



The Office Of State Treasurer

Denise L. Nappier

News

FOR IMMEDIATE RELEASE

June 13, 2014

WALMART SHAREHOLDERS URGE COMPANY TO DISCLOSE RECOUPMENT FROM SENIOR EXECUTIVES FOR ACTIONS CAUSING FINANCIAL OR REPUTATIONAL HARM

HARTFORD, CT – At Walmart’s annual meeting on June 6th, 38 percent of independent shareholders voted to require the company to annually disclose whether Walmart recouped pay from its senior executives for breaking laws and causing significant financial and reputational harm. The vote is up from last year’s vote of 32 percent on a similar proposal co-sponsored by the Connecticut Retirement Plans and Trust Funds (“CRPTF”).

“For Walmart to improve its short-term financial performance and sustain long-term shareholder value, it is essential for the Board to step up its management of risk,” said State Treasurer Denise L. Nappier. “Among other high-profile misadventures, Walmart recently was charged with illegally threatening and punishing workers protesting for better pay and working conditions. Directors of Walmart would do well to better link executive pay with ethical behavior as other companies -- including United Technologies, Lockheed Martin and Capital One -- have done. Improving transparency and accountability only adds to a company’s long-term sustainability.”

Filers of this year’s proposal, in addition to the CRPTF, include: UAW Retiree Medical Benefits Trust; Illinois State Board of Investment; Amalgamated Bank Long View Funds; and F&C Management Ltd.

More details are set forth in the following press release from the UAW Retiree Medical Benefits Trust and the Illinois State Board of Investment.

(Press Release on page two)

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**SHAREHOLDERS FIGHT SECRECY AT WALMART,
SUPPORT TRANSPARENCY ON CLAWBACKS FOR MISDEEDS**

*38% of independent shareholders call for disclosure of clawbacks
amidst allegations of wrongdoing at Walmart*

Detroit, Michigan...Shareholders are tired of Walmart's secrets when it comes to holding executives accountable for ethical misconduct. Thirty-eight percent (38%) of independent shareholders voting at Walmart's annual meeting on June 6 voted to require the company to disclose annually whether Walmart clawed back pay from its senior executives for breaking laws and causing significant financial and reputational harm. The 38% percent vote is a significant jump from 32% in 2013 when the proposal was first voted on. This increase signals a growing lack of confidence in the board of director's independence and performance according to members of the global investor coalition behind the proposal, *Request for Annual Report on Recoupment of Executive Pay*.

"The rise in the vote reflects growing frustration among investors that the board refuses to commit to being transparent about whether or not executives were held accountable for breaking the law," said Meredith Miller, chief corporate governance officer for the UAW Retiree Medical Benefits Trust, co-filer of the proposal. "Walmart has a pay recoupment policy but stonewalls revealing its use. Shareholders are telling Walmart to stop the secrecy."

The investor coalition filed the proposal in light of a global bribery and corruption scandal that has cost Walmart over \$492 million to date – including over \$100 million to expand its global compliance program – and prompted investigations by the U.S. Department of Justice and the Securities and Exchange Commission. The company also recently pled guilty and paid over \$110 million in connection with federal and state charges of illegally dumping hazardous waste in California and Missouri.

"Independent Walmart shareholders continue to push for Walmart to be transparent in holding its executives accountable for costly compliance problems," said William Atwood, executive director of the Illinois State Board of Investment, a co-filer. "Disclosing pay recoupment is a concept important enough that Halliburton, Northrop Grumman, United Technologies, and McKesson Corporation already have policies allowing for these disclosures."

Further foot dragging on claw back disclosure by Walmart's leadership will be closely watched by independent shareholders. The fact that insider shareholders including family members own over half of the company's outstanding shares and are only likely to adopt a disclosure policy with the recommendation of management does not deter proponents of transparency.

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The 38% vote on claw backs reflects investors’ desire to get a policy in place now, before claims are settled for the various allegations that have accumulated rapidly in recent years according to Miller.

“Last week’s vote is a clear referendum to the board that investors do not want to guess anymore each year about whether the compensation committee has taken action one way or the other in holding senior executives accountable for corporate losses and reputational harm.”

Coalition members and filers of the proposal include: UAW Retiree Medical Benefits Trust; Illinois State Board of Investment; Connecticut Retirement Plans and Trust Funds; Amalgamated Bank Long View Funds; and F&C Management Ltd. Collectively, the coalition owned over 2.6 million Walmart shares as of market close on May 15, 2014.

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The \$56 billion UAW Retiree Medical Benefits Trust is the largest non-governmental payor of retiree health care benefits in the United States, providing health care benefits to over 760,000 UAW retirees and dependents.

The Illinois State Board of Investment, a \$14.5 billion fund, has fiduciary responsibility for managing the pension assets of the General Assembly Retirement System, the Judges' Retirement System of Illinois and the State Employees' Retirement System of Illinois.