- **Distributors:** Facilities producing merchandise—other than Private Brand Merchandise—that Walmart purchases through a distributor may be exempt from the requirement to disclose where the distributor is:
  1) an intermediary selling a range of pre-produced and competing products;
  2) selling product brands that they neither own nor influence; and
  3) selling items or brands that are also sold to other retailers.
Policy – Consequences

Consequences for Non-Compliance

Where disclosure is required, a supplier’s failure to disclose a facility and/or the production of merchandise in an undisclosed facility is considered to be unauthorized production and can lead to consequences for the supplier, facility, or both.

Where disclosure is required, the facility must be in “active” status prior to production of product for Walmart. The production of merchandise in an “inactive” facility is considered to be unauthorized production and can lead to consequences for the supplier, facility, or both.

Suppliers may be issued consequences—including a supplier “strike” and/or reduction, suspension, or termination of business for production in an undisclosed facility.

Three strikes in a two-year period will typically result in a suspension or termination of the supplier’s business relationship with Walmart. Certain instances of unauthorized production may result in an immediate reduction, suspension, or termination of business.

Facility consequences related to unauthorized production may include receiving an Orange or Red rating, which may lead to the termination or reduction of that facility’s eligibility to produce product for Walmart.

The final determination of consequences is made by Walmart Responsible Sourcing Compliance and the relevant merchant and/or sourcing teams.
Guidance – Distributor Exemption

Walmart may exempt distributors from disclosure requirements under the terms set out by policy.

A distributor exemption may be granted when facilities manufacturing product—other than Private Brand Merchandise or Walmart-branded goods not for resale—that Walmart purchases where the distributor is:

1) An intermediary selling a range of pre-produced and competing products;
2) Selling product brands that they neither own nor influence; and
3) Selling items or brands that are also sold to other retailers.

Exemptions are granted on a case-by-case basis. Distributors exempt from disclosure must share Walmart’s Standards for Suppliers and communicate that the suppliers are responsible for compliance with the Standards at all facilities producing product for sale at Walmart.

The exemption period is valid for a period of three years. After three years, the exemption will be re-evaluated.

Is my company on the Approved Distributor list?
Contact your Responsible Sourcing Compliance team member.

How to submit for consideration
To be considered for the distributor exemption, complete the Distributor form and return it to your assigned Walmart Responsible Sourcing Compliance team member.

Distributor application
Submission of this information does not guarantee that you will qualify to be on the Distributor list. A Responsible Sourcing Compliance team member will contact you regarding the approval/rejection of your submission.
Guidance – Reviewing Your Facility Matrix in Retail Link

Suppliers with Retail Link access can review the list of facilities disclosed in Retail Link by navigating to the Supplier Profile page using the pathway below:

Retail Link Home Page > Apps > Supplier Profile

Once in the Supplier Profile page, the list of all factories associated with the supplier and their current status can be found under the Factory Overview section.
Guidance – Requesting a New Facility and Maintaining Current Facility Lists

A facility ID is obtained through the process of disclosure. Once it has been determined a facility must be disclosed, the supplier will disclose the facility in one of the following ways:

• Retail Link
• Manual disclosure (only available for suppliers without Retail Link Access)

Once disclosure is complete, the supplier will receive a confirmation email within two business days which contains the assigned facility ID number. Additionally, the supplier will be able to see this facility within the Supplier Profile page in Retail Link under Factory Overview.

Reference guides outlining the steps to:
• Set up a new facility
• Activate a facility
• Inactivate or disassociate from a facility no longer in use

Contact the appropriate Supplier and Facility Administration team at the email addresses below:

<table>
<thead>
<tr>
<th>Supplier Location</th>
<th>Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>North, South &amp; Central America</td>
<td><a href="mailto:rssfaam@walmart.com">rssfaam@walmart.com</a></td>
</tr>
<tr>
<td>China &amp; Far-East</td>
<td><a href="mailto:rssfacn@walmart.com">rssfacn@walmart.com</a></td>
</tr>
<tr>
<td>Other Countries</td>
<td><a href="mailto:rssfain@walmart.com">rssfain@walmart.com</a></td>
</tr>
</tbody>
</table>

Retail Link Home Page > Apps > Supplier Profile
Guidance – Defining Facility Types

The following definitions are provided for convenience. Please consult with your Responsible Sourcing Compliance team member to discuss particular disclosure questions.

