

Prescription opioids are FDA-approved medicines used to treat pain in accordance with a doctor's prescription. Although these medicines are an appropriate medical treatment in some cases, Walmart recognizes that opioid abuse and dependence are serious public health issues that touch our communities, patients, and associates. Walmart has taken a leadership role on these issues and has developed a comprehensive opioid stewardship initiative with policies, programs, and tools aimed at helping prevent opioid abuse and dependence.

Walmart cares about the impact of opioid abuse and dependence on our customers and the communities we serve. We continuously work to ensure that our core values of service to the customer, respect for the individual, striving for excellence, and acting with integrity, are reflected in all aspects of our business, including our dispensing of opioid medications prescribed by state-licensed and DEA-registered health professionals through our retail pharmacy business. Walmart does not manufacture, market, or distribute opioids.

The following report summarizes important components of Walmart's response to the opioid crisis and the Board's oversight of Walmart's activities related to the dispensing of prescription opioid medications in the United States, as of September 14, 2020. Additional details about our opioid stewardship initiative are available on our website at <https://corporate.walmart.com/opioids>.

CORPORATE GOVERNANCE

Role of the Board of Directors

As a whole and through its committees, Walmart's Board of Directors oversees Walmart's risk management policies and practices, including related to prescription opioids. The Board also oversees Walmart's strategic planning process in the context of our enterprise risk assessment. As part of this oversight role, the Board evaluates and approves Walmart's strategic objectives and defines the company's risk tolerance. The Board receives regular reports from Board committee chairpersons and members of senior management regarding risk-related matters

We believe an effective Board should be comprised of individuals who collectively provide an appropriate balance of distinguished leadership, diverse perspectives and viewpoints, strategic skill sets, and professional experience relevant to our business and strategic objectives. Currently, five members of Walmart's Board have regulatory, legal, or risk management experience or expertise, including in the healthcare or other regulated industries.

Audit Committee

The Audit Committee, which consists solely of independent directors, has responsibility for overseeing overall risk identification, monitoring, and mitigation processes and policies, and also oversees our global ethics and compliance program. The Audit Committee's charter states that the Audit Committee's responsibilities include helping the Board monitor Walmart's compliance with legal and regulatory requirements. As part of its oversight role, the Audit Committee receives regular reports

from senior management about Walmart's compliance program and meets regularly in private session with Walmart's Global Chief Ethics and Compliance Officer as well as the Company's Chief Legal Officer.

Other Board Committees

The Board's other standing committees have oversight for various categories of risk within their respective areas of oversight, and the chairs of each committee make reports to the full Board at each regularly scheduled Board meeting.

The Nominating and Governance Committee, which consists solely of independent directors, regularly reviews Walmart's Board and Board committee structure and governance processes. Under its charter, the Nominating and Governance Committee has oversight responsibility for social, community, sustainability, and charitable giving initiatives and receives reports on these matters at least annually. The Nominating and Governance Committee is also responsible for oversight of Walmart's legislative affairs and public policy engagement strategy and receives reports on these topics at least annually.

The Compensation and Management Development Committee, which consists solely of independent directors, is responsible for reviewing and overseeing the compensation and benefits programs applicable to our associates generally, including any risks that may arise from the design and implementation of our compensation programs. As described in our 2020 proxy statement on page 67, the Compensation and Management Development Committee did not believe that our compensation policies and practices for our associates gave rise to any risks that were reasonably likely to have a material adverse impact on our company. Additionally, Walmart's annual cash incentive plan and its Stock Incentive Plan both contain robust "clawback" provisions under which awards may be recouped or forfeited if an associate has not complied with our policies, including our Global Statement of Ethics, or has committed acts detrimental to the best interests of Walmart.

Role of Senior Management

Walmart has established a number of management committees responsible for enterprise risk assessment and day-to-day management of a wide variety of categories of risk. In particular, the Ethics, Compliance, and Risk Committee is responsible under its charter for assisting each business segment and functional area of the company through the oversight of ethics and compliance matters. This oversight includes recommendations about the identification, monitoring, and mitigation of compliance risks; promoting an organizational culture that encourages lawful and ethical conduct and increasing associate awareness of Walmart's ethics and compliance programs; facilitating the development, implementation, and operation of an effective ethics and compliance program through recommendations regarding best practices, procedures, and protocols; and guiding the ongoing management of key risk areas that may impact Walmart, including strategic, operational, regulatory, compliance, reputational, and financial risk.

