

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 & Corporate Secretary

Other Participants

- Arianna Smith, Analyst, Unknown
- Unidentified Participant, Analyst, Unknown

Presentation

Gregory Boyd Penner {BIO 5585986 <GO>}

(presentation)

Good morning. It's my honor as Chair of the Walmart Board of Directors to welcome you and formally open our 48th Annual Shareholders' Meeting. As you know, we're taking a new approach to the format of our meeting this year. To ensure a productive and orderly meeting, we've established some rules of conduct. We ask that you review and follow these procedures that were being handed out as you arrived at the meeting. If you need any assistance locating that information, please ask one of the ushers. The Inspectors of Election today are from Broadridge Financial Solutions. Based on their report, we have a quorum and may proceed with the business portion of the meeting. Therefore, the meeting is now officially called to order.

The polls are open and they will remain open until approximately 10:40 a.m. Only shareholders who held their shares before close of business on April 6, 2018 or their proxy holders are entitled to vote shares. If you have not voted your shares or wish to change your vote, raise your hand and the ushers will pass you a ballot.

As I've discussed before, we've made a number of changes at the board level that reflect the approach we're taking throughout our company. We've deepened our expertise in technology. We've optimized the number of board seats. And we've made process improvements to be nimbler in our deliberations and our decision making. We also continue to have strong independent voices, 7 out of our 11 nominees today are independent.

I'd like to take a few moments to introduce our directors. I'll first recognize the directors who are up for reelection, which includes myself. I'd like to ask them to stand as I call their names and to keep standing. The Chair of our Audit Committee,

retired KPMG Chairman, Tim Flynn; Vice Chairman of Morgan Stanley, Carla Harris; former American Airlines Chairman and CEO, Tom Horton. Tom will become our Lead Independent Director upon his reelection as a director at this meeting. Marissa Mayer, former CEO of Yahoo! and the Co-Founder of Lumi Labs, a technology incubator focused on consumer Internet technologies; Walmart President and CEO, Doug McMillon; the Chair of our Compensation and Management Development Committee, former PepsiCo Chairman and CEO, Steve Reinemund, who unfortunately couldn't join us today; Founder of RZC Investments, Steuart Walton; and of course, my predecessor as Chairman of the Board of Directors, Rob Walton. Thank you, all for your willingness to continue to serve and please be seated.

Now I'd like to introduce one new independent member who joined our board by appointment in February. She's now standing for election for the first time, Sarah Friar. Sarah's currently the CFO of Square. And she brings to our board deep expertise in finance, operations and strategy with entrepreneurial technology companies. Sarah, we're excited to have you on our board.

We also have one other new independent member, Steve Easterbrook. Steve has been the President and CEO of McDonald's since 2015. He, unfortunately, couldn't join us today. But we look forward to his perspective and expertise.

Stepping off the board and not standing for reelection are 2 directors who have made significant contributions to our company. First, Kevin Systrom is the Co-Founder and CEO of Instagram. Go ahead, Kevin, stand up. Kevin has brought an entrepreneur's perspective and technology expertise to the board. He served as the Chair of our Technology and eCommerce Committee since 2015. Thank you, Kevin.

Dr. Jim Cash, please stand, is the other director who is stepping off the board. Dr. Cash is the James E. Robison Professor of Business Administration Emeritus at Harvard Business School. He served on our board for 12 years, including as our Lead Independent Director since 2013. He has also served as Chair of our Nominating and Governance Committee since it was formed in January of 2017. Dr. Cash has worked diligently with us over the past several years on the many changes to our board governance and our processes. Thank you, Jim.

I know I speak for everyone on the board when I say that we have tremendous confidence in our senior management team. Here now to share with us an update on the company's strategy is that team's leader, Walmart President and CEO, Doug McMillon.

