

## 2024 ICR Conference

### Company Participants

- Donna Morris, Executive Vice President and Chief People Officer
- Doug McMillon, Chief Executive Officer
- Gary Shapiro, President and Chief Executive Officer
- Latriece Watkins, Executive Vice President and Chief Merchandising Officer
- Megan Crozier, Chief Merchant, Sam's Club
- Prathibha Rajashekhar, Senior Vice President
- Satya Nadella, Chairman and Chief Executive Officer
- Suresh Kumar, Executive Vice President, Global Chief Technology Officer and Chief Development Officer
- Unidentified Speaker, Unknown
- Vishal Kapadia, Senior Vice President
- Whitney Pegden, Vice President of New Propositions, Walmart eCommerce

### Presentation

#### Unidentified Speaker

Now welcome President and CEO of the Consumer Technology Association, Gary Shapiro.

#### Gary Shapiro {BIO 1723255 <GO>}

Welcome to CES 2024. And I am so thrilled that you are back here at CES. Walmart last joined us during our all-digital CES in 2021. A senior executive shared how technology like robotics and AI was modernizing the company's supply chain and the tech stack. In the three years since then, Walmart has continued to grow far beyond its origins as just a big box store to become a fully digital enterprise. It's putting AI to work, data to work, robotics to work and building a smarter and more connected supply chain.

Along the way, Walmart is also doing some things. They're investing in new and emerging technology like drone delivery and delivery into your refrigerator. And it's also making strides in its efforts to become a regenerative company, making a net positive impact on our planet and the people who live here. That's possible because Walmart's CEO, Doug McMillon, understands the power not just of investing in technology but also of investing in people. When he was just a teenager, Doug got his start at Walmart, working a summer job unloading trucks.

He knows the value of hard work and of adapting and running with new ideas. Over more than 30-year career at Walmart, he served in senior leadership roles in every

one of Walmart's business segments. And he's helped make Walmart the world's top retailer with more than 10,000 stores in 19 countries and worldwide revenues of \$611 billion. What will Walmart do next to disrupt retail? Well, to tell us, please join me in welcoming Walmart's CEO, Doug McMillon.

**Doug McMillon** {BIO 3063017 <GO>}

Good to see you.

**Gary Shapiro** {BIO 1723255 <GO>}

Welcome back. Good to see you.

**Doug McMillon** {BIO 3063017 <GO>}

Thank you. Happy to be here. Well, today, more than ever, advances in technology make it feel like anything is possible. At Walmart, we're very excited about how we're putting technology to work to improve the lives of our customers and associates. And the years ahead look like anything we've seen in our past as it relates to the magnitude of technological change in our company.

Our road map is compelling. At the same time, more broadly, as business leaders, it seems to me that we're all facing a choice. We're standing at a fork in the road. Let me describe two possible paths. One path is to completely prioritize technology to maximize what's possible without considering potential implications.

The view is that if we can use technology to do something, it's inevitable that it'll happen, so we should just go fast and exploit what's possible. It's a society driven by data and run by increasingly intelligent software. It's a world where technology streamlines operations without much, if any, concern for the people involved. There are some obvious and logical arguments for this approach. Then there's the other path.

It's more nuanced. It's one where the benefits of technology are pursued, but people are considered along the way. It's about our heads and our hearts. The underlying principle is that we should use technology to serve people and not the other way around. This path enables people to do things in more efficient and enjoyable ways.

We're choosing the second path. We love what technology can do, but we're building it in a way that creates better careers. At the same time, it creates better customer experiences and a stronger business. No doubt, some tasks will go away and some roles will change. And some of them should like the ones that involve lifting heavy weight or doing repetitive tasks.

As that's happening, we're designing new roles that our associates tell us are more enjoyable and satisfying and also often result in higher pay. So we're investing to help our associates transition to this shared future. We've changed and are changing

a lot, so much so that lately I've been asked how do you even describe Walmart today. We're a people-led, tech-powered omni-channel retailer dedicated to helping people. We want to help people live better.

That starts with saving them money, but it doesn't stop there. Simply put, our team is dedicated to helping people improve their lives. On March 17, 1992, George H.

W. Bush came to our home office in Bentonville to present the Presidential Medal of Freedom to our Founder, Sam Walton. Sam was battling cancer, and he would pass away 19 days later.

After standing to receive the medal, he said the greatest thing is that we've got the ideas from all 380,000 people in the company, and that's the best part. We're all working together. I hope we can keep it going that way. That's the secret. That's the key.

(video playing)

That's who we are, and that's what we want. We have 2.1 million people around the world today working to make our purpose real. Sam challenged us to design our business to make a bigger, more positive difference in our world. That's what inspires us to solve problems and address our own imperfections. Making a real difference for so many families is what gets us up and fires us up every morning.

