

Walmart Inc Annual Shareholders Meeting

Company Participants

- C. Douglas McMillon, President, CEO & Director
- Gregory Boyd Penner, Chairman
- Rachel L. Brand, Executive VP of Global Governance, Chief Legal Officer & Corporate Secretary

Other Participants

- Bernard Sanders, Analyst, Unknown
- Unidentified Participant, Analyst, Unknown

Presentation

Gregory Boyd Penner {BIO 5585986 <GO>}

Good morning. It's my honor as Chair of the Walmart Board of Directors to welcome you and formally open our 49th Annual Shareholders' Meeting. It's always notable when a member of the U.S. Senate takes time to visit us. And I want to welcome Senator Sanders today.

The inspectors of election today are from Broadridge Financial Solutions. And based on their report, we have a quorum and may proceed with the business of the meeting. Therefore, our meeting is now officially called to order. It's 10:35 and the polls are open. Only shareholders who held shares as of the close of business on April 12, 2019, or their proxy holders are entitled to vote shares. If you have not voted your shares or wish to change your vote, please raise your hand and the ushers will pass you a ballot.

Like last year, as you arrived, the rules of conduct for the meeting were being handed out. These rules are designed to ensure we have a productive and orderly meeting today. And we ask that you review and follow these procedures. If you need any assistance locating that information, please ask one of the ushers.

Now I would like to acknowledge our director nominees. All 12 director nominees are here with us today. Thank you for your willingness to continue to serve.

I would also like to welcome Cesar Conde, who first joined our Board by appointment in February and is now standing for election for the first time. Cesar is currently the Chairman of NBCUniversal Telemundo Enterprises and NBCUniversal International Group. He brings to our Board deep expertise in consumer and media

landscapes working across a range of broadcast, cable and digital platforms. Cesar, we are excited to have you on the Board.

And next, I've asked Walmart President and CEO, Doug McMillon, to share an update on the company's strategy. Then as Chair of the Board, I've designated Rachel Brand, our Corporate Secretary, to take us through the formal business of the meeting.

Doug?

C. Douglas McMillon {BIO 17082935 <GO>}

Thanks, Greg. Good morning, everyone. And thank you for your interest in our company. Thank you, to Senator Sanders and all the shareholder proponents for being here today.

This past fiscal year was a strong one for Walmart. And I'd like to start by thanking our associates. This team of ours continues to amaze me. Their ability to change and grow is impressive and so important during these times.

I joined Walmart more than 28 years ago as an hourly associate loading trucks in a distribution center. And I worked all over our business. And I've never seen the pace and magnitude of change in retail like it is now. Retail history teaches us that those that fail to adapt will struggle and eventually perish. So these past few years, we've made significant investments to put us on a stronger path. We've invested in our associates with higher pay, training and education and new technology for our associates and lower prices for our customers and our eCommerce business to ensure our future.

Our operating margin percentage is slim. And these investments hurt earnings for multiple years. We would like to thank our shareholders collectively for demonstrating understanding and some degree of patience.

Taken together, these decisions are working. Our store traffic, store sales and eCommerce sales for Walmart U.S. have been growing. Just a few years ago, our U.S. comp sales ran down for 5 quarters in a row. But we now run up in comp sales for the past 19 consecutive quarters. Last year, excluding fuel and tobacco, Sam's Club comps increased 5.7%. And our International markets delivered positive comps in 8 out of 10 markets.

Our top priority is to serve customers. Sam Walton was called a merchant with a servant's heart. And we still embody that mindset today. Over the years, we've learned that the best way to serve our customers is by creating shared value among a broad group of stakeholders. This means we consciously work to balance the interests of our customers, our associates, suppliers, communities, shareholders and our broader influence on the world. Those of you that follow the company closely know that we've changed a lot over the years.

Let me share a few examples of the recent changes we've made for our associates that reflect both the heart of the company and sound business strategy. We've moved up our starting wages in the U.S. by 50% in the last four years. And we continue to adjust up on a market-by-market basis to recruit and retain the talent we need to run a good business. In fact, over the last four years, we've invested an incremental \$4.5 billion in pay beyond our traditional annual wage increases for our U.S. store and club associates. It's clear by our actions and those of other companies that the federal minimum wage is lagging behind. \$7.25 is too low. It's time for Congress to put a thoughtful plan in place to increase the minimum wage. Any plans should take into account phasing and cost-of-living differences to avoid unintended consequences.

