

Walmart

GLOBAL ETHICS & COMPLIANCE



RESPONSIBLE SOURCING DISCLOSURE EXPECTATIONS AND GUIDANCE

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Introduction

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.



Expectations - 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.

Suppliers producing product for Walmart's sale or use that meet the below conditions are required to disclose facility details to Responsible Sourcing.

Suppliers engaged with:

- any Walmart private or exclusive brand product for resale; and/or
- any Walmart-branded Goods not for Resale (GNFR) product, and/or
- any product where Walmart will be the importer of record.

The facility(ies) which the Supplier should disclose are those engaged in the following production stages:

- Primary or subcontracted production involving substantial transformation AND
- Any further processing of the transformed product.

In addition, Suppliers must disclose any facility(ies) where Walmart has directed or required selection from any specific entity list.

- For example, where a Walmart business unit has provided specific, limited or narrowed options in sourcing of a product or component of a product for Walmart-related production (often called: *preferred, designated or nominated* supplier).

Individual Walmart businesses may alter 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. Current variances can be found in Appendix A.

Expectations - 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.

Expectations - 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.

Expectations - 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 by navigating to **Supplier Facility Hub** using the pathway below:

Retail Link Home Page > Apps > Supplier Facility Hub

Once in the Supplier Facility Hub, the home page *Supplier Compliance Profile* lists of all facilities associated with the supplier and their status.

The screenshot displays the 'Supplier Facility Hub' interface. At the top, there is a dark blue header with the 'Supplier Facility Hub' logo and a user profile icon. Below the header, the page title is 'Supplier Compliance Profile'. To the right of the title are two buttons: 'Facility Management' (with a dropdown arrow) and 'Request Audit' (with a dropdown arrow). A blue callout box labeled 'Review Facility Management Options' points to the 'Facility Management' dropdown menu, which is open and shows the following options: 'Disclose a new facility', 'Request changes to a facility', 'Dissociate', and 'Activate/Inactivate a facility'. Below the header, there is a section titled 'Facilities' with a blue underline. Underneath, there is a table with the following columns: 'Facility Id', 'Facility', 'Status', and 'Social'. The table contains one row with the following data: '36284009' (Facility Id), 'test' (Facility), 'ACTIVE' (Status), and 'Green' (Social). Two blue callout boxes are positioned below the table: one labeled 'Review current facility status' points to the 'ACTIVE' status, and another labeled 'Review current assessment rating' points to the 'Green' assessment rating.

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 Compliance Profile* page in Retail Link.

Retail Link Home Page > Apps > Supplier Facility Hub

Reference guides outlining the steps to:

- Set up a new facility
- Activate a facility
- Inactivate or disassociate from a facility no longer in use

[Retail Link Market Disclosure Reference guide](#)
[Non-Retail Link Market Disclosure Reference guide](#)

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

Supplier Location	Contact Details
North, South & Central America	rssfaam@walmart.com
China & Far-East	rssfacn@walmart.com
Other Countries	rssfain@walmart.com

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

Walmart Directed, 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” or “preferred” or any other specific 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

Further Processing Location (*formerly known as Post-Production Processing Facilities*): A facility is engaged in further/post-production processing for purposes of disclosure if it is processing or augmenting finished

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

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.

Appendix A – Market Scope Variances

Below are market scope variances. These apply only to the specific market/product combination, otherwise the Global Responsible Sourcing Disclosure Requirement applies.

Market	Variation
US	1. Unbranded or generic products, including produce and other products where there is no brand are required to disclose
	2. Upstream facilities captured by Walmart of which RS is made aware are required to disclose (e.g. mills disclosed as part of business quality inspection process)
	3. Adult beverage distributors that do not produce any products are not required to disclose
Mexico	1. Non-branded domestic protein (i.e. meats) suppliers are required to disclose
China	1. Non-prepackaged food, like deli/bakery items which need further processing in store to become final Private Brand products <i>are not required</i> to disclose
Flipkart	1. Virtual Private Label (VPL) <i>is not required</i> to disclose
	2. For GNFR, only consumer-facing Flipkart Branded - Packaging suppliers are required to disclose