



Walmart Racial Equity Audit Exempt Solicitation

MAY 2023



We are not asking for authority to vote your proxy and no proxy cards will be accepted. Please vote your proxy in accordance with the instructions on Walmart's proxy card.

NAME OF REGISTRANT: Walmart Inc.

NAME OF PERSON RELYING ON EXEMPTION: United for Respect Education Fund

ADDRESS OF PERSON RELYING ON EXEMPTION: 2108 N ST STE 4231, Sacramento, CA 95816

Written materials are submitted pursuant to Rule 14a-6(g)(1) promulgated under the Securities Exchange Act of 1934. Submission is not required of this filer under the terms of the Rule, but is made voluntarily.

Proposal 7

Resolved: Shareholders request Walmart Inc. (“Walmart” or the “Company”) conduct a third-party, independent racial equity audit analyzing Walmart’s adverse impacts on Black, Indigenous, and People of Color (BIPOC) communities, and to provide recommendations for improving the company’s racial equity impact. Input from employees, customers, and racial justice, labor, and civil rights organizations should be considered in determining specific matters to be analyzed. A report on the audit, prepared at reasonable cost and omitting confidential and proprietary information, should be published on Walmart’s website.

INTRODUCTION

Racial equity audits (REA) conducted by independent, third-parties can provide company leadership with an objective evaluation of whether and how company policies, practices, and culture are combatting or perpetuating systemic racism and racial inequities.

As the largest private sector employer, Walmart has a significant influence on society and the economy. Company policies and practices impact hundreds of thousands of BIPOC workers and their families. **Walmart received an “F” rating on the 2023 Racial and Gender Pay Scorecard** from Arjuna Capital and Proxy Impact, a strong indication that there are profound inequities among minority demographics at the company.¹

Racial equity audits have quickly become an industry standard. Multinational companies such as Facebook, Apple, Airbnb, CITI, and Starbucks have agreed to analyze their impact on BIPOC workers and communities by conducting a racial equity audit. For the 2023 season, shareholders filed REA proposals at 14 companies across a wide variety of industries, this proposal being one of them.² Given Walmart’s workforce demographics, shareholders want to ensure Walmart is honoring its DEI commitments and not directly or indirectly contributing to or creating racial inequities in the diverse communities in which it operates. The benefits of such an audit significantly outweigh the competitive, legal, and reputational risks the company may face.

The REA recommendations can help Walmart address its contributions to systemic racism, increase employee retention and satisfaction, and enhance its public image.

“Walmart’s history of receiving tax breaks and other forms of government subsidies has **disproportionately harmed local economies and communities of color**”

Address Systemic Racism

Walmart has faced public outcry and lawsuits over discriminatory hiring and promotion practices.^{3,4} The company is accused of favoring white candidates over people of color, particularly at the management, executive, and board level. Presently, people of color comprise 49% of Walmart’s total U.S. workforce but 27% of its officers and only 18% of its Board of Directors.⁵ An internal survey conducted by Bloomberg in 2021 found that many high-ranking Black Walmart employees “wouldn’t recommend working there” citing unequal access to growth opportunities and favoritism as they attempted to advance their careers.⁶

Walmart has also faced criticism for its broader impact on communities of color. Critics point to predatory pricing practices that harm small businesses and exacerbate economic inequality. **Walmart’s history of receiving tax breaks and other forms of government subsidies has disproportionately harmed local economies and communities of color.**⁷ In addition, Walmart’s grand scale positions it to sell products below cost, which makes it nearly impossible for small businesses to effectively compete.⁸

Improve Employee Morale and Retention and Satisfaction

Advocates and policy makers have long been concerned about the company’s treatment of its employees. Walmart’s low wages, anemic benefits, and punitive and unsafe work environments disproportionately affect people of color, as **nearly half of Walmart’s workforce are BIPOC.**⁹

Despite its public commitments and philanthropy, Walmart is failing to address the needs of its diverse workforce. A 2022 congressional report found that **Walmart laid off double the amount of Black workers during the pandemic** compared to their white counterparts. In the report, Walmart was identified as having “some of the largest racial inequities of the surveyed companies when it came to employment outcomes.”¹⁰

In addition, starting **hourly pay is still under \$15** making Walmart an outlier among its peers and leaving many associates struggling to make ends meet on poverty wages. The company **does not disclose gender or racial pay gaps** so it is currently impossible to know whether BIPOC workers are concentrated in lower paid positions.

A 2023 Indeed survey found that 49% of Black workers reported wanting to quit their jobs, citing lack of pay transparency, a misalignment of personal values with the company, and the need for more diverse leadership as heavily impacting their decision.

Addressing the root causes of disparities in hiring, pay, and promotions is an essential step toward improving employee morale and retention at Walmart. By creating a more inclusive and supportive workplace culture, Walmart can ensure all associates feel valued, respected, and safe at work.

Enhanced Public Image

Walmart's failure to address the direct and indirect harms caused by company policies and practices also hurts its reputation with customers, policymakers, activists, and employees.

Walmart's poor labor practices, impact on small businesses, and monopoly power have long attracted public scrutiny, regulatory and legal action, as well as negative press. The company has recently caught fire for racial profiling of customers, discriminating against Black executives, and culturally insensitive security policies.

In 2020, the company was heavily criticized for its policy of locking up "multicultural" hair and beauty products.¹¹ Walmart made national headlines in August 2022 when Michael Mangum, a Walmart truck driver, was awarded \$4.4 million after being harassed and racially profiled by a white Walmart associate.¹² Another incident occurred a few months later in Moreno Valley when a Walmart associate went on a "racist tirade" against a Black customer.¹³

Walmart must ensure company leadership is fully aware of the unintentional impacts of company policies and practices on BIPOC workers and communities and proactively take steps to address the harm caused.

A racial equity audit can inform and facilitate any course correction necessary to promote racial equity and protect the company from risk, reputational and otherwise.

Conclusion

By conducting an independent, third-party racial equity audit Walmart can better understand the company's adverse impacts on marginalized and disenfranchised communities of color. Implementation of the recommendations made in the audit can mitigate against the harms caused to BIPOC communities and ensure the company's public commitments to racial justice and equity are being honored.

Doing so will cement Walmart as an industry leader and reduce the company's exposure to risks stemming from legal actions, government investigations, and negative press. Walmart will also reap the benefits of improved employee satisfaction and retention, as well as an enhanced public image.

For these reasons, we urge Walmart shareholders to vote FOR Proposal 7.

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united4respect.org
info@united4respect.org