Today, we're going to show you some of the tech we're building and how it helps us serve customers and members, our associates, communities and ultimately, society in new ways. Technology is powering new experiences. But don't miss that this is a story about people and their willingness to learn and change, a willingness to adapt and our ability to imagine tomorrow and bring it to life. To help us begin telling the story, I'd like to introduce you to someone who recently celebrated 20 years with our company. She leads our merchandising team at Sam's Club here in the U.S., Megan Crozier.

### **Megan Crozier** {BIO 21582983 <GO>}

Hi, everyone. For those of you who don't know, Sam's Club is the warehouse club arm of Walmart, and at Sam's Club, we absolutely obsess over great items. One of those items for me right now is the Member's Mark Butter Chicken. My girls, they say it's the best chicken they've ever had, which makes me feel awesome as a merchant and even better as a mom. And as a mom, what do I value just as much as feeding my children delicious food?

My time. And that focus on delivering great items and saving our customers a member's time, that's what's driving us to reimagine the future of retail. So I'm excited to take a few minutes to share how we're bringing it to life in our clubs. First of all, we have a digital relationship with our members. And when we say digital, most people think of our curbside pickup or delivery services, which are awesome.

But something we're really proud of at Sam's Club is the digital relationship we have with our members while they're physically shopping our clubs, and that's through our app. Our app is far more than a place to store your digital membership cards. It has all sorts of features from an AI-powered did you forget prompt that helps a member not forget their favorite items to Sam's Cash, which helps our members realize the amazing value they get from a Sam's Club membership. And then the app has Scan & Go. You just scan your items as you put them in the cart, pay with a tap, skip the checkout line and show your digital receipt at the exit door.

It's so intuitive too, you can use it to buy anything, a \$1,000 play set, fuel or the \$1.38 hotdog combo in our cafe. Scan & Go at Sam's Club reached a record level of usage last quarter. We believe it's the most used app in the store or restaurant in the U.S. Most important to us, our members tell us they love the convenience, but we're not done yet. We aspire to be the most convenient place to shop.

So I'm excited to announce the next phase of our journey. Check this out.

(video playing)

Now it's one thing to enable this easy kind of exit tech in a small footprint store for a handful of items. You've all seen it. You can get an apple, a cheese stick, maybe something as big as a box of cereal, but we're doing it at scale. We're providing that same seamless experience across thousands of items across our 600 clubs nationwide. A full clean bed set?

No problem. An entire winter wardrobe? Yes. A cart full of cereal? I mean if that's what you want, you got it.

See, at Sam's Club, we care about every second a member spends with us, so eliminating even the few seconds it takes to scan a receipt at the exit door is well worth it. We're live in Dallas today with this exit technology, and our plan is to roll it out nationwide by the end of the year. And the journey continues. We'll keep finding ways to give our members what they want most, great items, unmatched convenience and time back for the more important things in life. Sam's Club is people led and tech powered, and this latest innovation is just one example.

Now I'd like to introduce you to someone who has been with our company for 25 years and leads our outstanding merchandising team for Walmart U.S., Latriece Watkins.

**Latriece Watkins** {BIO 18795654 <GO>}

Hi, everyone. At Walmart, we have a clear purpose: to help people save money and live better. As merchants, we're proud of the role we get to play in delivering that purpose. We help customers solve problems. We do it with innovative products and technology.

As Doug said, we've chosen the second path where people come first. For merchants, that means the customer. As we choose products, we consider things like quality, sustainability, the supply chain, including how the people who make our items are treated. And of course, we give customers value for their money. We're continually innovating to ensure our assortment meets and exceeds our customers' expectations.

So beyond the staples you've come to rely on us for, we're expanding the range of options. In grocery, for example, we're innovating to meet people's increasing desire for products that are even more exciting in terms of flavor, variety and natural ingredients. More and more often, customers are looking to us for the latest in fashion. So we're expanding our elevated brands. We're also bringing more style and personalization to home decor and beauty.

And much of what we sell is made right here in the U.S. Did you know, currently, two-thirds of Walmart's annual product spend is on items made, grown or assembled in the U.S.? No? Our goal is to provide families with solutions to their busy lives. And that means creating a great shopping experience.

Starting with our largest store, the one closest to you, the Walmart app. We're investing to improve search and discoverability, and we're making exciting progress. We have features like virtual try-on and view in your home that give customers more ways to interact with our assortment and to buy with confidence. Our app is also the gateway to many essential services like auto care, pharmacy and financial products. Of course, we're continually enhancing that experience with new innovation.

We're going to do that again today with the announcement of a new feature, Shop with Friends. Take a look.

(video playing)

Shop with Friends is just one more way we're creating an engaging and interactive experience for our customers and for their friends. Our job is to save people money and time. So let's talk about saving time and hassle. Anyone here in charge of making sure your refrigerator is always stocked with your family's favorites? Anyone?