C. Douglas McMillon {BIO 17082935 <GO>}

Thank you, Greg. Good morning, everyone. I'm pleased to have a few minutes to talk to you about what we're doing at Walmart and where we're headed. We have an exciting year. We're moving faster, getting stronger. And we have good momentum across many parts of the business. This is a dynamic time to be in retail. And opportunities are emerging to serve customers in new ways so we are moving with speed to bring them to life. We're working hard to set the company up for success,

whether that's in our core operations, investing in Flipkart in a growth market like India or in our desire to combine the Asda business with Sainsbury's in the U.K. We continue to be strategic and thoughtful about our portfolio. At the same time, we manage our business to deliver results today. We're making big changes. And they're the right changes to deliver long-term growth.

Last fiscal year, we reached more than \$500 billion in revenue for the first time as a company. Walmart U.S. delivered the highest comp sales growth in nine years. And U.S. e-commerce sales grew 44%. Walmart International had 10 of 11 markets post positive comp sales for the year. And 5 of those markets grew comp sales by more than 5%. Sam's Club comp sales have also been positive. And traffic has improved for 4 consecutive quarters. We have a strong foundation and great opportunities to better serve our customers and members.

Let me quickly take you through our strategy. As you know, our purpose is to help people save money and live better. And our strategy gives us priorities for how we do that. The first objective is to make every day easier for busy families. We're focused on making shopping easy at Walmart -- fast, friendly and fun. We want to save customers not only money but time. And that's why we're creating seamless shopping with a great in-store experience, easy pick up, fast delivery and apps and websites that are simple to use.

Technology is also a big influence on our next objective, which is changing how we work. We're becoming a more digital company. And our goal is to make the most of technology to move faster, to be more efficient and effective. Changing how we work also means strengthening our diversity and inclusion efforts. In addition to being the right thing to do, there's a strong business case for diversity and it helps us deliver innovation within the company. Our next goal is to deliver results and operate with discipline. We are focused on strong, efficient growth as we manage expenses and capital well.

Our last goal is to be the most trusted retailer. That means having the right people, processes and technology in place when it comes to compliance and ethics. Earning trust also means creating shared value for business and society. The ways we're making a difference include things like Project Gigaton, an initiative with suppliers to reduce emissions in the supply chain by 1 billion metric tons by 2030. It also means being there when disasters strike, such as the devastating hurricanes last year.

We want our customers to feel good about shopping with us. We also want our associates to feel proud to work at Walmart. And we want our shareholders to be pleased for having invested with us. If we keep delivering on this strategy, we think you'll be pleased with the results and proud of the company that you've invested in. Thank you for your interest in Walmart.

And now please allow me to introduce Rachel Brand. She's the newest member of our executive leadership team. She's the Executive Vice President of Global

Governance and Corporate Secretary. She will take us through the proposals. Please welcome, Rachel.

Rachel L. Brand {BIO 7234302 <GO>}

Thank you, Doug. We'll now proceed to the formal business portion of the meeting. There are 6 matters to be brought before the meeting today. And I'll take you through them in the order in which they appeared in the agenda. Only those 6 items, if properly presented, will be voted on today.

As a reminder, no one is permitted to address the meeting, unless recognized by Greg Penner, our Chairman, or by me as Walmart's Corporate Secretary.

The first item of business is the election of 11 directors. Greg has already introduced you to each of them. And there is more information about them in our proxy statement.

The second item is an advisory vote to approve the compensation of Walmart's named executive officers. Walmart's executive compensation program is designed to reward performance and to align the interests of our executives with the interests of our shareholders. This vote is only advisory. But the board will consider the results as they review our executive compensation program.

The third item is the ratification of the appointment of Ernst & Young as the company's independent accountants for the fiscal year ending January 31, 2019.

Two shareholder proposals appeared in the company's 2018 proxy statement. The company's responses also appear in the proxy statement. In a moment, I'll recognize individuals to present each of those proposals. And I'll ask each of those individuals to stick to your 3 minutes of allotted time and to refrain from speaking on matters unrelated to the proposal.

