

Goldman Sachs Sustainability Forum

Company Participants

- Kathleen McLaughlin, Chief Sustainability Officer

Other Participants

- Kate McShane, Analyst, Goldman Sachs

Presentation

Kate McShane {BIO 7542899 <GO>}

Hello, everyone. We're going to get started. My name is Kate McShane. I cover the hardlines and broadlines for GIR at Goldman Sachs, and we're very happy to be here at Kathleen McLaughlin, EVP and Chief Sustainability Officer and President of the Walmart Foundation. Kathleen is an Executive Vice President and Chief Sustainability Officer for Walmart and President of the Walmart Foundation. She is responsible for programs that help Walmart feed opportunity through jobs and sourcing, advance the sustainability of supply chains, foster diversity, equity and inclusion, and build inclusive and resilient communities. Before joining Walmart in 2013, she spent more than 20 years with a global consulting firm McKinsey & Company. Kathleen serves on boards of the Council and Foundations of the World Wildlife Fund, the World Resources Institute, and as an advisor to the Nature Conservancy Impact and Financial Markets Team. Kathleen, thank you so much for joining us today.

Kathleen McLaughlin {BIO 18336643 <GO>}

Great to be here.

Kate McShane {BIO 7542899 <GO>}

I wondered if we could maybe start with you taking us through Walmart's shared value initiatives and how sustainable investors in general should measure efficacy and success.

Kathleen McLaughlin {BIO 18336643 <GO>}

Great, yeah, sure. Well, it's wonderful to see all of you today. Yeah, the way that we tackle, I guess what's come to be known as ESG, is very much from a shared value perspective and it's been something we've been at for decades now at Walmart, and really the idea is for us to deliver on our mission, which is save money and live better, help our customers do that. It depends not only on our ability to bring affordable products to people through retail stores, through online channels, delivery, pickup,

et cetera, to access affordability of products, of services, that's the core part of our mission. Well, we want to do it in a way that actually creates value for stakeholders at that intersection of their concerns and our business. And we view that as really essential to our long-term business success. It's a business strategy, what some people call shared value.

So for us, there are four key themes that fall under that. The first one is economic opportunity for our own people for suppliers, as a retailer, we have a couple of really important assets in a very large job basin to set a clear path through our purchase orders. So how do we translate that into opportunity for people in a way that also gets us a stronger, more productive talent force, and also great surety of supply of wonderful products that we can provide our customers, that's kind of the first theme. And the second key theme is around enhancing sustainability of our retail operations and our supply chains. And again business benefits, they're obvious, new revenue streams, cost structure, managed risk, advantage in terms of quality of product and innovation, and so on. And then in terms of societal issues, big priorities around decarbonization, climate change emissions, nature, increasingly important, especially for a retailer like Walmart, we sell so many products that come from nature, forest, grassland, freshwater ways, land, and so on.

Waste and circularity, so again, as a big retailer, how do we shift consumption toward a more circular approach, not only of packaging and things like that but the materials themselves and product, and then people who work in supply chain, so obviously, respect for human rights and addressing some of the outrageous[ph] in human rights in chains that are quite systemic in nature, deep-seated, and so on, but how can we use supply chains to create opportunities for people (Technical Difficulty) around the world. So sustainability is the second big theme. Third big theme is around resilience of communities. You mentioned that in the intro, we are physically present in 10,000 places. So we do have a very large eCommerce business. We're an omni company and in many ways become a technology company, but that physical presence is really important, and so we live and work in these places, how do we show up and use our assets to help strengthen community, whether it's disaster preparedness or obviously, being present in terms of taxes, and jobs, and being able to provide products and services, but these are the strengths that we can bring to make community stronger.

And then the last big theme for us is around ethics and integrity as a multinational business. We're modeling standards around corporate governance, digital citizenship, again as a tech company, how we use technology, AI, and so on, so various principles and access and being a force for good through technology, human rights, all the kind of topics you normally think of under governance and compliance and ethics. So those are our four big themes. And fair-value notion means for any one of those climate change, racial equity, digital citizenship, we start with what's the goal from a business perspective, and a societal or stakeholder perspective, and then what are the strategies that help us achieve those outcomes, the metrics and KPIs we're using, and then we disclose all of that. I'd invite you if you haven't seen our disclosures, check out on our corporate website, each of the issue areas, we have a pretty detailed brief that goes into this and we also discussed the

challenges and endpoints making progress on them. So, that's the underlying philosophy that we bring to it.

