

2019 Update on Walmart's Global Ethics and Compliance Program

Sam Walton's philosophy about how to conduct business was clear: let values guide our decisions. Treat people with respect, put the customer first, strive for excellence and act with integrity. Those values are his legacy, and they have shaped our company for more than half a century.

Today, as Walmart strives to be the most trusted retailer, we're more committed than ever to doing business the right way.

Walmart has retail operations in 27 countries, employs more than 2.2 million people and sources products from all around the world. We expect our associates, suppliers and contractors to champion our values, as well as comply with all applicable laws.

One of the key components of our strategy is to make trust a competitive advantage. We know that our customers have a choice about where they shop, and our associates have a choice about where they work. We want every person who comes in contact with our company to know that they can count on us to do the right thing.

One way we hold ourselves accountable is through our Global Ethics and Compliance Program. This program enhances transparency and accountability in our operations, and it empowers associates to act in the right way.

For several years, Walmart has published an annual summary of our efforts to build and refine our Global Ethics and Compliance Program. We've made several improvements to our programs over the years, and I'd like to highlight three areas that really stand out: responsible sourcing, safety and anti-corruption.

Sourcing Responsibly

Given our size and global footprint, Walmart can use the power of our purchase orders to improve supply chain conditions. Walmart's supply chain includes more than 100,000 suppliers across the globe, and we set high expectations for them. Through our Responsible Sourcing Program, we work with our suppliers to help them mitigate potential risks related to various matters, including, for example, worker safety and well being.

We set expectations for our suppliers through our Standards for Suppliers and use audits to evaluate supply chain practices against our standards. We embed associates who focus on responsible sourcing in markets around the world. This allows us to better understand regional challenges in our supply chains and leverage our local presence to build strong connections with local suppliers and markets. We also evaluate our global supply chain using internal and external data; guidance from industry experts and NGOs; and risk assessments of specific regions, countries, commodities or products.

Recognizing the need for whole-system transformation in several retail supply chains industry-wide, Walmart is working to address and mitigate potential risks to the dignity of workers through collaborative action with suppliers, NGOs and others in a minimum of 10 supply chains by 2025. We continue to work with our suppliers and other stakeholders to take meaningful steps to help improve the safety and well being of the men and women in our global supply chains. Based on our analyses and where we believe Walmart can have the greatest impact, we've prioritized the following five supply chains:

- Produce in the U.S. and Mexico
- Shrimp in Thailand
- Tuna processed in Thailand
- Apparel in Bangladesh
- Electronics sourced for the U.S. retail market supply chain

Prioritizing Safety

We want each of our associates and members of our supply chain to leave work safely every day, and we want our stores to be safe places for customers. We are constantly asking ourselves how we can improve in this area. Over the last several years, we have implemented new ways of gathering and analyzing safety data. We have invested in new personal protective equipment, enhanced our safety mechanisms for machinery and improved training for our associates by using new technology. And we have stepped up accountability for managers to operate their locations safely. Building on last year's progress in our Mexico business, we have also made significant progress in other markets. In the last fiscal year, the number of associate days lost to accidents in our Chile business was down more than 27 percent on a per-capita basis from the prior year, and down more than 18 percent in our Argentina business and more than 9 percent in our Central America business. The company achieved more than a 17 percent reduction in time lost to accidents across our entire international division.

These results are encouraging, and we'll continue to focus on improving safety. We would prefer not to have any accidents or injuries.

Reducing Corruption Risk

We have made strategic choices about how we select and monitor the companies with which we do business. All third-party intermediaries that interact with government officials and agencies around the world on our behalf are subject to monitoring and auditing requirements. Over the last three years, we significantly reduced the number of third-party intermediaries that we use for these services, allowing for greater visibility and stronger third-party relationships.

Over the last eight years, Walmart has dedicated significant resources to enhancing our Global Anti-Corruption Program, including:

- Hiring dedicated ethics and compliance leadership personnel, including a Global Ethics and Compliance Officer, an International Ethics and Compliance Officer and a Global Anti-Corruption Officer, as well as additional dedicated market anti-corruption personnel;
- Enhancing the annual anti-corruption risk assessments in all of our international markets;
- Conducting enhanced anti-corruption monitoring across all of the company's international markets by dedicated teams, including Anti-Corruption Program audits;
- Enhancing the company's Global Anti-Corruption Training and Awareness Program; and
- Implementing systems to manage global licenses, permits and certain types of donations that are permitted under our policies.

We're committed to doing business the right way, and that means acting ethically everywhere we operate. We've invested heavily in this effort and are proud of the steps we've taken to ensure we have a leading Global Anti-Corruption Compliance Program.

Our Journey Continues

These are just a few of the improvements we've made over the last several years in ethics and compliance.

Over the past eight years, we have invested to become a better company and a better neighbor. We've enhanced our Global Ethics and Compliance Program to improve our business. We have increased transparency and accountability. And we have sent the message to everyone working at or with Walmart that integrity is not negotiable. We've made great strides and will continue improving our Ethics and Compliance Program. And we must continue to preserve a culture for our associates and affiliates that would make Sam Walton proud.

We've provided additional detail on our efforts in our [Environmental, Social and Governance Report](#). We will stay vigilant and our values will continue to be our guiding principles. We will continue working to earn and maintain the trust of our customers, associates, communities and shareholders.

Sincerely,

Doug McMillon

President and Chief Executive Officer

Walmart Inc.

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