The first proposal request that Walmart adopt a policy that the chairman be independent. Ms. (Ann Kyle), who represents the International Brotherhood of Teamsters General Fund, will present this proposal. Ms. (Kyle)?

Unidentified Participant

Hello, everyone. Mr. Chairman, my name is (Ann Kyle). And I'm presenting proposal #4 on the proxy submitted by the International Brotherhood of Teamsters General Fund. The proposal seeks what we believe to be a fundamental element of best practice corporate governance, a policy wherein the chairman of the board must be an independent director. The definition of independent is important, especially at Walmart, where shareholders have never had independent leadership of the Board of Directors. The fund believes the board chair should be a director who has not previously served as an executive officer of the company and who is independent of management. For these purposes, a director shall not be considered independent if,

during the last three years, he or she has not been a part of management; not a part of the founding family of Walmart; not someone with a business or some type of service relationship with the company or management; and not part of a director interlock.

An independent chair who sets agendas, priorities and procedures for the board can enhance its oversight and accountability of management and ensure the objective functioning of an effective board. We view the alternative of a lead outside director, even one with a robust set of duties, as adequate only in exceptional circumstances fully disclosed by the board.

Human capital management remains a challenge. The company is the largest private employer on earth, yet no director has disclosed expertise in human capital management. An independent chair would be better positioned to lead the necessary board renewal process.

Several respected institutions recommend chair independence. CalPERS' Corporate Core Principles and Guidelines state that, "The independence of a majority of the board is not enough; " "the leadership of the board must embrace independence. And it must ultimately change the way in which directors interact with management." We urge you to vote for this proposal. Thank you.

Rachel L. Brand {BIO 7234302 <GO>}

Thank you, Ms. (Kyle). We appreciate your viewpoint. The second shareholder proposal request that the company prepare a report on racial or ethnic pay gaps. Ms. Arianna Smith, who represents the Organization United for Respect, will present this proposal. Ms. Smith.

Arianna Smith

This proposal says: Resolved, shareholders must request Walmart prepare a report, omitting proprietary information and prepared at reasonable cost demonstrating the company does not have any racial or ethnic pay gaps. For purposes of this proposal, a racial or ethnic pay gap exists when one or more particular jobs or statuses -- management, part-time work -- are disproportionately occupied by persons of a particular racial or ethnic group compared to the composition of the workforce as a whole or persons of one racial or ethnic group are compensated differently from persons of another racial or ethnic group performing the same job under the same description with the same experience and level of performance.

Good morning. My name is Arianna Smith. And I am an hourly Walmart Associate in Barstow, California. I like working at Walmart because I really like helping my community and making customers smile. But as a part-time employee, it is a struggle to make ends meet. I was hired working full time to help open our store. But after a couple of months, they moved me to part time without any warning. Now I only bring about \$200 a week home before taxes. And it's a struggle to pay my rent and to put food on my table.

Over 0.5 million Walmart associates work part time. And like me, many want full-time hours. But instead of giving associates additional hours, management at my store is hiring more and more part-time people. In fact, a survey by the Organization United for Respect found that 69% of all part-time associates are involuntary part time. Like me, they would rather work full time. And for black, Latin and Asian associates at Walmart, this number was even higher.

One way I've tried to get more hours is to get cross-trained to do money services or customer service work. But my managers never give me the time to do these online trainings. At my store, it seems like managers' decisions on who gets more hours or full-time jobs are not based on merit. But rather who their friends are. Favoritism should have no place in our stores. But too often, managers are picking and choosing who gets ahead.

We also know that, at Walmart, managers are disproportionately white and male. This is why I believe it's essential for Walmart to be transparent and fair. Tell us if women and people of color are disproportionately stuck in part-time jobs. Tell us if women are paid less than men. And please vote yes on this proposal. Tell us if black and Latin associates are paid less than white associates.

Mr. McMillon, you said that Walmart is committed to a new era of trust and transparency. So why wouldn't you want to make sure that Walmart is fair for all. Thank you.

