

Investment Stewardship Group

Voting Bulletin: Walmart, Inc.

As part of our fiduciary duty, BlackRock’s Investment Stewardship team (BIS) advocates for sound corporate governance and business practices that are aligned with long-term sustainable financial performance. This objective underpins all our engagements and votes at company meetings.

We engage company leadership on key topics emphasizing governance practices including management of environmental and social factors that potentially have material economic, operational or reputational ramifications for the company.

We determine our [engagement priorities](#) based on our observation of market developments and emerging governance themes and evolve them year over year as necessary. The BIS team’s key engagement priorities include:

1. Board quality
2. Environmental risks and opportunities
3. Corporate strategy and capital allocation
4. Compensation that promotes long-termism
5. Human capital management

We are committed to enhancing the transparency of our stewardship practices. Where we believe it will help to understand our voting decisions at shareholder meetings, we will publish a Voting Bulletin explaining the rationale for how we have voted on select resolutions, and (where relevant) provide information around our engagement with the issuer.

Company	Walmart, Inc.
Market	United States
Meeting Date	3 rd June 2020
Key Resolutions ¹	<p>Item 5: Shareholder proposal regarding report on impacts of single-use plastic bags</p> <p>Item 6: Shareholder proposal regarding report on supplier antibiotics use standards</p> <p>Item 7: Shareholder proposal regarding policy to include hourly associates as director candidates</p> <p>Item 8: Shareholder proposal regarding report on strengthening prevention of workplace sexual harassment</p>
Board Recommendation	The company recommends shareholders vote FOR all management proposals and AGAINST all shareholder proposals.
BlackRock Vote	BIS supported management on all agenda items.

¹ Full meeting agenda and resolutions can be accessed at <https://corporate.walmart.com/newsroom/events/2020-annual-shareholders-meeting>

Overview

Walmart, Inc. (Walmart) is a global, omni-channel retailer; its operations comprise three reportable segments: Walmart U.S., Walmart International and Sam's Club. The company serves over 265 million customers weekly who visit approximately 11,500 stores and numerous eCommerce websites under 56 banners in 27 countries. As of the end of 2020 fiscal year, Walmart and its subsidiaries had over 2.2 million employees worldwide.

BIS regularly reviews Walmart's governance structure and risk profile. In prior engagements with the company's board and management, we have discussed a range of material issues driving long-term shareholder value, including enterprise risk management, ESG disclosure, and human capital management.

During BlackRock's most recent engagement in the second quarter of this year, we discussed the company's oversight of the issues addressed in the shareholder proposals that had been submitted on its ballot, including the policies and procedures it has in place to address plastic waste management, antibiotic stewardship, and workplace sexual harassment. We also discussed Walmart's associate engagement efforts and the various channels established to maintain open dialogue between associates and senior management.

We will continue to engage with the company regarding their corporate governance practices and sustainability efforts. We will also continue to review Walmart's governance structure and risk profile and look forward to the publication of its 2020 ESG report which is expected to be published in July 2020.

Rationale for BlackRock vote

In addition to management's agenda items for the annual meeting, the company received the following shareholder proposals, on which BlackRock voted in support of management:

Item 5: Shareholder proposal regarding report on impacts of single-use plastic bags (AGAINST)

Based on our analysis and engagement, BlackRock determined that the company already has a robust plan in place to address plastic waste management issues and effective public disclosures related to its approach. Among Walmart's publicly-stated environmental goals are to achieve zero plastic waste, including taking action to eliminate problematic or unnecessary plastic packaging by 2025, achieve 100% of in-scope private brand plastic packaging to be reusable, recyclable, or industrially compostable by 2025, and recycled content target across all plastic packaging used by 2025.² BIS does not have concerns regarding the company's commitment to addressing plastic waste management as part of its overall sustainability strategy.

