

RESOLVED: Shareholders of Walmart Stores, Inc. (“Walmart”) request that the Board of Directors oversee the preparation of a report to shareholders on whether and how Walmart’s racial justice goals and commitments align with the starting pay for all classifications of Walmart Associates.

Supporting Statement

The past year has seen radically increased focus on racial injustice, following protests over police killings of black people and the recognition that the COVID-19 pandemic is having a disproportionate impact on people of color. Racial justice in the workplace has received substantial attention: Workers of color make up a larger proportion of essential workers and they have been more likely to lose their jobs as a result of the pandemic.

CEO Douglas McMillon articulated a broad goal of “help[ing] replace the structures of systemic racism, and build[ing] in their place frameworks of equity and justice that solidify our commitment to the belief that, without question, Black Lives Matter.” He described Walmart’s commitments to “create a more diverse and inclusive team at Walmart at every level,” including retention and development and create the Center for Racial Equity, which will support initiatives addressing structural racism.¹ As chair of the Business Roundtable, Mr. McMillon established a special committee of the board to advance racial equity and justice².

Walmart’s workforce, which has stayed on the job as essential workers during the pandemic, has enabled Walmart to post record financial results.³ Same-store sales and earnings have beaten analyst expectations.⁴ The share price is up 30% in the first 11 months of 2020.⁵

Walmart acknowledges the critical role played by its Associates--McMillon has stated, “We simply won’t be here if we don’t take care of the very things that allow us to exist: our associates, customers, suppliers and the planet.”⁶ By December 24th, Walmart will have paid out four rounds of bonuses to Associates.⁷ But Walmart has acknowledged that “the overwhelming majority [of Associates] say their hourly wages are the most important part of their pay, well ahead of quarterly bonuses,” and has raised wages for certain positions.⁸ Walmart's starting wage, \$11 an hour, is below many competitors' \$15 minimum wage; the extra pandemic bonus

¹ <https://corporate.walmart.com/newsroom/2020/06/12/advancing-our-work-on-racial-equity>

² <https://www.businessroundtable.org/equity>

³ <https://nrf.com/resources/top-retailers/top-100-retailers>

⁴ <https://www.cnbc.com/2020/11/17/walmart-wmt-q3-2021-earnings-.html>

⁵ <https://finance.yahoo.com/quote/WMT?p=WMT&guccounter=1>

⁶ <https://time.com/collection/great-reset/5900765/walmart-ceo-reinventing-capitalism/>

⁷ <https://www.cnn.com/2020/12/03/business/walmart-workers-bonus-retail/index.html>

⁸ <https://corporate.walmart.com/newsroom/2020/09/17/investing-in-our-associates-and-roles-of-the-future>

pay is far less than the additional pay that frontline retail associates will have earned at many of Walmart's closest competitors.⁹

Ford Foundation President Darren Walker recently urged companies to pay a living wage in order to address racial inequality. “Raising the pay of the workers at the bottom of your scale,” he argued, “would disproportionately help people of color.”

¹⁰ People of color make up a substantial proportion of Walmart’s workforce. According to Walmart’s mid-year FY21 Culture Diversity & Inclusion Report, 46.44% of hourly workers are people of color.¹¹

Walker warned that the “usual corporate playbook” of statements and philanthropy is inadequate to meet the challenge of racial injustice. Accordingly, we encourage shareholders to vote for this proposal.

⁹ <https://www.cnn.com/2020/12/03/business/walmart-workers-bonus-retail/index.html>

¹⁰ <https://time.com/5875304/racial-inequality-corporations/>

¹¹ <https://corporate.walmart.com/newsroom/2020/09/09/6-things-to-know-about-walmarts-fy21-mid-year-culture-diversity-inclusion-report>