I see a few people. So do you wish you had someone to help you do that, sometimes wish you had someone to help you out with that? I do. That's why I'm excited about the next innovation that we're going to talk about. A few years ago, here on this stage, we announced InHome delivery.

It was a first-of-its-kind service that allows customers to have their groceries delivered all the way into their homes and even further into their refrigerators.

Today we're announcing that we're taking that service a step further with a new replenishment feature that we're currently building.

To tell you how it works, I'd like to invite Whitney Pegden to the stage. She's an engineer by training. She came to Walmart six years ago and has been leading our work on emerging experiences like Text to Shop and InHome delivery.

Please welcome Whitney.

Hi, Whitney.

**Whitney Pegden**

Hi, Latriece.

**Latriece Watkins** {BIO 18795654 <GO>}

Welcome.

**Whitney Pegden**

Thank you.

**Latriece Watkins** {BIO 18795654 <GO>}

So I've mentioned a new service. Will you tell everybody how it works?

**Whitney Pegden**

Yes. Well, like you said earlier, everything we do at Walmart is aimed at serving customers and removing the pain points from everyday life, and that's how we started, by asking them how we could help. They told us that weekly household planning and remembering what to purchase is one of their most time-consuming responsibilities. And people get frustrated when they forget something or realize they don't have that one thing they need.

I can tell you from personal experience, even something as small as not having milk can really wreck my morning, especially when I've got that critical first cup of coffee poured and then go for the milk and nothing.

**Latriece Watkins** {BIO 18795654 <GO>}

Yes. You're right. Things get off track real fast if that coffee routine isn't right.

**Whitney Pegden**

You're right. The good news is we've solved that. Customers who are Walmart+ InHome members will soon have access to replenishment. It's a feature we're building using AI to create a personalized replenishment algorithm. It learns a

customer's purchase patterns to determine the perfect cadence to restock their essentials.

So the long list of things you purchase frequently. Whether it's the ones you need every week or the things you need every 17 days, they'll be there the moment you open the fridge or pantry. And you didn't have to lift a finger.

**Latriece Watkins** {BIO 18795654 <GO>}

I love it. I love not lifting a finger. Do you -- can you tell us -- because I don't think it's a subscription. Is that right?

**Whitney Pegden**

Yes. You're right about that. It's not a subscription. You might use a subscription for something predictable like dog food. Maybe you need a bag of that every month. When you're trying to figure out how to replenish all your essentials, which is a bigger list with different items, each one with variable consumption rates, can get a bit complicated.

For example, I know in my house, we consume a lot of yogurt, waffles, milk, some other things. But how much? And what exactly are those other things. Our replenishment service solves that. It personalized and adjusts based on your changing needs.

Not only are we going to get you what you need. We're going to get it to you when you need it and even where you need it, right to your refrigerator. So when you go for the milk, instead of nothing, something.

**Latriece Watkins** {BIO 18795654 <GO>}

Something. Well, what if I change my mind or I'm out of town?

**Whitney Pegden**

Yes. You can always remove items from your automated basket. If, say, you know you'll be away for vacation and you don't want more milk showing up, that's on your control. Bottom line, the entire shopping experience is automated from building the basket to delivering to your refrigerator, whether that's in your kitchen or garage.

**Latriece Watkins** {BIO 18795654 <GO>}

That's pretty cool.

**Whitney Pegden**

We think so.

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**Latriece Watkins** {BIO 18795654 <GO>}

Thanks for all you're doing. I can't wait to see what you bring next year.

**Whitney Pegden**

Yes. We're really excited.

**Latriece Watkins** {BIO 18795654 <GO>}

All right. Thanks, Whitney. At Walmart, we love innovating to save people time just like we love saving people money. We'll keep listening to our customers. We'll keep building new capabilities, and we'll keep working to earn their trust.

For us, the only choice is to follow the second path, the path where people come first. Thank you.

**Doug McMillon** {BIO 3063017 <GO>}

Thanks, Latriece.

In most instances, we build our own tech. That's the case with Sam's Club experience, Shop with Friends and InHome replenishment. We have more than 28,000 associates and tech roles around the world working to bring these experiences to life. But we don't have a goal of building everything ourselves.

We can get more done with the right partners like Microsoft. One of our most recent collaborations has been to bring generative AI to our associates. And now we're bringing it to our customers. We've been improving our search capability and have built generative AI into our Walmart app and website to deliver a helpful and intuitive search and browsing experience. For example, let's say you're throwing a party for next month's Super Bowl.

Previously, you might run numerous searches for chips, wings, drinks and a new 90-inch television. In the new experience, you search once for something intuitive, and the app shows you everything you might need. Our design puts the relevant product categories across the top and serves up a curated list to the best items. We use large language models, including from Azure OpenAI, along with our own models that are retail and Walmart specific. It's our models and our data that they put the finishing touches on this improved experience.

