Making global compensation a reality at Walmart
Lessons learned from the world’s largest private employer

APRIL 29, 2013
Agenda

1. Getting to know us
2. Getting to know our audience
3. Global reward strategy and reality
4. Walmart’s global compensation challenge
5. The Hay Group partnership
6. Questions
Getting to know us
Presenters

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Walmart
Senior Director, Global Compensation

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Walmart
Senior Manager, Global Compensation

Craig Rowley
Hay Group
Vice president and global practice leader

Kimberly Fox, Consultant
Hay Group
Global total remuneration
Hay Group consults with 9,000 clients worldwide in a wide variety of areas, including:

- Organizational effectiveness
- Managerial and executive assessment
- Compensation and benefits
- Performance management
- Executive remuneration and corporate governance
- Employee and customer attitude research

85 Offices in 48 countries
2600 Employees worldwide
9000 International clients
Overview

We are Walmart

- Operate in 27 countries
  - With more than 10,700 stores
  - Ecommerce websites in 10 countries

- Employ 2.2 million associates globally
  - 800,000 associates in international countries

- Fiscal year end 2013, increased sales by 5% to $466.1 billion
  - International sales exceeded $135 billion

- Corporate Strategy: Saving people money so they can live better
02

Getting to know our audience
How many of you work for a global organization?
How many of you have a corporate global total remuneration philosophy or are trying to form one?
Do you benchmark your cash and benefits in all countries you have operations in?
Global reward strategy and reality?
What is a global reward strategy?

Global Reward Strategy

- Business objectives
- Local country reward practices
- Career path and consistency
- Attract and retain talent
How do we benchmark to our strategy?

Where are we?

Where do we need to be?

How do we get there?
Walmart’s global compensation challenge
Walmart corporate reward strategy

**Principles**
- Local relevance
- Competitive pay
- Pay for performance
- Design guidelines
- Aligned metrics
- Ability to impact
- Leadership accountabilities
- Aligning to shareholder value
Walmart global compensation challenge

- Questions we were faced with:
  - Understanding of local market practices?
  - Aligned with overall strategy?
  - Country request for changes – tied to country and global strategy?
  - Benchmark individual and structure remuneration?
  - Consistent measurement around the globe?
05

Hay Group partnership
Total remuneration methodology

What are the needs of the company?

- Alignment
- Return on investment

Total reward

- Guaranteed cash
- Intangible reward
- Annual variable
- Benefits
- Long term incentives

What are the needs of the employee?

- Engagement
- Change management
- Implementation
- Results
Global total remuneration

Global total remuneration philosophy

Local Country

Local Country

Local Country

Local Country

Local Country
Important steps to build the analysis

How do we accomplish this….

- Local market resources in each country
- Discussion of peer group or market selection up front and agreed to by both key corporate and local stakeholders
- Agreement of scope of countries and deliverables
- Information management
- Teamwork to enable all contacts to stay on point towards the goal

…Total Reward Review: TRR
Pay Mix Analysis: Structure Midpoint vs. Market Target

Market Target P75
- TTC 57% Variable 63%
- TTC 79% Variable 36%
- TTC 100% Variable 8%

Market Target P50
- TTC 63% Variable 58%
- TTC 86% Variable 28%
- TTC 100% Variable 6%

ABC Company Structure Midpoint
- TTC 75% Variable 59%
- TTC 79% Variable 33%
- TTC 100% Variable 5%
## Market positioning

- ABC Structure vs. Target Market Competitive Positioning
- ABC Actual vs. Actual Market Competitive Positioning

### Structure 

<table>
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<th>Structure</th>
<th>midpoint</th>
<th>Actual</th>
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<th>Actual</th>
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<tr>
<td>TR (P50)</td>
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<td>98%</td>
<td>91%</td>
<td>87%</td>
<td>78%</td>
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### Color Key:
- **More than 90% of Market**
- **Between 80 - 90% of Market**
- **Less than 80% of Market**
**Country Information: Economic and Tax factors to consider, Prevalence of Practices**

Country - Present LTI Trends – Top Executive Compensation Study

- Companies with Long Term Incentive Plans:
  - 2007: 40%
  - 2011: 68%

- Type of Plans:

<table>
<thead>
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<th>Plan Type</th>
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<td>SO + RS</td>
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<td>Restricted Stock (RS)</td>
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<tr>
<td>Stock Options (SO)</td>
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Reflections on the journey - lessons learned and next steps