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Wal-Mart Aims To Enlist Suppliers In Green Mission

By Ylan Q. Mui
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[Wal-Mart](#) announced yesterday that it will begin asking its suppliers to measure their carbon footprint and find ways to reduce it, part of an effort by the world's largest retailer to transform itself into a more environmentally friendly company.

Wal-Mart said it would start by looking at seven categories that are ubiquitous in its shoppers' lives: DVDs, toothpaste, soap, milk, beer, vacuum cleaners and soda. It will work with the Carbon Disclosure Project, a nonprofit group of 315 institutional investors that control \$41 trillion in assets, to collect data on greenhouse gas emissions, emissions reduction targets and strategies for dealing with climate change for its suppliers in those product categories.

"Some of them are things we rarely think about -- like our vacuum cleaners -- and some of them are things we'd rather think about, like beer and movies," John Fleming, Wal-Mart's chief merchandising officer, said yesterday at a news conference in [New York](#). "But each of these products has an impact on our planet."

The program is an important step in Wal-Mart's attempt at a green evolution. Wal-Mart traditionally has used its size to negotiate lower prices on goods and is frequently criticized by labor unions and others for contributing to the outsourcing of manufacturing jobs. Now, Wal-Mart said, it wants to use that influence to persuade its suppliers to use less energy.

Two years ago, the retailer that rose to dominance by planting big-box stores in small towns and sprawling suburbs across the country announced an ambitious plan to remake itself into an environmental powerhouse. It vowed to create no waste, to be supplied by renewable energy and to sell more sustainable products in its stores.

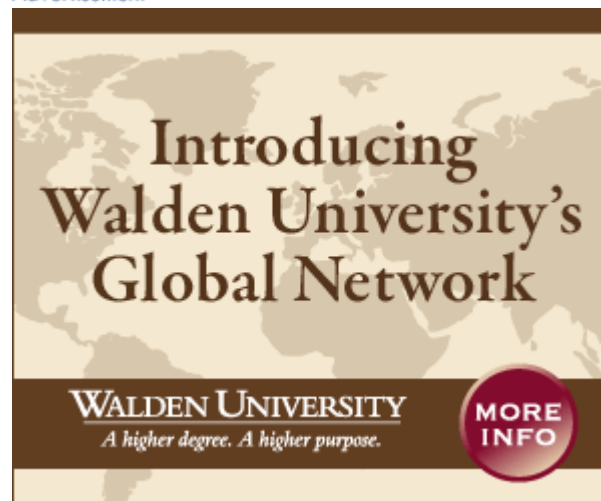
The initiative has sparked heated debate over the sincerity of Wal-Mart's effort, with critics calling it little more than corporate "green-washing." But there has been widespread agreement that Wal-Mart's greatest area of potential -- for good or for bad -- is the power it wields over its network of more than 60,000 suppliers across hundreds of industries.

As a precedent for the new carbon program, Fleming yesterday cited a packaging scorecard Wal-Mart recently began keeping. The scorecard rates vendors on their product packaging and encourages them to reduce waste, Fleming said. About 3,400 suppliers participate in the program, which covers more than 13,000 products. Wal-Mart buyers soon will begin using the scorecard results in purchasing decisions, he said.

Spokesman David Tovar said Wal-Mart has not decided whether it will rate its suppliers by their carbon footprints as well. Between 25 to 30 suppliers are participating in this pilot program, and no time frame has been set for reporting the data, he said.

Michael Marx, executive director of Corporate Ethics International, said that asking vendors to disclose their footprints is important but that it is also crucial for Wal-Mart to use the information when deciding which products to stock.

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"They make it possible for these suppliers to succeed with a large carbon footprint if the retailers continue to sell their products," he said.

Wal-Mart is not the only company addressing its carbon footprint. Computer manufacturer [Dell](#) this summer pledged to reduce its carbon footprint by 15 percent in five years and eventually bring it to zero. Shoemaker [Timberland](#) introduced a carbon label on some of its products that details the amount of greenhouse gases emitted to produce them.

Fleming said small vendors as well as large suppliers such as Coca-Cola and Fox [Home Entertainment](#) have signed on to the carbon-disclosure program and have begun working to reduce emissions. He pointed to innovations by Oakhurst Dairy, a family-owned company in Northern [New England](#) that plans to install 96 solar collectors to supply hot water at a plant and install a heat-recovery system for its milk-case-washing machine.

"They found that those changes would have real impact," Fleming said. "This entire exercise has been a learning process."

But the corporate world still has some hesitation in reporting its carbon footprint, much less developing a strategy to reduce it, according to a survey of S&P 500 companies by the Carbon Disclosure Project. Of the 282 companies that responded to the survey, 81 percent said they consider climate change to represent more commercial risks than opportunities. About 29 percent reported having specific targets and timelines for reducing emissions.

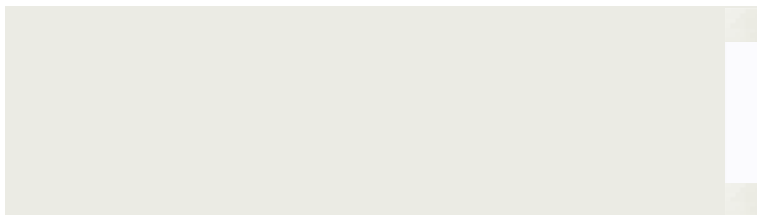
Still, CDP chief executive Paul Dickinson took heart in that more than half of the S&P 500 responded to the survey, however.

"Proper carbon accounting and reporting is becoming the accepted minimum," Dickinson said. "This proves the point that what gets measured gets managed."

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