Our new search fundamentally changes the way customers engage with us. We become a partner in accomplishing a broader goal like throwing a great party. The new search is rolling out to our iOS users today and to all platforms this quarter. This isn't the only work we're doing with Microsoft. We've been strategic partners for many years.



Joining us, so we can tell you more about what we're doing together, please help me welcome Microsoft Chairman and CEO, Satya Nadella.

Thanks for being here.

**Satya Nadella** {BIO 3224315 <GO>}

Thank you.

**Doug McMillon** {BIO 3063017 <GO>}

Thanks for making the effort to be here with us.

**Satya Nadella** {BIO 3224315 <GO>}

it's absolutely -- it's my pleasure.

**Doug McMillon** {BIO 3063017 <GO>}

And thanks for everything you've done to give advice to me and the company over so many years. It's really appreciated. I know that our companies have some things in common, and one of those things is that we believe technology should be put to use to enrich people's lives.

Today we've been talking about this fork in the road. So when you think about everything that's possible today, including the applications for generative AI, what are you most excited about?

**Satya Nadella** {BIO 3224315 <GO>}

Yes. It's been a fascinating, I would say, 14 months, Doug. When I look back at even, say, the 70-plus years of computing history, we've strived to achieve two things, I would say, which one is to empower people with technology that's more intuitive, easy to use, natural to use. And second is to put the power in people's hands so that they can make sense of the world, right? So effectively, what we have done is increasing levels of digitization of people, places, things so that we can have more insight and more predictive power.

And in both these cases, that intuitive user interface and the reasoning engine, we've had a real breakthrough with this generative AI way. And it's -- the first time I got excited was maybe 18 months or so ago when I saw GitHub Copilot as a software developer to be able to go into your editor and suddenly start saying, wow, I can also write code now again. And taking the drudgery -- the thing that struck me was taking the drudgery out, bringing the joy back to the craft of software engineering. That was just an unbelievable moment for me personally. And since then, of course, now when you think about search, you're not searching.

You're trying to get something done, right? Your intent being understood, that's empowering.

**Doug McMillon** {BIO 3063017 <GO>}

Search of a solution.

**Satya Nadella** {BIO 3224315 <GO>}

That's right. And now today, when I get a Word document or a spreadsheet because of Copilot, it's like the expert who wrote the document or the expert who created the spreadsheet is right there. The expert -- it's more -- in fact, right at Comdex in 1990 -- I was checking this up in my Copilot -- Bill first talked about -- Bill Gates first talked about something called information at your fingertips. What we now in 2024 have is expertise at our fingertips, and that's what's exciting for all of us.

**Doug McMillon** {BIO 3063017 <GO>}

Let me take advantage of the fact that you're here to get some free consulting advice. You're not charging us for this, I don't think, at the moment. But you know our company well. When you think about generative AI or other technologies, what should we be doing to serve customers and associates better than we are now?

**Satya Nadella** {BIO 3224315 <GO>}

Yes. One of the things -- you and I talked about this perhaps last summer, which I was so excited about because, one, the rate of diffusion, right, it's not like we're talking about technology. You're already deploying some of this technology, shaping it with your own sort of additive work that you're doing. But the place where you started, you talked to me, I don't know if you remember this, but you said, hey, we are putting this in the hands of our associates, the associate assistant. That's pretty -- like that's the place.

At the end of the day, we all have people who work in our companies who are trying to accomplish things for our customers, empowering them so that they can go on to achieve big things. I think that's fantastic to see, right? So that's the phase where I think real revolution starts. Then the second place is what you just talked about, which is our customers, to be able to use some of this technology to transform, I think, the ultimate customer experience. Why do I shop at Walmart is to accomplish my thing -- intent and to be able to understand that intent and the day you can have that.

That, I think, is a very powerful place. So I think starting with your associates and then scaling to the customers is where I think a lot of this technology can be applied.

**Doug McMillon** {BIO 3063017 <GO>}

I'm so excited as it relates to search that we're able to step change improvement and not just see incrementality as we have been seeing. And I hope that those of you that are here and others will go try out this new search capability because it really is a lot better. And thank you for your help with that. For all of us, everyone that's here and watching, we're business leaders, technology leaders, and we're all facing this question around generative AI, in particular, how do we put it to work for societal good. And you can see things that we can't see. You're learning at a very fast pace.

As you stand here today, what advice would you give us all as it relates to that question?