Rachel L. Brand {BIO 7234302 <GO>}

Thank you, Ms. Smith. We appreciate your viewpoints and your service as an associate.

Lastly, as noted in the Other Matters section of our proxy statement, Ms. (Girline Mazzorin), representing Ms. Janie Grice, will present a proposal concerning our share repurchase program and the corresponding distribution of shares to our U.S. associates. Ms. Mazzorin?

Unidentified Participant

Resolved, shareholders call on the Board of Directors to ensure that for every dollar that the company spend on stock buybacks, the company shall grant an equal amount to the Associate Stock Purchase Plan for repurchase of the share to be distributed evenly among plan participant based on the number of hours among the company U.S. workforce. For 2018 and 2019, there is \$18.8 billion authorized for stock buybacks. So that will mean granting over \$12,000 in stock for our 1.5 million associates.

Good morning. My name is (Girline Mazzorin). I'm a current hourly associate at store 3397. I'm also a Haitian immigrant and single mom. I moved at Florida to pursue a better life for myself and my daughter. I started at Walmart in 2016 after seeing online ad how well Walmart treat its customer. Like many at Walmart, I'm stuck in

part-time work. Even though I'm available to work additional hours and I have asked multiple times for a full-time position, my schedule is always random. So it's impossible to get a second job or to pick up my daughter after school. Even after Walmart wage increased to \$11, I cannot afford to pay my bills. To make ends meet, I visit the loan centers to get cash advances. And I pay \$22 each time. Walmart got billion in tax saving this year. But they only raise our wages a tiny bit. The majority of the benefit went to the Walton family, who are the richest family in the world.

Walmart plan to give \$20 billion to shareholders through stock buybacks over the next two years. A new study found that with that money, you could boost hourly wages well over 11 â€” I'm sorry, \$15 an hour. No offense to the Walton family. But you don't need more money. It's time to invest in associates. Sam Walton said, "The more you share your profit with your associate, the more profit will accrue to the company." Our wages are well behind a company like Costco. And they are doing better for investor than Walmart is. And our competitor, Target, has already committed to be \$15 an hour while we are still only at \$11. Our work make Walmart profitable and give an advantage over e-tailers. But we need more hours so we can take good care of our customers and our own family. Walmart is not making any long-term investment in associates. That's all...

Rachel L. Brand {BIO 7234302 <GO>}

Your time has expired, please wrap up.

Unidentified Participant

Almost done, please. Listen to Mr. Sam, share your profit with us. It's time for a change. Thank you.

Rachel L. Brand {BIO 7234302 <GO>}

Thank you, Ms. (Mazzorin). We appreciate your perspective as well. There are no further matters to be presented before the meeting. And so I will now turn the chair back over to our Chairman, Greg Penner.

Gregory Boyd Penner {BIO 5585986 <GO>}

Thank you, Rachel. And it's great to have you on board. At this time, I can now inform you that the polls have closed. If you have filled out a ballot and have not handed it in, please pass it to an usher. We will now announce the unofficial preliminary voting results from today's meeting.

Proposal #1, election of directors. All 11 director nominees were elected.

Proposal #2, a nonbinding advisory resolution to approve the compensation of Walmart's named executive officers. This proposal was approved by a majority vote.

And proposal #3, the appointment of Ernst & Young as independent accountants. This proposal was also approved by a majority vote.

Proposals 4 through 6 did not receive the required votes. And therefore, each of them failed. We will issue an announcement later today with the approximate voting percentages for each of these proposals. And we will provide a recap of the voting results again at our gathering in Fayetteville on Friday. The official results for each proposal will be disclosed in a filing next week with the Securities and Exchange Commission.

Let me close the meeting by saying thank you to our shareholders for their support of our company. Your board is confident we are well positioned to deliver the future of retail. The business portion of our meeting is now adjourned. Thank you, everyone.

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