Item 6: Shareholder proposal regarding report on supplier antibiotics use standards (AGAINST)

Through Walmart's Antibiotics in Farm Animals Position, the company advocates for the judicious use of medically important antibiotics and the elimination of antibiotic use for growth promotion.³ As stated in its 2019 ESG Report,⁴ the company is committed to more sustainable sourcing of at least 20 key commodities by 2025. This commitment includes a focus on antibiotic stewardship for beef, dairy, eggs, poultry, and pork.⁵

² Please see Walmart's plastic packaging waste reduction commitments: <https://corporate.walmart.com/newsroom/2019/02/26/walmart-announces-new-plastic-packaging-waste-reduction-commitments>

³ Please see Walmart's animal welfare and antibiotics positions: <https://corporate.walmart.com/newsroom/2015/05/22/walmart-u-s-announces-new-animal-welfare-and-antibiotics-positions>

⁴ Please see Walmart's 2019 ESG report: https://corporate.walmart.com/media-library/document/2019-environmental-social-governance-report/_proxyDocument?id=0000016c-20b5-d46a-afff-f5bdafd30000

⁵ Please see Walmart's 2019 ESG report: https://corporate.walmart.com/media-library/document/2019-environmental-social-governance-report/_proxyDocument?id=0000016c-20b5-d46a-afff-f5bdafd30000

Walmart recently committed to the Framework for Antibiotic Stewardship in Food Animal Production,⁶ and reported in its 2019 ESG Report additional context about how it continues to work with the Sustainability Consortium to collect data from their suppliers and identify areas for improvement.⁷ BIS believes that Walmart demonstrates adequate management of the risks associated with antibiotics use and standards in its supply chain at this time.

Item 7: Shareholder proposal regarding policy to include hourly associates as director candidates (AGAINST)

With respect to human capital management, Walmart provides internal communications opportunities for associates to communicate their interests, concerns, and provide feedback to senior management including through cascaded leadership communications, company intranet, Facebook Workplace and other social media channels, semi-annual formal listening tours conducted by senior operations executives, Associate Engagement Surveys, Open Door Policy, and the Global Ethics and Compliance Hotline.⁸ Moreover, we do not have concerns at this time about the composition of the board of directors with regard to having the appropriate skill sets to address the relevant issues pertaining to employees' interests.

Item 8: Shareholder proposal regarding report on strengthening prevention of workplace sexual harassment (AGAINST)

As stated in its Global Statement of Ethics,⁹ Walmart's policy strictly prohibits discrimination or harassment by or directed at associates, job applicants, customers, members, suppliers, or people working on Walmart's behalf. As part of the onboarding process, Walmart associates participate in training modules about the company's Global Statement of Ethics,¹⁰ which includes a discussion about the company policies prohibiting discrimination and harassment.¹¹ In addition, U.S. associates are required to take a refresher training module on a regular basis.

The company's incentive compensation plans also support the company's efforts to enforce its policies. For example, the company has already disclosed that annual cash incentive payments to the company's senior executives may be reduced by up to 30% if they violate the company's discrimination and harassment policies.¹² Similarly, there are claw-back provisions in long-term incentive plans if a participant violates company policies, including the policies that prohibit workplace sexual harassment.

Given these policies and procedures in place, we do not consider this proposal necessary or additive at this time.

⁶ Please see: <https://www.pewtrusts.org/-/media/assets/2018/12/framework-for-antibiotic-stewardship-in-food-animal-production.pdf?la=en&hash=57F8599E5C16707BC3EFD313AFAA5077D4714572>

⁷ Please see <https://www.walmartsustainabilityhub.com/sustainability-index>, and for more information about the Sustainability Consortium, please see: https://www.sustainabilityconsortium.org/impact/impact-report/?gclid=EAlalQobChMInf-yjvzI6QIVzed3Ch3dLgkVEAAYASAAEgJTMfD_BwE

⁸ Please see Walmart's 2020 proxy statement: <http://d18rnOp25nwr6d.cloudfront.net/CIK-0000104169/85f4da38-4204-4657-8897-c353737f9c0e.pdf>

⁹ Please see Walmart's Global Statement of Ethics: https://www.walmartethics.com/content/dam/walmartethics/documents/statement_of_ethics/Walmart_Statement_of_Ethics_English.pdf

¹⁰ Please see previous footnote

¹¹ Please see previous footnote

¹² Please see Walmart's 2020 proxy statement: <http://d18rnOp25nwr6d.cloudfront.net/CIK-0000104169/85f4da38-4204-4657-8897-c353737f9c0e.pdf>