**Satya Nadella** {BIO 3224315 <GO>}

Yes. I think -- but all new technology, one has to be mindful that you want to be able to amplify the opportunity with it and then also be very mindful of the unintended consequences of this technology. But when we think about the opportunity, if you take that metaphor I was using of putting expertise at your fingertips, so when I see a rural farmer in India able to use this technology to be able to get those subsidies that they were looking for, where they're not just going and filling out forms but are able to talk to a natural user interface that essentially does the job for them, right, that's empowerment. When a physician, who wants to spend more time with the patient at one of your clinics is able to do so because the AI is transcribing the entire visit, filling out all the EMR data, doing all the billing, all the sort of paperwork is being done by AI so that the doctor can focus on the patient, that's empowering. When a student in any neighborhood now can get personalized tutoring, right, think about it, 8 billion people in the planet can now have a personalized tutor for any subject, anything that they want to learn, that's empowering.

Just this morning, in fact, one of the things we launched today, Doug, was we worked with one of our national labs in the United States to discover new materials that essentially remove 70% of the lithium required for new batteries, right? And to me, that is just fantastic to create essentially new material science because if we think about the planet, the challenge of sustainability of the energy transition, you have to take 250 years of chemistry and compress it into 25 years. And so that's where I think we have, as a society, as a global community of innovators, bringing some of this technology and applying it to the challenges of people in planet is what I think you are doing, we are doing, and I think everyone in the room has the opportunity to be part of.

**Doug McMillon** {BIO 3063017 <GO>}

Yes. Well, I want to thank you for your thoughtfulness as it relates to that question in the way that you approach this issue. And for those of you that don't get to talk to Satya as much as I do, I can just tell you that he is being very deliberate and thoughtful trying to shape things towards empowerment and good given these new capabilities that can really literally change the world.

**Satya Nadella** {BIO 3224315 <GO>}

I appreciate it. Thank you so much.

**Doug McMillon** {BIO 3063017 <GO>}

Thank you for your time. Please join me in thanking Satya for coming today. Thank you. Now I'd like to introduce you to the person that's been leading so much of the progress we've made with technology in recent years, someone who worked with Satya at Microsoft in addition to having experiences at Amazon and Google. Suresh Kumar, our Global CTO, together with our strong team, is bringing tech powered to life.

Hi, Suresh.

**Suresh Kumar** {BIO 21073281 <GO>}

Hi, Doug.

**Doug McMillon** {BIO 3063017 <GO>}

I just realized, we asked you to follow Satya Nadella. Congratulations. You're welcome. As you know, technology is changing everything. It's changing the experiences we're providing for customers.

It's changing how we do our business, isn't it?

**Suresh Kumar** {BIO 21073281 <GO>}

Yes, absolutely. And in fact, that's the reason why this really is the most exciting time, at least in my career, it's an exciting time to be leading the future of retail, and it's an exciting time to be in technology, especially here at Walmart. Technology is driving a fundamental shift across all of retail but particularly in three areas. First, discovery. Now Latriece spoke about how customers are discovering new products.

I see this at my home. My daughters find inspiration, sometimes a little bit too much inspiration, on stuff that they find and they want to buy on social media. Second, around purchase. Now Megan showed some of the ways in which we are innovating around purchase. Customers adapt readily to more frictionless payment options.

Now as they grow more and more comfortable with new forms of transactions, we are right there. We are ready for them. And then third is receive, right? So this is the experience that customers have receiving goods, whether it is by delivery, by pickup, InHome. The goods need to reach customers where they are and when they want them.

**Doug McMillon** {BIO 3063017 <GO>}

Well, we've shown some of the innovations that are impacting our customers already here today, but there's a lot that's happening behind the scenes for us to become an adaptive retailer.

**Suresh Kumar** {BIO 21073281 <GO>}

Absolutely. See, as a retailer, shopping today is a combination of both online and off-line experiences. But customers don't care about separate channels. Sometimes they want to shop online. Sometimes those same customers, they will come into the store, and we are bringing the very best aspects of all channels to delight customers no matter how they like to shop.

This is adaptive retail, meaning that every engagement is interconnected. It's frictionless, and it exceeds expectations. We are agile. We are predictive. We are responsive.

We are not thinking separately about e-commerce or in-store. We are designing one adaptive, seamless experience for the customer.

**Doug McMillon** {BIO 3063017 <GO>}

Yes. To enable what you just said, a lot has to change within our supply chain. So let's spend a few minutes describing what's going on with the supply chain specifically. When we first started with general merchandise discount stores that sold items like apparel and sporting goods, we built a distribution center network to support them. Then in the '90s, we built a temperature-controlled perishable food distribution network.

In the late '90s, we started our e-commerce business. So we've been building e-commerce fulfillment centers to enable that business. We ended up with three different supply chains. So for a few years now, we've been working to link them. We're building an intelligent connected and more automated network, one that already moves more than 100 billion individual items every year.

And now we can do that in a smarter fashion. Suresh, I've been with this company for a little over 30 years, and there's never been a period of transformational change in our supply chain like the one that we've started. Please tell them more about it.

**Suresh Kumar** {BIO 21073281 <GO>}

Yes. So Doug, the -- all the three systems that we had built, they work well individually, but we had an opportunity to reimagine the entire system. To simplify something that is so extremely complicated is never been done before, not at this scale. So a modern supply chain requires built-in intelligence that can do two things. Number one, it can forecast what customers want and when they want it.