Members of the Ethics, Compliance, and Risk Committee include Walmart's CEO and senior executive team, as well as the Chief Ethics and Compliance Officer and other members of management with responsibility for ethics, compliance, and risk oversight. The committee meets about 10 times per year to discuss relevant topics related to ethics, compliance, and risk.

Walmart also maintains a robust enterprise risk management process overseen by the Audit Committee. Over the course of several years, the Audit Committee has overseen various compliance improvements aimed at reducing risk related to the distribution and dispensing of controlled substances, including opioids. Our Audit Committee has also been briefed on opioid litigation risk. As disclosed in Walmart’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, Walmart is a party to pending lawsuits related to opioids, including over 2,000 cases consolidated in multidistrict litigation pending in the U.S. District Court for the Northern District of Ohio, *In re National Prescription Opiate Litigation* (MDL No. 2804).

We believe that this risk oversight structure and process provides an effective framework to identify, monitor, and manage risks related to the opioid crisis, including legal, compliance, financial, and reputational risk.

ONGOING EFFORTS TO ADDRESS U.S. OPIOID CRISIS

Walmart’s mission is to help people “live better,” and this includes both providing our customers with access to their prescription medications and helping to fight the opioid crisis facing our country. We believe that the governance and oversight framework described above has enabled Walmart to continue to improve its policies and procedures and develop a comprehensive strategy to respond to this crisis.

As part of our commitment, in early 2017, we established the Walmart Opioid Stewardship Initiative to identify concrete, high-impact actions to help fight the opioid epidemic. This Initiative includes strengthening existing policies and practices to help safeguard our patients and adding new policies; supporting education programs for our patients, pharmacists, associates, and communities; and supporting legislation and public policy solutions aimed at reducing opioid misuse and dependence.

Current policies and programs to help fight the opioid crisis include the following:

Educating & Empowering Pharmacists

Walmart is, and always has been, committed to blocking the fills of illegitimate prescriptions. Walmart helps educate our pharmacists and gives them tools to help exercise their professional judgment as they decide whether to fill controlled-substance prescriptions. Both before and as part of Walmart’s Opioid Stewardship Initiative, we have implemented a series of escalating checks that empower individual pharmacists to refuse to fill prescriptions and that allow company-wide blocks on certain prescribers.

Dispensing controlled substances is a complicated task for a pharmacist, both because there is conflicting guidance on the extent to which a pharmacist is required—or allowed—to refuse to dispense a prescription, and because the pharmacist does not have access to complete information about the patient’s medical condition. To support our pharmacists:

- We provide guidance to our pharmacists on how to identify, analyze, and resolve “red flags” (signs that could indicate opioid abuse, misuse, or diversion) related to prescribers, patients, or prescriptions.

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- We require all our pharmacists to complete a new pain management curriculum that Walmart created in partnership with the American Pharmacists' Association ("APhA"). We also give all our pharmacists access to a digital Opioid Stewardship Toolkit.
 - In states with prescription drug monitoring programs (PDMPS), Walmart requires our pharmacists to check state PDMPs for all opioid prescriptions, whether or not such a check is required by law.
 - Where allowed by state law, Walmart gives our pharmacists access to NarxCare, a tool that helps pharmacists identify potential abuse and misuse and have visibility into prescriptions filled across state lines.
 - We support our pharmacists when they exercise their professional judgment not to fill a controlled substance. Individual Walmart pharmacists may refuse to fill a particular prescription of concern (known as a "refusal to fill" or "RTF"), based on the presence of certain unresolved "red flags" (warning signs that a prescription might not be for a legitimate medical purpose) or combinations of unresolved red flags. If a pharmacist has more general concerns about a prescriber's controlled-substance prescribing practices, the pharmacist may refuse to fill all controlled-substance prescriptions written by that provider (a "blanket refusal to fill" or "BRTF").
 - We have a process for placing a company-wide prohibition on any Walmart pharmacy filling a controlled-substance prescription written by a prescriber that meets a higher threshold (a "Corporate Block"). We have a team of investigators, data analysts, scientists, lawyers, and others to support these efforts. This team analyzes many data sources to proactively identify and investigate potential risks related to opioids, including by identifying "red flags" in pharmacy dispensing patterns. If the data analytics flag a prescriber or pharmacist as a potential concern, the investigative team can collect information from our pharmacies or gather publicly available information from the field to help determine whether additional action is necessary. Because a Corporate Block could have serious implications for a prescriber and his or her patients and because some factors that appear to be red flags can have legitimate explanations upon further review, the decision to block a prescriber goes through multiple layers of research and review, a process that proceeds as quickly and fairly as possible. Corporately blocked prescribers are sent a letter that informs them they may request reconsideration of the decision and that they may provide additional information for Walmart's consideration.

