

Walmart Keynote at CES 2024
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Gary Shapiro, President and CEO, Consumer Technology Association (CTA)

Gary: Welcome to CES 2024 and I am so thrilled that you are back here at CES. You know, Walmart last joined us during our all-digital CES in 2021, as senior executives 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 effort to become a regenerative company – making a net-positive impact on our planet and the people who live here. That's possible because Walmart 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 a more than 30-year career at Walmart, he's 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 U.S. dollars.

What will Walmart do next to disrupt retail? Well, to tell us, please join me in welcoming Walmart CEO Doug McMillon!

Doug McMillon, President and CEO, Walmart

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

Our roadmap 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 this 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 are a people-led, tech-powered omnichannel 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 17th, 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 ideas from all 380,000 people in the company, and that's the best part. We're all working together. And I hope we can keep it going that way. That's the secret. That's the key."

Video of Sam Walton continues: "...and if we can, why, we'll lower the cost of living for everyone, not just in America, but we'll give the world an opportunity to see what it's like to save and have a better lifestyle and a better life... a better life for all."

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 this 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, EVP and Chief Merchant, Sam's Club

Megan: Hey 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 and members 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 pick-up 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 your 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 thousand-dollar playset, fuel, or the dollar thirty-eight hot dog combo in our cafe.

Scan & Go at Sam's Club reached a record level of usage last quarter, and we believe it's the most-used app in a store or restaurant in the U.S. And 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 that journey. Check this out.

[VIDEO]

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 queen bed set? No problem. An entire winter wardrobe? Yep. 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? It's 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, EVP and Chief Merchandising Officer, Walmart U.S.

Latriece: 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, 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 décor 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]

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.

Whitney Pegden, VP, New Propositions, Walmart U.S.

Latriece: Hi, Whitney!

Whitney: Hi, Latriece.

Latriece: Welcome.

Whitney: Thank you.

Latriece: So, I mentioned a new service. Will you tell everybody how it works?

Whitney: Yeah! 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: Yeah, you're right. Things get off track real fast if that coffee routine isn't right.

Whitney: 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: 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: Yeah, 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. But when you're trying to figure out how to replenish all your essentials, which is a bigger list, with different items, and each one with variable consumption rates, it 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's 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 and even where you need it: right to your refrigerator.

So, when you go for the milk, instead of nothing, something.

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

Whitney: Yeah. 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 all in your control. Bottom line: the entire shopping experience is automated, from building the basket to delivery into your refrigerator, whether that's in your kitchen or garage.

Latriece: That's pretty cool.

Whitney: We think so.

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

Whitney: Yeah, we're really excited!

Latriece: 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

Doug: Thanks, Latriece. In most instances, we build our own tech. That's the case with the Sam's Club exit experience, *Shop with Friends* and *InHome* replenishment. We have more than 28,000 associates in 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 of 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 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.

Satya Nadella, Microsoft Chairman and CEO

Doug: Thank you, Satya, we appreciate your being here. Thanks for making the effort to be here with us.

Satya: You know it's absolutely my pleasure.

Doug: 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: Yeah, it's been a fascinating, I would say, 14 months, Doug. When I look back at even, say, the 70+ 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've 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 wave. And, you know, the first time I got excited was, maybe, you know, eighteen months or so ago when I saw GitHub co-pilot as a software developer, to be able to go into your editor and suddenly start saying, "Wow! I can also write code now again!" 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, you know, 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: In search of a solution.

Satya: That's right. And now today when I get a Word document, or a spreadsheet, you know, because a co-pilot it's like the expert who created the document, or the expert who created the spreadsheet is right there. In fact, right at Comdex, in 1990, I was checking this up in my co-pilot, 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: I'm going to 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: Yeah, one of the things, you know, you and I talked about this, perhaps last summer, which I was so excited about, because one, the rate of diffusion, right, is 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're putting this in the hands of our associates." The associate assistant: 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 place where I think the 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 intent, and to be able to understand that intent. And the way 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 all of this technology can be applied.