And number two, it can orchestrate the movement of very, very different products that need to be stored in very different ways. Now forecasting customer demand, this needs to happen very accurately obviously but far enough out for our suppliers and near real-time on the customer end. So we built an industry-leading forecasting system that is smart. It's automated, and it uses a patent-pending machine learning model that predicts customer behavior, and it helps us accurately forecast how much of a product is needed and where. Our models, they incorporate dozens of different types of data, like historical sales data but also things like weather forecast, the overall popularity of an item compared with last year but also how an item is trending on social media.

Now we also built artificial intelligence into how we orchestrate the optimal movement of our inventory. The main job is to have the product where our customers need it the most, right? This AI system also redistributes inventory autonomously. So if the demand for an item spikes in one area of the country, our automated system redistributes the merchandise within the network so that customers can get it when they want it. So after the customer places an order, our AI system predicts how long it will take based on several factors including how many associates are there, how many drivers, what their distance to the home and what's happening in real time, the traffic conditions.

So our artificial intelligence now looks at all these things at any time. Tells a customer, I can do it in this amount of time. Now Doug, this is really important when we are talking about things like fresh produce. My wife, she loves strawberries.

**Doug McMillon** {BIO 3063017 <GO>}

Me too.

**Suresh Kumar** {BIO 21073281 <GO>}

But we only have very few days to move strawberries from field all the way to the table for peak freshness. So understanding demand for items like strawberries, being able to deliver them at scale across the country, this requires a full breadth and depth of our system, everything from infrastructure all the way to intelligence.

**Doug McMillon** {BIO 3063017 <GO>}

You make it sound simpler than it really is, which is great. But creating a seamless experience for customers can be pretty complicated.

**Suresh Kumar** {BIO 21073281 <GO>}

Yes. So Doug, this is the power of technology that's working behind the scenes. And by the way, it's only going to get better. Our connected supply chain, this is just the beginning. To realize our vision for adaptive retail, we will see a lot more interconnectedness between online and off-line consumer experiences, between our

distribution centers and our e-commerce fulfillment centers, stores and over time, even with customer homes.

Technology has never been more fundamental to the retail industry. Our teams are creating the future. Now the experience of the future will be even more seamless. It will be even more delightful, more intelligent, more connected. Now from discover to purchase to receive, at every step of the customer journey, our innovations help us anticipate and help us react.

Doug we live in really exciting times. I'm impressed with the work that our technologists are doing every single day to dream up and deliver on this amazing experiences.

**Doug McMillon** {BIO 3063017 <GO>}

Yes. I'm really impressed, too, and I'm grateful to you and to your entire team for all the work that's going on to move things forward in our company, Suresh. Thank you so much.

**Suresh Kumar** {BIO 21073281 <GO>}

Thank you.

**Doug McMillon** {BIO 3063017 <GO>}

Appreciate you. Now I want to introduce you to someone who joined us 13 years ago and today leads automation and innovation for Walmart U.S. stores and supply chain, Prathibha Rajashekhar.

**Prathibha Rajashekhar**

Thanks, Doug. First, I want to expand on what Suresh said. Our supply chain is more intelligent and connected by software and data. Think of it like an invisible layer, a layer that digitally orchestrates where and how we move goods across the supply chain. Our supply chain is also becoming more automated with autonomous robots and storage and retrieval systems.

We have four types of systems that we're implementing in parallel: one for perishable food, one for ambient products like apparel or toys, one for fulfilling e-commerce orders, and one for fulfilling pickup and delivery orders located adjacent to some of our stores. All of this automation helps us move more goods to our buildings faster. It also means associates manage the technology and leave the heavy lifting to automation. Implementing and connecting these four types of automated storage and retrieval systems is a huge part of our supply chain transformation, but it's not the only component. As Suresh said, demand forecasting is becoming more advanced on the front end, and we are innovating all the way through to the customer with the last mile of delivery.

When it comes to delivery, our focus is on giving customers convenient and affordable delivery solutions that complements their busy lives. For example, if you needed something delivered at four p.m. on a Tuesday, we can do that through scheduled delivery. If you needed something delivered into your refrigerator, as Whitney shared, we can do that through InHome; or if you needed to order ingredients for dinner and it's six p.m., no problem. We can do that through Express Delivery.

But what if you needed something delivered immediately as in within the next 15 minutes? For moments like that, we've been trialing drone delivery. Over the last two years, we've operated 37 drone delivery hubs across seven states.

During that time, we've completed 20,000 customer deliveries, more than any other retailer. And we've learned a lot about how customers use this service.

One customer shared with us that she was in the middle of making a pot of chili when she realized she was out of chili powder. Drone delivery to the rescue. One family in Texas was watching the Rangers game on their back patio. What goes well with baseball? Hotdogs.

