

Report: Wal-Mart 2009 Global Sustainability Report

Quantity before quality

By Kyle Whitaker

Wal-Mart's second sustainability report has the same fault the retailer is often accused of – it is just too big

As the world's largest retailer, Wal-Mart must deliver its message to an enormous internal audience – more than two million employees worldwide – and an even broader spectrum of external readers, including 100,000 suppliers and 200 million weekly customers. Addressing hundreds of millions of people is a tall order, and Wal-Mart's second annual sustainability report, released in June, is a thorough and ambitious attempt to fit the bill.

In trying to satisfy everyone and account for every development, however, Wal-Mart ends up with a dense and disjointed report that amounts to less than the sum of its parts. A dynamic, web-based report, in which readers could sort content by issue and region, may have better suited Wal-Mart's mounting reporting needs.

Wal-Mart is wise to tie its sustainability efforts back to key macro drivers, such as healthcare, energy and the recession. For example, it pledges to provide all employees and their dependents with access to personal, electronic health records by the end of 2010.

If Wal-Mart responded to regional challenges as effectively as it does broader, more global ones, then stakeholders might find the report more credible. The report acknowledges various regional challenges relating to ethical sourcing practices, for example. It provides statistics on its supplier audit programme by region, which are more detailed and transparent than those provided in its first report. Yet the company does little to explain how it is addressing these obstacles specifically within different regions.

Wal-Mart's first sustainability report, published in 2007, was widely criticised for its lack of well-defined metrics – a common foible of first-time reporters. And while the metrics in Wal-Mart's follow-up report are more plentiful, they still lack the quality and consistency that discerning readers seek.

Save for metrics tied to its climate change strategy, charts, graphs and trend lines are conspicuously absent from Wal-Mart's report, especially in the discussion of environmental impacts.

New chief executive Mike Duke candidly acknowledges in his introductory remarks the need to improve the use of metrics in Wal-Mart's reporting, specifically around its green building and packaging efforts. Wal-Mart must go two steps further still. First, it should pay closer attention to measuring and communicating all of its impacts

consistently. Second, it should use metrics strategically to underscore the company's broader sustainability and business goals and objectives.

A more sophisticated suite of metrics would address two crucial reporting challenges. It would alleviate one of the Wal-Mart report's chief weaknesses – its sheer density and length. At 110 pages, the report is extremely heavy on qualitative content, and, therefore, difficult to read front-to-back. And it would bring Wal-Mart's recent performance into much sharper focus.

Confusing commitments

Wal-Mart's metrics problem is, in large part, a function of how the company organises its goals, which are set for the long term, and its short-term commitments that support them. Globally, the company is working toward three ambitious sustainability goals: to be supplied by 100% renewable energy, to create zero waste, and to sell products that sustain natural resources and the environment. Wal-Mart's commitments, on the other hand, and the initiatives behind them, are established primarily within each of its international markets.

The result is that Wal-Mart's commitments seem disjointed to casual readers. From one international market to the next, the commitments have different baseline years and maturation dates. As a result, it is difficult to get a clear sense of Wal-Mart's global performance and progress to date. The disconnect between Wal-Mart's commitments and goals ultimately makes these ambitious goals seem hollow and unattainable.

Wal-Mart's goal to be supplied by 100% renewable energy is a prime example of this shortcoming. Many of the commitments in support of this goal focus on increasing fleet efficiency in the logistics network and energy efficiency in Wal-Mart's retail stores. While these measures certainly help to reduce the company's energy demands, they do not necessarily translate to greater renewable energy use.

Without question, Wal-Mart's approach to sustainability reporting has room for improvement. Like many companies, Wal-Mart is on a journey towards more sustainable operations that began only recently. It is by no means time to write off the company's reporting efforts, but clearer, more consistent messaging is certainly needed to keep stakeholders informed and engaged on the retailer's sustainability progress. ■



Snapshot

Follows GRI? No. Like many companies Wal-Mart says its report "reflects portions of the Global Reporting Initiative" instead of declaring a GRI application level

Assured? No

Materiality analysis? No
Goals? Yes

Targets? Yes, often referred to as "commitments"

Stakeholder input? So we are told in the description of reporting parameters

Seeks feedback? Yes, but no mechanism for feedback is provided within the report

Key strength: Thoroughness and ambitious approach

Chief weakness:

Disjointedness makes it difficult to assess recent performance and progress

Pleasant surprise: Attention to pressing public issues, such as healthcare, energy use and the economy

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