In addition to our investments in pay, our hourly associates earned \$793 million in quarterly cash bonuses last year on top of their hourly compensation. We established training academies here in the U.S. and in several countries around the world. We promoted more than 215,000 U.S. store associates last year. Across our total U.S. workforce, 57% of our hourly promotions were to women and 45% were to people of color. 75% of U.S. store management started as hourlies. We've hired more than 225,000 U.S. veterans since Memorial Day 2013 with a goal of hiring 250,000 by 2020. We launched \$1-a-day college program. And so far, more than 7,500 associates are participating. This week, we're announcing the expansion of that program to include technology degrees, more schools and support for high school students.

We've expanded parental leave to as much as 16 weeks of paid time off for birthmothers. We added a \$5,000 child adoption benefit, which was an idea that came from an associate during a town hall meeting. We created centers of excellence partnering with providers such as the Mayo Clinic and Johns Hopkins for associates facing a health crisis. And we offer health care options for associates that start as low as \$28 per pay period, which is 40% less than the national average. We cover 1.1 million associates and family members here in the U.S.

Our work to create a more inclusive company has been recognized by the Bloomberg Gender-Equality Index, the Disability Equality Index and the Human Rights Campaign Corporate Equality Index. We've also signed on to several initiatives, including Catalyst CEO Champions for Change, CEO Action for Diversity & Inclusion and Paradigm for Parity.

Our work extends beyond customers and associates as we take advantage of the size of the company to do good in the world. In 2005, we set an aspirational goal to be supplied by 100% renewable energy. And globally, we're now up to 28%. We launched Project Gigaton, an initiative to avoid emissions in the supply chain by 1 billion metric tons by 2030. And more than 1,000 suppliers have signed up. We set a goal of eliminating waste from our system entirely. And we now divert 78% of our waste from landfills. Through Acres for America, an initiative that protects an acre of our nation's parks for every acre we develop, we've developed -- been able to protect 1.4 million acres since 2005. And we set a goal of selling more sustainable items and more sustainable packaging and have taken action to reduce salt and

sugar from the foods we sell, remove industrially produced trans fats and lower prices on fresh fruits and vegetables.

Our efforts extend to philanthropy as well. Last year alone, we gave \$1.4 billion in cash and in-kind gifts to projects that create opportunity, enhance sustainability and strengthen communities. To fight hunger, Walmart and the Walmart Foundation have provided 4 billion meals to those in need since 2014. And because of our presence in local communities, we're there when disaster strikes such as the devastating California wildfires last year and the current flooding we're experiencing, including here in this region. As we do with hurricanes and other disasters, we're supporting the community financially and with much needed supplies.

Finally, we've invested in ethics and compliance around the world. We expect our associates, suppliers and contractors to champion a set of values, which include treating all people with respect, acting with personal integrity and complying with the laws of the communities in which we operate. We provide a variety of resources for our stakeholders to raise questions or concerns, including a global helpline and the website, WalmartEthics.com.

When I was 16, I came to my first Walmart Shareholders' Meeting with my dad, who was a dentist. And he'd taken some of the money that he earned and bought Walmart stock. As I learned more about Sam, his business philosophy, his family and the company, I was beyond impressed. That was more than 35 years ago. And I have never been more prouder of this company and of our associates. We're not perfect. But together, we're listening, we're learning, we're changing. And we know we can help our customers even more. And we love the challenge of helping our associates pursue their dreams through the opportunities that Walmart creates. This is a company you can be proud to invest in. Thank you for your interest in Walmart.

Now please allow me to introduce Rachel Brand, our Executive Vice President of Global Governance and Corporate Secretary. She'll take us through the proposals. Thank you.

Rachel L. Brand {BIO 7234302 <GO>}

Thank you, Doug.