Doug: I am 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: Yeah, I think with all new technology, you know, one has to be mindful that you want to be able to amplify the opportunity with it, and 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 an actual 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, and 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: eight billion people on 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 you think about the planet, the challenge of sustainability, 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 and planet is what I think you're doing, we're doing, and I think everyone in the room has the opportunity to be part of.

Doug: Yeah. Well, I want to thank you for your thoughtfulness as it relates to that question and 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 toward empowerment and good, given these new capabilities that can really literally change the world. Thank you for your time. I appreciate your time so much. Please join me in thanking Satya.

Satya: Thank you.

Doug: Now I'd like to introduce you to the person that has 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.

Suresh Kumar, EVP, Global Chief Technology Officer and Chief Development Officer, Walmart

Doug: Hi Suresh.

Suresh: Hi Doug.

Doug: I just realized we asked you to follow Satya Nadella. Congratulations! You're welcome! As you know, technology is changing everything.

Suresh: Absolutely.

Doug: It's changing the experiences we're providing for customers. It's changing how we do our business, isn't it?

Suresh: Yeah, 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're right there, we are ready for them.

And then third is receive. Actually, 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: 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: Absolutely. See, as a retailer, shopping today is a combination of both online and offline 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 eCommerce or in-store. We are designing one adaptive, seamless experience for the customer.

Doug: Yeah. 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 90's, we built a temperature-controlled, perishable-food distribution network. In the late 90's, we started our eCommerce business, so we've been building eCommerce 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 over 30 years and there's never been a period of transformational change in our supply chain like the one we've started. Please tell them more about it.

Suresh: Yeah. So Doug, all the three systems that we had built, they worked well individually, but we had an opportunity to reimagine the entire system, to simplify something that was so extremely complicated. This has never been done before, not at this scale.

The 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've 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 forecasts, the overall popularity of an item compared with last year, and 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's the distance to the home, and what's happening in real-time, with traffic conditions.

So our artificial intelligence now looks at all of these things at any time, tells a customer, "I can do this in *this* amount of time." Now this is really important when we're talking about fresh produce.

My wife, she loves strawberries.

Doug: Me, too.

Suresh: But we only have a 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 the full breadth and depth of our system, everything from the infrastructure all the way to intelligence.

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

Suresh: Yeah, Doug, so 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 offline consumer experiences, between our distribution centers, and our eCommerce 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 experiences of the future will be even more seamless, it'll 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.

Doug: No doubt.

Suresh: I'm impressed with the work that our technologists are doing every single day to dream up and deliver on these amazing experiences.

Doug: Yeah. I am 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. I appreciate you.

Suresh: Thank you, Doug.

Doug: 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, SVP of Innovation and Automation, Walmart U.S.

Prathibha: 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 eCommerce 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 through 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're 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 complement their busy lives. For example, if you needed something delivered at 4 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 6 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? Hot dogs. 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're sharing something that's never been done before. We're 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 are 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

Doug: 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 healthcare 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 zero waste, 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 and 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 zero 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...

Vishal Kapadia, SVP of Energy Transformation, Walmart

Vishal: 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 GW 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 GW 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 GW 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, Chief People Officer, Walmart

Donna: 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, that looks different than it might have a year ago, and these people are embracing change in the service of our customers and members. People and associates like Lisa. Let's take a look.

[VIDEO]

You know, Lisa's story, and I have to say Lisa is here, as well, and her story is one that we see across the company, as the 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 pick-up and delivery business. That's four times 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 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.

You know, 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, it 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.

You know, 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. You know, 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.

You know, as our company becomes more tech-powered, we'll continue to evolve the roles 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 to 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 we're tech-powered, and but it'll always be our people that make the difference. Now Doug, back to you.

Doug McMillon

Doug: 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-powered 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, that 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've focused a lot on the technology that's powering adaptive retail and we described 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.