Many of these policies—such as our "7-Day / 50 MME" (described below) and "Corporate Block" policies— exceed what is required by law. Many state boards of pharmacy and medicine, state and national medical associations (including the American Medical Association), legislators, and prescribers have claimed that these policies interfere with the legitimate practice of medicine and that Walmart has made it too difficult for patients to obtain opioid prescriptions at our pharmacies. Additionally, Walmart and our pharmacists are often subjected to threatened and actual defamation lawsuits and state board investigations instigated by prescribers whose opioid prescriptions Walmart's pharmacists have refused to fill.

Despite the significant pushback, Walmart continues to defend these forward-leaning policies as part of our commitment to help address the opioid crisis.

Reducing the Amount of Opioids Dispensed

We have adopted what we believe to be a one-of-a-kind national pharmacy policy to help decrease the number of opioids that could be abused or misused. We are unaware that any other national pharmacy chain has adopted a similar policy. This voluntary policy is informed by guidance from the Centers for Disease Control and Prevention (“CDC”).

- We restrict initial acute opioid prescriptions (for conditions expected to heal fairly quickly) to no more than a seven-day supply, with up to a 50 morphine milligram equivalent (“MME”) maximum per day. In certain circumstances, our pharmacists can exercise their professional judgment to make an exception, but this exception requires documentation. We follow state law where it is more restrictive than our policy.
- This policy does not apply to chronic conditions, palliative care, or cancer treatment, where a longer course of treatment or larger dosage may be appropriate. The policy also does not affect a subsequent prescription that a prescriber may determine is necessary after re-evaluating a patient’s condition.
- When our pharmacies receive initial prescriptions that exceed our policy limits, a pharmacist consults with the patient to ensure they are amenable to receiving fewer pills (which they usually are), except in circumstances where our pharmacists determine that in their professional judgment patient harm may result from following the policy.
- This limit on initial prescriptions for acute conditions also reduces the number of pills that go unused and remain in patients’ homes, limiting the potential for diversion and abuse.
- Before implementing this restriction, Walmart sent letters to more than 400,000 prescribers informing them about Walmart’s decision to implement the CDC guidelines as pharmacy policy for initial opioid prescriptions for acute conditions.
- Our pharmacists consistently engage with patients and prescribers to educate them on the reasons for our policy.

Protecting Against Diversion & Theft

Walmart is committed to helping prevent diversion and theft of opioids. Walmart’s anti-diversion measures include, among others, increasing access to drug disposal solutions to help reduce the number of unused opioid pills that could be abused or diverted; enhancing the physical security of our pharmacies; providing our pharmacists with security guidance and training; and increasing cooperation with law enforcement.

- We are the first national pharmacy chain to provide a free, easy-to-use at-home disposal solution, DisposeRx, in all of our pharmacies nationwide. As described by its supplier, DisposeRx is a proprietary powder that converts unused opioids to a non-divertible and biodegradable gel that can then be safely disposed of in the trash. Walmart has given away approximately 7 million DisposeRX packets.

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- 2020, Walmart has hosted over 900 store take-back events. Walmart advertises these take-back events through several communications channels, including over seven million views of Walmart's opioid take-back event digital campaign, and over 800,000 take-back event fliers handed out to Walmart curbside pickup customers.
 - We instituted a successful pilot program in which certain pharmacies have secure in-store medication return kiosks that allow customers to return unused controlled substances directly to the pharmacy. Walmart intends to install these secure in-store medication kiosks over time in many of our stores around the country.
 - Walmart continues to enhance the physical security at its pharmacies to protect its associates and limit access to narcotics. Safeguards include installing polycarbonate glass chain-wide and incorporating it as a new store construction standard; installing time delay safes in Walmart pharmacies; installing public view monitors and a "closed box" design at stores with an elevated safety risk; and implementing the PharmTracker system designed to alert law enforcement immediately if an opioid theft occurs.
 - Walmart also provides guidance and training to pharmacy associates to improve their ability to deescalate difficult situations and encourage them to notify management and law enforcement of threatening situations.
 - Walmart is also enhancing partnerships with law enforcement to increase the apprehension of narcotics thieves. Walmart partnered with the Loss Prevention Resource Council, a retail-focused research group at the University of Florida, and other retailers to conduct security prototype testing in certain pharmacies.