And I think one of the more exciting things for me in this whole arena in the last few years has been a shift from maybe in the past 15 years ago, people taking more of a, let's call it, corporate social responsibility mindset to these things, like a CSR kind of side project, mentality to something that's been more -- oh, no actually, these things matter for business, let's do some special projects, and now be at that intersection and we'll report that to now a much more integrated approach, where these things are just part of the business strategy. And I can give some examples as we talk through.

Kate McShane {BIO 7542899 <GO>}

Really helpful. I thought maybe we could go from there and talk about key areas of priority. You have an impact thesis to help define your goals and your strategies, so maybe we can start with climate change first, where Walmart's goal is to have zero emissions from Walmart operations by 2040 without offset. Can you talk about how you see the next five years in this journey? Where you see green premiums and innovation or policy support that can help you advance this mission?

Kathleen McLaughlin {BIO 18336643 <GO>}

Yeah, I mean, that's a good example of something that is quite central to our business success. So that goal to get to zero emissions by 2040 in our operations, it was really in forms by a deeper understanding 10, 15, 20 years ago even about the impact of climate change. And obviously, as a pervasive secular risk that is affecting every part of society, it matters at many levels for business, for our customers, for our communities, we see it, even recently coming through in several forms. So first of all, heat events and polar vortex events, you kind of have both ends of the spectrum that affect communities and neighborhoods and people living day-to-day and what their living conditions are like, those are our customers, those are our associates. A second impact that we experienced is in supply chain in terms of surety of supply and shift in yields and quality of commodities, just based on, again, weather effects, and so on. So those are some near and present things and plus you roll the tape forward and say what can we expect, it's more about plus disaster events and the very real cost that brings to customers, suppliers, associates (Technical Difficulty). So for many reasons, it matters for business.

When we became the first retailer to set an approved science-based target for emissions reduction across all three scopes back in 2016 -- 2017, so in our Scope 1 and 2, we did commit to zero without offsets. Why? Because we think our type of emissions are addressable. It does not mean we have the answers to some of them. So for us, it's electricity, that's the lion's share of our emissions in Scope 1 and 2. It's refrigeration that's technically possible but incredibly complex at our scale to convert to low global warming potential refrigerants in our entire fleet globally, that's not going to be easy, and we're still experimenting with different technologies, but we think it's doable, and by 2040 we need to figure out how to get there. Onsite fuel, that's a little bit easier to address, so rotisserie chicken, gas-fired cookers things like

that, generators. Transportation, so that's one where things like the yard trucks, last-mile delivery, we've been able to convert those. I think it was our commitment -- our purchase order to Ford or to GM for like 1,000 trucks, has given some of those OEMs confidence to make bigger plays in EVs, so that's exciting.

The tough one there is our heavy tractors, where we don't have the technology today given our loads and the distances that we run those trucks. Today's battery technology, EV, that's not going to do it. So there needs to be innovation there or is it fuel cells or what, so we're kind of experimenting in that area too. So we have the business initiatives, the CapEx to OpEx, things in flight, we're working toward 2040, it's highly integrated interest. I mean, it is part of our core business, our core operations. And the benefits are around energy security, energy affordability, and new value-creating businesses for us too. One of the things I'm most excited about in the portfolio is EV charging expansion. So we already have a pretty robust network at Walmart, over 250 sites across the country, but we've committed to thousands more, makes perfect sense for us. They're going to be fast chargers, so it will be great and attractive for customers, they come in plug-in and even if it takes 15, 20 minutes, they can come into the store and pickup a few groceries, so it makes a lot of sense for us to do this and it's a natural extension of our automotive care business. We have automotive service centers already, et cetera. So this is a nice build-out.

Another one, onsite generation, we have one of the largest onsite fleets I think in the country of solar, utilizing our rooftops. There's a lot of untapped real estate that we have, that's a big advantage for Walmart, we can leverage that. And again, if you think about energy security, energy affordability, it makes sense for us to do that. Tax equity deals, community solar, those are also really interesting, allow us to provide affordable clean energy added to the grid for lower-income communities, that's a bonus as well. So these are core business strategies that are run deep in our operations units. They don't report direct to me. They're part of our operations and it's served online to me and we run it in this really integrated kind of way. So that's Scope 1 and 2. Scope 3, so when we set our target back in 2016, 2017, at that point, we didn't even know how to measure Scope 3 emissions, and even CDP, Environmental Defense Fund, close partners, didn't have math on this either, so we literally said, okay, we think in retail Scope 3 is 20 times Scope 1 and 2, so we'll take our 20 million metric tons through Scope 1 and 2 and times it by 20, and okay, we get 400, let's assume that's our footprint. Now, we have a better sense of what the footprint is and 400 is probably not far off if you consider all the GHG categories, but we started with that and we said, look, our focus are to be on immediate action to decarbonize supply chain, that's what we want to get to. So let's not worry about trying to measure the entire footprint, let's focus on the major concentrations of emissions in our kind of business and engage suppliers to get at it.