As Greg mentioned, this meeting is being conducted under the established rules of conduct. Consistent with those rules and our practice for many years, each person presenting a proposal will have 3 minutes to present it. The speakers were informed of these rules in advance. The clock will be visible to the speakers on both sides. And if necessary, I'll provide a reminder when time has run out.

There are 6 matters to be brought before the meeting today. Only these 6 items, if properly presented, will be voted on. The first 3 items are the company proposals listed in the proxy statement as proposals 1, 2 and 3, respectively. The first is the election of 12 directors. Information about each director nominee can be found in the proxy statement. The second proposal is a nonbinding advisory vote to approve

the compensation of Walmart's named executive officers. The third proposal is to ratify the appointment of Ernst & Young LLP as the company's independent accountants for the fiscal year ending January 31, 2020.

Now we'll move on to the shareholder proposals. The first appeared as proposal #4 in the proxy statement. Ms. (Paula Anne Curtis) will present this proposal on behalf of United for Respect. Ms. (Curtis), you have 3 minutes.

Unidentified Participant

Mr. Chairman, I offer the following resolution for United for Respect. Resolved: Shareholders of Walmart urge the Board of Directors to strengthen Walmart's prevention of workplace sexual harassment by formalizing the Board's oversight responsibility aligning senior executive compensation incentives, reviewing and, if necessary, overseeing revision of company policies and reporting to shareholders by December 31, 2019, on actions taken or meeting -- of meeting confidential and proprietary information.

My name is (Paula Curtis). I am a 19-year Walmart associate in Citrus Heights. I love serving my customers and consider many of my coworkers my family. But I am deeply concerned that Walmart's response to sexual harassment protects harassers and not keeps us safe. A Walmart support manager repeatedly harassed one of my coworkers. When she refused his advances, he retaliated by telling the managers that she was not doing her job. She bravely went to speak to the comanager. And I went with her. We told him that she was being sexually harassed. We told him that the support manager had also harassed other associates, including pinning a coworker up against a pallet against her will. The comanager said he would look into it. Meanwhile, the support manager continued harassing. We heard nothing from management about our complaint. But management apparently told the harasser about the complaint. And he cornered me and asked me to lie on his behalf and say that he was innocent. I refused. six months later, we still didn't hear anything, any results for our complaint. Instead, Walmart fired my friend. The support manager, who was doing harassing, was simply transferred to another store.

My experience is not unique. At United for Respect, we surveyed 1,000 women at Walmart. 48% said they were concerned about women being sexually harassed or feeling unsafe at work. That is not right. Walmart has faced multiple lawsuits and EEOC charges for sexual harassment. Not only does harassment hurt associates, it also bad for our bottom line, potentially impacting our company's reputation, associate retention and ultimately, even our stock price.

So Mr. McMillon, we know harassment is happening at Walmart. The question is, what are we going to do about it?

Currently, we have a weak policy. And associates don't trust management to take our complaints seriously. As the largest corporate employer of women in the U.S., Walmart should be a leader. So let's strengthen our harassment policy by giving survivors a clear time line on your investigation...

Rachel L. Brand {BIO 7234302 <GO>}

Thank you, Ms. (Curtis). Your time has expired. Please conclude.

Unidentified Participant

I'm almost done. And a commitment to let them know the results. Let us track all complaints so that we know if a manager, for example, is a repeat offender. Let's hold the harassers accountable with meaningful discipline, including dismissal. And we should use top executive pay to communicate the importance of achieving real progress.

Finally, let's bring harassment out of the shadows at Walmart and make the company a safe place to work by adopting these proposals. Thank you.

Rachel L. Brand {BIO 7234302 <GO>}

Thank you, Ms. (Curtis). We appreciate your viewpoint and your service as an associate. Although we don't support this particular proposal, we do agree with you that sexual harassment or any type of discrimination in the workplace cannot be tolerated. We take very seriously any allegation of misconduct. And we do have strong processes in place for investigating claims and taking corrective action. More information about that can be found in the proxy statement.

Next, we'll consider the proposal mentioned in the Other Matters section of the proxy statement. It was submitted by Ms. (Carolyn Davis). Senator Bernie Sanders will present this proposal on behalf of Ms. Davis. Senator Sanders, you have 3 minutes.

