

Walmart's Shared Value, Whole-System Approach to ESG Issues Creates Value for Business and Society

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Walmart has long taken a shared value, whole-system approach to environmental, social and governance (ESG) issues. Through the company's ESG strategies, Walmart aims to do more than operate responsibly and mitigate business risk; the company wants to create value for business by better serving its customers and stakeholders and helping to transform related societal systems (e.g., food systems, workforce development systems) for more equitable and sustainable outcomes. Events of the past year – the COVID-19 pandemic, the murder of George Floyd, rising income inequality and intensifying climate and ecosystem decline – underscore the relevance of Walmart's shared value philosophy.

While these events challenged everyone, they reinforced Walmart's desire to accelerate its omni-channel transformation and commit to becoming a regenerative company – seeking to fulfill the customer mission in a way that restores, renews, and replenishes nature and humanity.

This year, Walmart's ESG reporting includes a series of briefs covering the company's priority ESG issues in a new, "living" digital format as well as an ESG FY2021 summary and data tables. The briefs will be refreshed online periodically, providing stakeholders with timely information. Walmart has updated its list of priority issues based on recent stakeholder engagement, reflecting stakeholder expectations, relevance to its business and Walmart's ability to make a difference in four broad themes of Opportunity, Sustainability, Community and Ethics & Integrity. Each brief articulates Walmart's ESG impact thesis including disclosures regarding aspirations for shared value creation, strategies, key metrics and facts regarding progress (with reference to public commitments, SASB, TCFD, CDP, GRI and the U.N. SDGs), and challenges.

Key highlights include:

COVID-19 response: Prioritizing the well-being of associates, customers and communities, Walmart altered its operating practices (including providing a COVID-19 emergency leave policy that The New York Times editorial board said "set a standard" for the private sector), expanded pickup services from 1,500 to more than 3,500 sites, and administered COVID-19 tests and vaccines. Together with the Walmart Foundation, Walmart has given more than \$43 million in cash and in-kind donations to support COVID-19 response efforts around the world.

Inclusive opportunity: In the U.S., Walmart provided an average of \$19.50 an hour in total compensation to hourly associates, promoted more than 300,000 people (with 46% of hourly-to-hourly promotions going to people of color), and began twice-yearly disclosure of diversity data. The company established Shared Value Networks to help eradicate systemic racism through business initiatives and, alongside the Walmart Foundation, committed \$100 million over five years to support philanthropic efforts through the Center for Racial Equity.

Climate and nature: Walmart made CDP's 'A List' for climate action. The company sourced an estimated 36% of its electricity needs from renewable energy. Through Project Gigaton™, 3,100 suppliers reported a cumulative 416 million metric tons (MMT) of avoided emissions since 2017. Walmart set 2040 as the target date to achieve zero emissions in its global operations and committed to help protect, manage or restore at least 50 million acres of land and 1 million square miles of ocean by 2030.

Governance: Walmart refreshed its Code of Conduct and related policies to further foster a culture of accountability, transparency and trust. The company also enhanced disclosure of its board diversity, digital citizenship and public policy engagement.

The challenges facing business and society require collective action from everyone. The pandemic demonstrated how small but widespread changes in individual behavior can

produce large-scale, positive effects. Walmart believes businesses can be part of the solution and, together, facilitate positive change.

Read the Report

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