So, here we are, six years later, and we've had over 5,000 suppliers engaged in this initiative that we call Project Gigaton because the goal we set was a giga ton of avoidance by 2030 and that would represent science-based progress on what we thought our Scope 3 was at the time. So over 5,000 suppliers engaged and to date 750 million metric tons of emissions avoided, sequestered, removed, which is more than on track, and the projects are in energy, transportation, product design, packaging, waste reduction, and the nature, so regenerative agriculture practices,

animal ag, and crops, and then also avoidance of deforestation and conversion. And so what we do is help our suppliers set targets in a way that is science-based and make progress on initiatives by sharing best practices, supporting with playbooks, summits, knowledge exchange, advice. We also then provide a series of resources. So for example, with Schneider Electric, we have a deal for PPAs, we call it, Gigaton PPA, where suppliers can get access to renewable energy for their factories. And so, for example, Levi Strauss is part of that, Amy's Kitchen (Technical Difficulty) Smucker's -- resources, and then we help them report. So we've got an integration with CDP. We try to make it really easy and kind of provide webinars and teaching to focus on how to do this sort of work. And that 5,200 suppliers, they represent over 70% of our assortment, and I think the progress has been has been great.

I have to say our challenge now as we kind of go into a world where there's more expectation of reporting total footprint is how do we connect in very real projects, in very real parts of the supply chain with very real evidence of progress and so on to a footprinting like a comprehensive footprinting analysis, it's a different set of numbers and assumptions. For a retailer like us, we have 400 million items, different SKUs, like different items that we sell between in-person, online, at least that many. There isn't a dataset about the comprehensive Scope 3 of every single one of those items, especially when you consider how customers use those items, so there is broad strokes. Industry average data available on many of the components, but at a sector level not item-by-item like this cap versus this bottle versus my shirt, that level of detail. And so I think our challenge is going to be how do we make progress as a sector on measuring a comprehensive footprint and getting better data and finding ways to store it and validate it and everything else without completely distracting from the exercise of decarbonizing the heavy concentrations of emissions. As we all know about the 80/20 Rule in emissions is like 99/1, like emissions are heavily concentrated in certain chain, certain stages of the supply chain, makes more sense to focus innovation on those, we know what those are top-down. We don't need to measure every item to know it (Technical Difficulty) electronic, generally, we know what they are. But we want to keep making progress on those things with real projects yet for reporting purposes, having repeatable, here's our formula, we update it every year. It's based on the industry average. Those things are going to connect. So how do we make your job, you guys in the audience, your job easier when companies are doing all this data like how do you interpret it and how do you know who is doing a good job, what progress do they look like in this (Technical Difficulty) environment, it's going to be a big challenge.

Kate McShane {BIO 7542899 <GO>}

Extremely helpful and a lot to digest. In addition to focus on the climate change and you mentioned your supplier -- supplier engagement Project Gigaton, can you maybe talk a little bit about human capital next in terms of your outlook for labor demand, cost trends, and how do you're upskilling training retention initiatives increase productivity?

Kathleen McLaughlin {BIO 18336643 <GO>}

Yeah, well, so human capital is another priority issue for us. For obvious reasons, we employ a couple of million people around the world and the engagement and talent level of our people makes all the difference in terms of us being able to deliver our proposition to the customer. So they really couldn't be more, probably our number one issue is that in terms of value-creation potential. So because we're in retail, if you look at the shape of our workforce and because we're a billion omni retailer, we have all types of career paths that's not like your grandfather's retail operation. We certainly do have physical retail bricks-and-mortar, so there are paths, let's say, from cashier up to store manager, regional manager, and so on, but we have technology path, healthcare path, financial services path, truck drivers and transportation, HVAC technicians, I just talked about this new refrigeration, that's going to require a totally different skill set of people out in the field managing equipments. So it's a lattice of opportunity and at the same time another feature of retail workforce is we have a very large entry-level population. And so when we look at that and say, well, what could we do that would be of most benefit to our associates and provide the most opportunity economically for them, be great for our customer and really great for our business and communities, and it really is workforce development, that's our differentiator.