**Primary or Subcontracted Production Facilities:** A facility is engaged in primary or subcontracted production for purposes of disclosure if it is the facility where substantial transformation occurs into a product for sale or use by Walmart. “Substantial transformation” occurs when a facility produces a product that is a new and different product, with a different and distinct name, character, and use from the products or materials it consisted of previously, regardless of whether further branding, labeling, packing, or other post-production processing may occur thereafter prior to sale or use. A product will be substantially transformed in one facility; other processes will either be considered to be pre-production or post-production.

The following activities may be considered “substantial transformation” for purposes of disclosure:

- Assembling components into a product
- Cutting and sewing
- Packing produce or meat
- Processing ingredients into a product
- Refining raw material into a product

The following activities typically are not considered to be “substantial transformation” for purposes of disclosure:

- Washing, labeling, or screen-printing
- Farming
- Checking for quality
- Warehousing finished product
- Manufacturing components of a product
Guidance – Defining Facility Types

**Designated or Nominated Suppliers’ Facilities:** Walmart or any of its subsidiaries may direct product suppliers to use another specifically designated supplier or may include a particular supplier on a nominated supplier list. A facility is a designated or nominated supplier’s facility for purposes of disclosure if it is used by a designated or nominated supplier for Walmart-related business. There may be more than one such facility for each product for sale or use by Walmart. These facilities may include, but are not limited to:

- Facilities producing packaging material or labels
- Mills
- Facilities manufacturing components or ingredients of products

**Post-Production Processing Facilities:** A facility is engaged in post-production processing for purposes of disclosure if it is processing or augmenting finished product where the product has Walmart Private Brand identification or Walmart branding visible at the time of the processing or augmenting. There may be more than one such facility for each product for sale or use by Walmart.

The following activities may be considered post-production processing or augmentation for purposes of disclosure:

- Washing
- Embroidery
- Pressing
- Packing
- Bottling
- Labeling

Post-production processing facilities typically would not include facilities used as part of distribution networks (warehouses, distribution centers, freight consolidators, etc.) unless the facilities are co-located with production facilities.
Guidance – Defining Merchandise Types

**Direct Import Merchandise**: Products manufactured for retail sale or Walmart-use in any Walmart format where Walmart or any Walmart entity is or will be the importer of record. This can include direct imports purchased directly by the Walmart retail market, as well as imports through Walmart Global Sourcing & Procurement.

**Private Brand Merchandise**: Merchandise produced for retail sale in any Walmart format that will be sold under a mark or brand name owned by Walmart or any Walmart subsidiary. Examples include:

- Equate
- Ol’ Roy
- Members’ Mark
- Sam’s Choice
- Hometrends
- Faded Glory
- George
- Right Buy
- Sabemas
- Great Value
- Marketside
- Parent’s Choice
- Mainstays
- Canadiana
- Ozark Trail
- Kid Connection
- Suli

**Exclusive Brand Merchandise**: Merchandise produced for retail sale in any Walmart format that, by oral or written agreement with the supplier, will be sold under a mark or brand name available only through Walmart in that particular retail market for a period of time. Exclusive Brand Merchandise includes exclusive derivative brands of supplier brands, so long as the derivative brand is exclusive to Walmart. The exclusivity of the brand—rather than the exclusivity of the product—controls.

**Goods Not for Resale**: Products manufactured for use by Walmart or any of its subsidiaries. For the purpose of this disclosure requirement, only facilities manufacturing Walmart-branded product or product imported by Walmart that will be used by Walmart will be in scope.