Like most fans, they didn't want to leave their home. Drone delivery to the rescue. Did you know that 75% of the 120,000 items in a supercenter meet the size and weight requirements for drone delivery? That means there's not a whole lot that you can't have delivered with a drone.

Today we are sharing something that's never been done before.

We are bringing the convenience and immediacy of drone delivery to the majority of homes in one of the largest U.S. metros, Dallas-Fort Worth.

By the end of next year, we plan to provide 75% of the DFW population access to drone delivery. The delivery radius is up to 10 miles, and deliveries can be as fast as 10 minutes. This is a huge step forward for the industry.

It marks the first time a U.S. retailer has offered drone delivery to this many households in a single market. The deliveries will be powered by our on-demand drone delivery partners, Wing and Zipline. Both have their Part 135 certification, which means they're approved by the FAA to complete long-range deliveries by drone. Drone delivery isn't a thing of the future.

It's here today. And like everything else we do, it's about one thing, serving the customer. So if you're in the DFW area, we can't wait for you to try it.

**Doug McMillon** {BIO 3063017 <GO>}

Thank you, Prathibha. Well, we've shared a few tech-powered experiences today designed by our associates to help people live a better life. Of course, we want to



help people save money on quality merchandise. That's where our purpose starts and what customers and members have relied on us for. And having the one-stop shop of a supercenter within 10 miles of 90% of Americans helps people save time.

And with today's technology, we can save people even more time and create additional convenient options, so we're doing that. But we also believe we can and should help people live better beyond just saving time and money. We believe we can do more. We want to help them be healthier and do more than sell fresh, affordable food and operate pharmacies. So we're exploring additional ways to help provide care like operating health care clinics.

And we want to help people find easy ways to save and build equity for the future, so we're working to digitize the financial services we've provided in store and more. We also want to continue our work to strengthen communities. We do this by creating direct and indirect jobs locally all over the world, by incentivizing our associates to volunteer their time, by contributing to the tax base as one of the largest corporate taxpayers, by investing in communities through our store remodels and new builds, and by helping communities thrive and recover after natural disasters. Extending beyond our local activities for many years now, we've been aggressively working to become more sustainable. In the mid-2000s, we paused to listen and learn, which led to a permanent mindset shift.

We began to see the entirety of the systems we were operating in. We learned that becoming more sustainable strengthens our business. We set three big goals: to create 0 waste, to be supplied by renewable energy and sell products that sustain our resources and environment. We've made progress. We now divert 78% of our waste from landfills.

We're powered by 47% renewable energy, and we persistently work to eliminate or improve packaging and make more sustainable products the everyday choice. 63% of our global private brand packaging is now recyclable, reusable or compostable, and we're working to be at 100% by the end of 2025. In 2020, we raised the stakes with our aspiration to become a regenerative company. Regeneration means people, places in the planet are all left better because we got involved, creating opportunities for associates by paying for their college education. Working to improve the planet through our goals to reach 0 emissions and waste, improving the communities where we do business.

Ultimately, our goal is to build trust and to behave in ways that are consistent with our values. Let us tell you about two big areas of our work. You'll hear from Donna Morris, our Chief People Officer, who joined us in 2020 from Adobe. Donna not only brings some fantastic digital and HR experience to our company, but she brings an amazing heart for our associates. But first, I've asked Vishal Kapadia, who has more than a decade of experience in renewable energy and now leads our energy strategy, to talk about our goals.

Vishal?

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**Vishal Kapadia** {BIO 20639974 <GO>}

Thanks, Doug. At Walmart, we've been on a journey to reduce the impact of our operations on the environment, and we've made tremendous progress. We're on track to power more than 50% of our operations with renewable energy by 2025, but we need to do more. So to start, we want to accelerate our journey to decarbonize our operations and be powered by 100% clean energy well before our 2035 target. So we're significantly expanding our portfolio of offsite clean energy, focusing on high-impact, high-quality projects that deliver the right outcomes in the right places.

At our facilities, we'll be increasing deployment of clean energy on site with a plan to install 1 gigawatt of new solar and storage by 2030. And that's just within our operations. But we're also going to work to make clean energy accessible and affordable for our customers and members. One of the ways we'll do that is by unlocking up to 2 gigawatts of new community solar projects around the U.S. These projects will enable tens of thousands of households in the communities we serve to access clean energy, all while delivering savings on their electricity bills.

In total, we'll help bring nearly 10 gigawatts of clean energy projects online by the end of the decade, enough to power more than 2 million households in the U.S. And in doing so, we'll help people save money and live better. Now shifting over to electric vehicles. Last year, we announced our plan to deploy a nationwide network of fast EV chargers across thousands of our stores and clubs by 2030. Using partner technology, these chargers will be Walmart owned and operated so that we can use best-in-class chargers and deliver a Walmart charging experience, one that is convenient, reliable and affordable.