So we have focused very hard on removing barriers to employment, so we do not have degree requirements for most of our jobs, we've taken them out. We want anybody to come in based on skills. And then, our focus is, okay, given the individual where are you starting and where do you want to go, what's your aspiration, whether it's in terms of type of career or professional path or compensation or whatever that may be, so then how do we help you develop the skills and experiences that you need to succeed. So we've innovated around on-the-job training and learning. We've innovated on career path from one place to another. I talked about that, Lattice. So, for example, one of the programs we have now is, anybody who wants to become a truck driver, we have an accelerated path to that. We need truck drivers. It's a \$100,000 a year job. We can teach people the skills to do it and so we've got people flowing into those positions, that's just one, same thing in pharmacy, same thing in coding, you pick it.

And then Walmart Academy, that was something that we innovated back in 2014-2015, so that is our development program that we started to focus primarily on people moving from hourly to supervisory roles. And now we've rolled it across all manner of roles. Liver Better University, which is free GED High School completion, two-year certificate, four-year degree programs, curated to be relevant for our type of jobs and from institutions with a proven track record with adult learners to get to completion. As part of that program, we look at an associate skill set and their experience and we've worked with the universities to grandfather and translate experience into degree credits. So if you have been a produce manager somewhere for 20 years, that's worth something in retail management as an example, so that's a terrific program as well. And that really -- that's our focus. 75% of our managerial roles are filled by people who started as hourly that would include like, John Furner, Doug McMillon, started as hourly people. 80% of our openings we fill with internal Walmart people because that's what we're trying to do is kind of create these development paths. So, our value proposition for associates is to be competitive on wages. If you look, communities per communities, job per job versus the grocers, the

other kind of multi-category players, club format, Sam's Club to club format, our warehouse jobs to warehouse competitors, region for region, job for job, we want to be competitive on the wages. So we're distinctive on the benefits. We think we're distinctive on, for example, healthcare, physical care, mental care.

Harvard Business School has written case studies on our centers of excellence programs, where anybody who has a knee replacement, will send them to Mayo Clinic with a caregiver, pay for that, it's worth it from a business point of view because fewer complications, quicker recovery time, back on job quicker, so we're trying to innovate in ways that makes sense for the business and for the person. And then our mental health services are interesting and innovative as well. But then really be distinctive on the advancement and upskilling and I just found out today Fortune Magazine has named us number three on their teams the World list this year for this, for advancement, for development and advancement of our workforce because of the innovation that we're doing around upskilling with that associate population. We also through the foundation have a companion program and most of our issues work this way, so that's our business initiatives, put them through philanthropy, we have strategies that allow us to extend the social impact of what we're doing to our business by additional investments that accelerate improving (Technical Difficulty) broader ecosystem. So on workforce development, we've been working for 10 years now. In innovations in adult learning, innovations and credentialing and badging, working with state governments, workforce boards, universities, other education providers, and employers to create systems of skill-based hiring, development, advancement to create a stronger ecosystem that really is based on skills instead of, did you get your four-year degrees somewhere and I won't hire you unless you have the bachelors, we're really trying to make it much more fungible and much more dynamic for people.

Kate McShane {BIO 7542899 <GO>}

This might seem like it wouldn't fall under human capital, but I think -- I think it does, and it's an issue that we talk a lot about being retail analysts is the current issue of shrink, and it's probably one of the more impactful issues that goes to the heart of maximizing value minimizing risk to the community, customers, and employees, so could you maybe talk a little bit about trends Walmart is seeing when it comes to this view and what the company is doing to combat the potential risk and impact?

Kathleen McLaughlin {BIO 18336643 <GO>}

Yeah, I think we've all been reading the news in different communities across the country. I think it's been a real challenge and it feels like the pandemic did not help with that and just the quality of life (Technical Difficulty) coming out of that. I think like other retailers, we've seen it, we've been able to manage it to a large extent so far. All the normal things that a retailer would do, right to their certain high-value merchandise in certain places we need to lock it up, certain communities, we've got more of a presence, visible presence, that's not even necessarily something new like we've always had asset protection. There's a lot more focus in retail these days on skills for asset protection, people around deescalating situations, and how do you manage things, and obviously, all of this in a way that just it feels like a safe,

enjoyable shopping environment (Technical Difficulty) customers, you don't want to feel like you're coming into (Technical Difficulty) so, yeah, it's a balancing act, but I think so far we've been able to manage it pretty well across our network.

