


# Walmart (WMT:US) – Climate Transition Analysis

## Questions for investors and lenders to ask management

Recommended Questions	Report Key Takeaways
<p><b>Q.1</b> <b>Question:</b> <i>Will the company implement stricter procurement policies to deal with its rising upstream Scope 3 emissions?</i></p> <p><b>Background:</b> Despite adjusting for emissions accounting methodology changes the absolute increase in upstream Scope 3 emissions was still 29% from 2019 to 2021 (p. 5 &amp; 6 of the report).</p> <p><b>Target:</b> Reveal the impact of Project Gigaton on Walmart’s emissions.</p>	<ul style="list-style-type: none"> <li>From 2019 to 2021 Walmart experienced a significant rise in Scope 3 upstream emissions (29%) which led to a notable increase of 21% in its total GHG footprint.</li> <li>While Walmart engages extensively with suppliers through diverse strategies, there are still gaps in its sustainability-linked compensation and quantified climate transition financial impacts.</li> <li>Despite admirable efforts in mitigating operating emissions, Walmart’s transition strategy appears to fall short in addressing Scope 3 emissions effectively, and without consistent Scope 3 mitigation the company risks overshooting its 2°C alignment towards a business-as-usual pathway by 2030.</li> </ul> <p><a href="#">Click to view the report online</a></p>  <p><b>Disclaimer:</b> <a href="#">click here</a></p>
<p><b>Q.2</b> <b>Question:</b> <i>Will Walmart reveal the impact and relative representation of Project Gigaton in its Scope 3 changes?</i></p> <p><b>Background:</b> Walmart should be applauded for pledging to reduce or avoid 1 billion tCO<sub>2</sub>e by 2030 (‘Project Gigaton’). However, this target, linked to curbing the company’s Scope 3 GHG emissions, doesn’t require suppliers to only report on emissions related to their Walmart business. Consequently, actions taken and reported through Project Gigaton cannot be used to measure Walmart’s Scope 3 emissions, nor assess its mitigation. This dynamic adds to Planet Tracker’s concern regarding “avoided emissions” use. (p. 8-9).</p> <p><b>Target:</b> Reveal the impact of Project Gigaton on Walmart’s emissions.</p>	
<p><b>Q.3</b> <b>Question:</b> <i>Will the company enhance its transparency regarding sustainability-linked compensation?</i></p> <p><b>Background:</b> Walmart’s Proxy Statement lacks specifics regarding sustainability-linked compensation, but indications of monetary incentives linked to sustainability targets are present in its 2022 CDP Climate response. Thus, a more granular disclosure will aid in determining whether the sustainability metrics have a meaningful weighting in the executive compensation packages (p. 16).</p> <p><b>Target:</b> Clearly state the link between sustainability metrics and executive compensation</p>	