And we'll be launching that experience with these new chargers later this year. Now we recognize that we can't be tech-powered without power. But that power needs to be reliable. It needs to be affordable, and critically, it needs to be emissions free. So we'll be committing significant resources to take action and help build an energy system where everyone has access to reliable, low-cost clean energy because an energy system that does that, it benefits everyone, our business, our customers and members, our communities, and of course, our planet.

So we're going to do our part in this energy transition and help leave the world better than we found it. And now to talk about how we're helping our associates live better, our Chief People Officer, Donna Morris.

**Donna Morris** {BIO 16617461 <GO>}

Well, thank you very much, Vishal. It's great to be here. As Doug mentioned earlier, this is a story about people. It's about the associates that built the technology that you've seen today. It's about the merchants who buy the items, and it's about the InHome delivery associate who places the carton of eggs exactly where you want them because of the meaningful connection they have with you that cannot be replaced by technology.

It's also a story about people and work that continues to change. It looks different than it might have a year ago. And these people are embracing change in the service of our customers and our members, people and associates like Lisa. Let's take a look. (video playing)

Lisa's story -- and I have to say Lisa is here as well. And her story is one that we see across the company. It's a story of skills and jobs that continue to evolve.

Today in the United States, we have over 250,000 frontline associates that are powering our online pickup and delivery business. That's 4x larger than we had in 2019 in this area of the business.

The roles, responsibilities and skills of our 2.1 million associates across the globe will continue to change. They'll be leveraging technology but most importantly, our humanity for impact. As customer expectations have changed, we've also accelerated the digital journey for our own associates, and we built an app called Me@Walmart. Me@Walmart gives our associates the ability to manage their schedules, gain new skills that can assist them in moving across into roles in the company and even make changes to personal benefits, such as their 401(k) or a stock purchase plan. The access to information for our associates improves their experience.

As an example, we have more than 397,000 U.S. associates buying Walmart stock through our purchase plan that's right in their hands. And we add 15% on top for their first \$1,800 they put in every year. Me@Walmart also includes work-related tools such as VizPick, which allows our associates to instantly map and track backroom inventory. This augmented reality technology helps our associates find, move and manage store inventory in real time.

But it also captures important product data and provides predictive trends to inform delivery. We're on a journey to combine nearly 300 disparate systems into Me@Walmart, 300, one seamless digital platform. For our campus associates, this includes My Assistant, which is powered by generative AI. It contributes to productivity that includes supporting the creation of documents, calculations and product specs. Since launching My Assistant late last year in the United States and in Canada, we're super excited to be rolling it out to our associates in many other locations, including Mexico, Central America, Chile, South Africa and India.

But to me, given I'm very much focused on our associates, the most exciting thing is how we're providing a truly consumer-grade experience for our people, built by our people, our associates. Most companies are focused ruthlessly on being great for their customers as it relates to technology. And we love removing the friction from the retail experience, but we believe it is essential to bring that exact same experience to our very own people. We're building technology tools to help our associates improve their jobs, enhance their experience for work today and to equip them with the skills for the future, creating the opportunity to turn a job into a career. As our company becomes more tech powered, we'll continue to evolve the rules to

support our associates' growth while also meeting the needs of our customers and our members.

At the end of the day, we want our people to grow and thrive, and we want everyone to know that they belong at Walmart, our associates, our customers and our members, everyone. Walmart is people led and more tech powered, but it'll always be our people that make the difference. Now Doug, back to you.

**Doug McMillon** {BIO 3063017 <GO>}

Thank you, Donna. We've shared a lot with you today.

We announced some new innovations like an AI-powered exit experience at Sam's Club, Shop with Friends, InHome replenishment, retail search powered by generative AI and the expansion of drone delivery.

And we've shown you what the transformation of our supply chain means for the movement of goods and the people who move them.

We announced that we're significantly expanding our use of solar and making clean energy more accessible and affordable for tens of thousands of households.

And we shared that we're making My Assistant, our generative AI power tool, available to more associates in more countries.

We started today talking about a decision that every business must make, the fork in the road. We made our choice.

We choose to be a company that helps people live better, a company that uses technology to serve people, not the other way around, that treats people with dignity and creates opportunities for them to thrive. It leaves communities and society better than we found them.

As we fulfill our potential, our people will continue to be living examples of servant leadership. We're a company with not only the best of intentions but also a real impact that even more tangibly improves people's lives. That's what we're working to accomplish.

Today, we focused a lot on the technology that's powering adaptive retail, and we describe the future of shopping.

But remember that this is a story about people who are learning and adapting to make that future real.

We all have a choice to choose a future that puts people first. If we keep doing that, we can help people around the world live a better life. That's what we want to do.

That's the world we want to help create.

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