Kate McShane {BIO 7542899 <GO>}

Our next question is just about getting things done in a more politicized environment just with the bifurcation and views not just among election officials, but also just the broader population, how can companies like Walmart successfully navigate advancing stakeholder value by bringing people together and how can this best be done by mitigating risks of negative repercussions?

Kathleen McLaughlin {BIO 18336643 <GO>}

Yeah, there's a lot of division and I think, especially for a business like ours, questions stakeholders are asking, I would say on both ends of the political spectrum. On the one hand, you have people saying, okay, prove to me that the things you're doing around climate change, around human rights, human capital, any of these topics, are they real. Is it greenwashing or is it real stuff, and then[ph] prove to me. So there's desire to understand the strategies, have metrics, be proving the impact and that's really important. And then we have other folks in the inside saying, well, listen, you're supposed to be a business, are you off on a frolic of your own, is it like Kathleen cares about this issue and therefore she is going to get Walmart to work on it, what are you doing, and the answer is no, we have this analysis where we're going through issues based on the request of our customers, of our own employees, of communities, policymakers, suppliers, et cetera, and then we apply a litmus test three things that I've alluded to. So the first is, okay, is this relevant for business -- for our business? Is there a business to reason that we should be engaging in it?

Second is stakeholder sentiment. How do people feel about it and it's unanimous, everyone agrees this is something we ought to do, that's one thing, if there's division, we have to engage, we have to understand what's the source of that and what's the responsible way for us to address that but still advances the business interests that keeps in mind how our people, who make-up our company, we would not have a company without customers, associates, and so on, how they feel about that. And then the third is, is our engagement in that issue going to make the outcome better or worse? Because sometimes us getting involved in something those are not going to help anything. So we think about that too. And so far, what we found is, if we are authentic and able to explain why we're taking an action and how it is relevant for us as a business that it matters to our customers, our associates, our suppliers, or our bottom-line, and we have capabilities and we can show progress and it's real. So far that's been like our stakeholders saying, okay, that kind of makes sense. It's a lot harder than maybe 10 years, 20 years ago, where people would just launch a new initiative and it was fine, like you do have to work through that, but maybe it's better because maybe it means we have an agenda that is more focused on meaningful topics with real impact that really is helping people and that's how we're thinking about it.

Kate McShane {BIO 7542899 <GO>}

And that leads us into the disclosure question. Just in terms of how can investors best measure Walmart's business exposure to sustainable goals maybe within operating income, capital investments, and how can investors best measure the investment and return on investment from these?

Kathleen McLaughlin {BIO 18336643 <GO>}

Yeah, so the kinds of things I've been talking about, our investment in wages and workforce development, what we're doing around renewable energy, refrigeration conversions, all of that, it is totally part and parcel of our long-range planning process, our annual operating planning process and it's baked in to the guidance that we give all of you guys about where we're going to go with our earnings and our returns and our comp sales and so on. And so it's in there, you can feel, rest assured that what we're guiding like we didn't care of the things I just talked about. It's actually hard for me to parse out. Like if you said to me, oh, show me all the money you spent on sustainable or initiatives related to economic opportunity, I don't know that I'd be able to do that because of our shared value approach. We're making an investment in EV charging, it makes sense for our customers and it's going to be growth for us, is that a sustainability thing, I don't know, I guess philosophically, it becomes hard to kind of parse that out. So I'd say, the first thing is just for us, it's very integrated and it's baked into our numbers.

The second thing I'd say is, in terms of measuring who is good or not on these topics of climate change or regional equity or digital citizenship fairness, et cetera, the work that you guys, that the analysts in the room, need to do is at the same level as it would be analyzing any company for their kind of core business. This is not -- there is no easy button. There is no like, oh, let's see, the revenue went up that means we should buy them, it doesn't work, that way, and it's the same thing for these topics. In fact, maybe it's even more complicated to say, well, what is a good expectation on emissions and is Walmart doing what they should be in supply chain. And what I worry about a little bit is because there isn't great data out there sometimes like, our answer is, okay, we're going to disclose. We're going to be that we'll try to leave a disclosure. We would love our competitors to disclose the way we do. We would ask you to ask them to do that. We think more information is better as long as it remains relevant, focused on the things that matter. What I worry about though is some of the push to, as I mentioned before, like on emissions, Scope 3, report your whole footprint. It's a good thing to work. We need to do that, like everybody, we need to get there, but we're probably decades away from having excellent information at that level that you can compare from one item to another let alone one company to another. So that's one challenge.