Bernard Sanders {BIO 13388480 <GO>}

Thank you, Madam Chair. And let me thank Walmart employee, (Cat Davis), for introducing this resolution. And it states and I quote, "Resolved: Shareholders of Walmart urge the Board to adopt the policy of promoting significant representation of employee perspectives among corporate decision-makers by requiring that the initial list of candidates from which new nominees are chosen by the Nominating and Governance Committee include hourly associates. The policy should provide that any third-party consultant asked to furnish an initial list will be requested to include such candidates." End of quote, end of resolution.

Madam Chair, the issue that we are dealing with today is pretty simple. Walmart is the largest private employer in America and is owned by the Walton family, the wealthiest family in the United States, worth approximately \$175 billion. And yet despite the incredible wealth of its owner, Walmart pays many of its employees starvation wages, wages that are so low that many of these employees are forced to rely on government programs like food stamps, Medicaid and public housing in order to survive. Frankly, the American people are sick and tired of subsidizing the greed of some of the largest and most profitable corporations in this country. They are also outraged by the grotesque level of income and wealth inequality in America

as demonstrated by the CEO of Walmart making 1,000x more than the average Walmart employee.

Last year, Walmart made nearly \$10 billion in profit. It paid its CEO over \$20 million in compensation. And it has authorized \$20 billion in stock buybacks, which will benefit its wealthiest stockholders. Surely, with all of that, Walmart can afford to pay its employees a living wage of at least \$15 an hour. And that is not a radical idea because many of Walmart's major competitors like Amazon, Costco and Target have already moved in that direction. Further, Walmart should give a voice to its workers by allowing them seats on the Board of Directors. The concerns of workers, not just stockholders, should be part of Board decisions.

Today, with the passage of this resolution, Walmart can strike a blow against corporate greed and a grotesque level of income and wealth inequality that exist in our country. Please do the right thing. Please pass this resolution. Thank you very much.

Rachel L. Brand {BIO 7234302 <GO>}

Thank you, Senator Sanders, for your presentation and for your viewpoint. While we don't support this particular proposal, the importance of listening to and investing in our associates was reflected in Doug's remarks. And you'll hear more about it later in the meeting.

We'll now move on to the final shareholder proposal. It appeared as proposal #5 in the proxy statements. Mr. (Martin Jeringoso) will present this proposal. Mr. (Jeringoso), you have 3 minutes. Is Mr. Jeringoso present today?

Unidentified Participant

We're not aware that he's arrived.

Rachel L. Brand {BIO 7234302 <GO>}

Okay. It appears that Mr. (Jeringoso) has not arrived and, therefore, his proposal will not be voted on at -- during this meeting. In that case, that concludes the business portion of our meeting. It is 10:54 and the polls are now closed. We will announce the informal results later today. And the formal results will be filed with the SEC at a later time.

At this time, Greg Penner will provide some additional remarks, followed by a brief video. I declare the meeting to be adjourned upon the conclusion of the video. Greg?

Gregory Boyd Penner {BIO 5585986 <GO>}

Thank you, Rachel. Thank you, all for being here today. And thank you to those who presented proposals.

At Walmart, we're always striving not just to be a better business. But also a better company. We are focused on serving our customers, caring for our associates and making a difference in our communities. Broadly speaking, there are serious issues facing our country, our workforce and our economy, which require all of us, our government, the private sector and our fellow citizens, to work together. Walmart is doing its part to help address these challenges. No other company in America is making a college education accessible to more than 1 million of our fellow Americans for only \$1 a day. No other company has provided enhanced workforce education for hundreds of thousands of people in just the past year alone. No other company has hired more veterans in the last six years. And no other retailer has consistently delivered high-quality, affordable items to so many people that are looking for value for their hard-earned dollar.

Our associates are doing an incredible job. And we will continue to invest in them. On behalf of the Board of Directors, we are proud to represent them. And we will continue to work with those who are interested in finding common ground and making progress.

In closing, we will share a video that captures how we think about our associates and the great contributions they make to our customers and our communities. Thank you.

(presentation)

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