Increasing Access to Overdose Reversal Medication & Supporting Treatment and Recovery

Along with helping prevent opioid abuse and misuse, Walmart is helping address opioid addiction by increasing access to naloxone and supporting treatment and recovery.

- Walmart is committed to increasing access to naloxone, a life-saving opioid overdose reversal medication. We keep it behind pharmacy counters and dispense it upon request, where allowed by state law.
- As another step, Walmart pharmacists provide naloxone recommendations for patients who might be at risk for overdose, in alignment with CDC guidelines.
- In partnership with the Community of Anti-Drug Coalitions of America ("CADCA"), we have developed a new virtual reality ("VR") module to help train first responders how to recognize an overdose and to administer naloxone. Now Walmart is identifying public partners to help distribute this new training module to first responders.
- Walmart supports addiction recovery groups, such as our sponsorship of the 2019 SAFE Project Recovery Leadership Academy Summit, which prepares college students to become effective recovery advocates on their campuses and beyond.

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- We support opioid awareness for our associates and provide resources for associates and family members struggling with opioid dependence, including access to in-person counseling, unlimited 24/7 phone support, and other resources.

Educating Our Patients and Our Communities

Not only does Walmart educate our pharmacists about opioid stewardship, we also support opioid awareness education programs and training for our patients and our communities. Our educational initiatives include:

- Our pharmacy customers receive an opioid safety information brochure when picking up a new acute opioid prescription, and our pharmacists counsel patients according to CDC guidelines on pain management.
- We help sponsor youth-based curriculums on the risks associated with prescription medication abuse. We also plan to continue our collaboration with Community of Anti-Drug Coalitions of America, including developing training for community groups and first responders on administering overdose medication. These programs have reached over 170,000 students so far.
- We are partnering with APhA to make our opioid stewardship pain management curriculum (described above) freely available to all non-Walmart pharmacists.

Advocating for State and National Policies Aimed at Curbing Abuse and Misuse

Along with our industry-leading efforts to prevent and combat opioid abuse and misuse, Walmart actively supports state and national legislation that could further help reduce the risk of opioid abuse and misuse. Examples of such legislative support include:

- We support national legislation to limit initial prescriptions issued for acute pain to no more than a seven-day supply of opioids, and we support similar state-level legislation.
- We support federal legislation for a national prescription medication tracking system to increase pharmacist visibility of prescriptions across state lines.
- Walmart supports national e-prescription legislation to require all controlled substance prescriptions to be issued electronically. E-prescribing has the potential to reduce errors, misuse, abuse, and diversion of prescription medications. In the meantime, we are working to encourage prescribers to use e-prescriptions for controlled substances where possible and we are encouraging providers who do not yet have this technology to adopt it.
- We support state legislation to protect pharmacists from adverse state board actions when pharmacists refuse to fill opioid prescriptions. Unfortunately, when some of our pharmacists have refused to fill opioid prescriptions, they have been subjected to adverse investigations by state boards of pharmacy and harassment by prescribers, including defamation lawsuits.

Walmart publicly discloses federal and state political engagement spending on our Investors website, <https://stock.walmart.com/investors/esg-investors/default.aspx>.

Cautionary Statement Regarding Forward-Looking Statements

This report, including any information incorporated by reference herein, may contain or incorporate by reference certain statements that may be deemed to be “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are intended to enjoy the safe harbor from liability provided by the Exchange Act for forward-looking statements. Such forward-looking statements are not statements of historical facts, but instead express our current estimates or expectations, including estimates and expectations related to the expected execution and impact of Walmart’s strategies and initiatives relating to controlled substances. These forward-looking statements are based on current societal, economic, market, and regulatory expectations and are subject to risks, uncertainties, and assumptions, known or unknown, which could cause actual results to vary materially. These statements speak only as of the date they are made and, except to the extent required by law, Walmart undertakes no obligation to update publicly any forward-looking statement included in this report. Please see Walmart’s latest Annual Report on Form 10-K and subsequent filings with the U.S. Securities and Exchange Commission for a discussion of risks that could cause actual results to vary materially from those indicated or anticipated.