I don't know how decision-useful that's going to be -- our numbers go up or down as methodologies change, using industry-standard method, unit method, it doesn't actually necessarily reflect the emissions change and that's why we do this detailed disclosure to try to explain that part. I don't think you'd ever find that in the 10-K, it's too complicated, so that's one. And then the second is things like MSCI, Sustainalytics those kind of ratings, they are highly susceptible to manipulation by activists or people who are launching PR campaigns or have some other point they're trying to make on whatever their topic is, whether it's fishing year or labor

issues or what have you and we are a great example of that. If you look at some of our scores, Sustainalytics or MSCI, and you would see high risk on this, and then you say, well, what's the basis for that like human capital, let's look at wage rates comparatively. Let's look at benefits, let's look at advancement rates, let's look at development, let's look at prosperity like the actual facts of the case, don't bear out, and what you come to realize is there's a lot of it's based on like Rep risk and broad social media sentiment, and so on. And there are people who have kind of PR campaigns going at any given time under issue, which then they targeting certain retailers, often we're one of them just because we're a big retailer and you're going to get more airtime targeting a big company versus a small one. So that's a challenge for us because we spend a lot of time sort of litigating every little, so why is this considered high-risk is the actual facts and I can't imagine it makes your guy's job easier either, so that's a challenge.

Kate McShane {BIO 7542899 <GO>}

Maybe if we could just focus -- our last question, we're getting close to the end of our conversations, it has been fascinating, has come very fast. Walmart International represents about 20% of the enterprise, 25% of the square footage. What are you seeing internationally from a customer demand perspective and what is the ease in deploying your sustainable goals internationally?

Kathleen McLaughlin {BIO 18336643 <GO>}

Yeah, it's interesting because in our markets like Mexico, India, Canada, Central America, the average citizen, the average kind of customer is still much more tuned into some of the things we're talking about now. Whether it's climate change, nature waste issues, human capital, human rights, it's just more natural and we actually did some research recently just to understand what's the awareness or perception of these issues and the scores, for example, Costa Rica, through the roof, and in fact, when I visit, colleagues in Costa Rica, they're presenting to me on regeneration and they're like teaching me things about well, you know, when we started Hortifruti 40 years ago, we worked on the vegetable shows that we learned that, they are so far ahead. And you see it even in some of the things like the Mexican taxonomy, this has come out. India is taking a look at something similar. Canada on the international stage has really been leading on things like plastics and nature. They're one of the few developed countries that has way a big portfolio of this conservation zone, what people call other effective conservation management zones. So in some ways, there's more receptivity to it, and our goal -- our goals are most part of global, right, so our emissions goal is global. Our sourcing goal is around nature, packaging, and so on, those are global, and our International colleagues are making great progress. Where I think it's going to be trickier over time is in some of the things that rely on the evolution of the grid. So in some markets, in terms of renewable energy versus all or what have you, it's just going to be a different timeline for progression and that's going to be a challenge, but in terms of the psyche and the receptivity of associates and customers in some of these places, I'd say they're out ahead.

Kate McShane {BIO 7542899 <GO>}

That's great. I said that was going to be my last question. We actually have a couple of more minutes. So I'll sneak another one in. Just with regards to some of the macro and the policy initiatives such as the Inflation Reduction Act and the bipartisan infrastructure bill and others impacting your business, how do you see those initiatives and what if any impact is, higher interest rates may be having to your capital allocation and your customer preference?

Kathleen McLaughlin {BIO 18336643 <GO>}

Well, we were supporters of the IRA and the infrastructure bill because it puts policy emphasis on incentives that are going to help accelerate the kind of shift that we're leaning into and that we think will benefit our customer and that's always our starting point on policy is what's the implication for our customer, therefore our business, and those are the kind of things that will get behind. We do a fair amount of work as well through a Consortia and working with other companies and trying to make cases there around some of these things. And it's not just on that topic, it would be things like food systems, food security, healthcare, digital citizenship, or guidelines, any of those topics. Our starting point is always, okay, what's that policy, what's it going to do to the broader ecosystem, and how is that going to help shift things in favor of what we think is in service of the customer (Technical Difficulty)

Kate McShane {BIO 7542899 <GO>}

That will end our fireside chat. Thank you so much for joining Kathleen. Thank you, everyone.

Kathleen McLaughlin {BIO 18336643 <GO>}

Thank you.

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