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MANAGEMENT DISCUSSION SECTION

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

Good afternoon and welcome to Walmart’s ESG Webinar on Climate Change. My name is Dan Binder and I lead Walmart’s IR and Corporate FP&A teams. This is our second webinar discussing Walmart’s ESG priority issues and follows our September webinar on Human Capital. You can find a recording of that session on our Investor Relations website at stock.walmart.com.

I’m joined by a few colleagues this afternoon, including Kathleen McLaughlin, Chief Sustainability Officer and President of Walmart Foundation; Jane Ewing, Senior Vice President, Sustainability; and Zach Freeze, Senior Director, Sustainability. Kathleen and her teams are responsible for Walmart’s ESG strategy and disclosures, including working with subject matter experts across the business to make sure we’re focused on the right ESG priorities. Climate change is one of our priority ESG issues, and the corporate sustainability team reporting to Kathleen oversees our climate change strategy in collaboration with teams across the business.

Before I turn the call over to Kathleen, let me remind you that today’s webinar is being recorded and will include forward-looking statements. These statements are subject to future events and uncertainties which could cause actual results to differ materially from these statements. The information discussed in today’s meeting should be viewed in conjunction with our ESG Report and other public documents including our 10-K and earnings materials. These documents and our entire Safe Harbor statement can be found on our Investor Relations website, stock.walmart.com. We will be posting a recording of today’s webinar under the Events section of our Investor Relations website.

As you can see from the agenda on your screen, Kathleen will spend about 15 to 20 minutes providing an overview of our climate change strategy as outlined in our ESG reporting. That will be followed by about a 30-minute Q&A session, and at the end of that session, our meeting will conclude.

We received some questions from several people in advance of today’s meeting, so we’ll begin with those and then move to questions in the queue. You can ask the question at any time today by using the Q&A button at the bottom of your screen. We’re hoping to address other priority ESG issues in [indiscernible] (02:44). So, for today’s session, we request that you keep your questions focused on climate change. If you have additional questions following today’s webinar, please submit them to our Investor Relations team through our investor relations website, stock.walmart.com.
It's now my pleasure to turn the call over to Kathleen.

Kathleen McLaughlin  
Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.

Hello, everyone. Thanks for joining us today. I'm really excited to dive into this topic. So, as those of you who've been following us know, our ESG portfolio focuses on the issues that are most relevant to stakeholders, most relevant to Walmart value creation and issues that we feel we can play a meaningful role in addressing in partnership with others. We did a deep dive refresh on our priority ESG issues earlier this year, and what you see in front of you is the latest set of opportunity created for associates and suppliers and others. We believe we can also be a platform to advance equity, sustainability. And we’re going to focus on the first issue listed there today, climate. There are many other things that we work on environmental and social issues in sustainable retail and product supply chains around the world, building more resilient communities and then operating with the highest standards of ethics and integrity.

I would invite you if you'd like to learn more about our approach to ESG overall or our approach to any of these issues to go to our website and look at our FY 2021 ESG disclosures. They are on the platform. You'll find in depth issue briefs for each of these issues that set our aspirations, key metrics, our strategies, progress that we've made and also the challenges that we face. So I would invite folks to take a look at that.

But let's dive into climate today. And in summary, our approach to climate focuses on getting to zero emissions in our own operations and engaging with our suppliers to help move toward net zero in society by 2050, and through philanthropy, through advocacy, the way that we govern our climate strategies, really be part of creating a movement to take ambitious action now to help avoid the worst effects of climate change and also to help the world adapt.

So we really are focused within our own company and beyond to try to make the biggest difference we can. We were the first company in retail to make a science-based target back in 2016 and we’ve since elevated the ambition in that target, I'll talk about that a bit more in a moment, and we'll step through each of these parts of our strategy today and we can go deeper on anything that folks are interested in in the Q&A.

So let's start with our climate risk assessment. We did our first climate risk assessment in depth back in 2017 and we updated it this past year. We did a scenario-based approach. We worked at the RCP 8.5 scenario, which is the 4.9 degree warming scenario. And we took a look in-depth at four factors in terms of physical risks, so heat, wind, precipitation, and flooding. And we said well, how does that affect our retail operations, our supply chain, the communities that we serve? We also did take a look at transition risk and we provide some of our perspectives on that in our disclosure that I mentioned online.

But what we found in terms of impact on our own operations and community supply chain, first of all, in terms of our facilities, not surprisingly under that scenario, if you look at the warming and what that means in terms of weather volatility, two-thirds of our facilities will face increased heating and cooling costs and there is also a significant number of intense storms we see that even today under that scenario. So damage to buildings, facilities and so on.

In the supply chain, we looked at 25 commodities in particular. Think about beef, cotton, palm oil, produce, those kinds of things. And we found that 11 of the 25 that we sampled would likely have significant issues around yields or quality based on where they’re grown today under that scenario. So, coffee, for example; cotton, very compromised if no action is taken. And then in terms of communities, we looked at Walmart’s actual communities,
and about 50% of the communities that we currently serve today would have some significant disruption at some point between now and 2050 under that scenario.

So, these things, you model them. They're hard to say exactly is there a point outcome that you can have a 100% confidence in? But we know, in aggregate, unabated the consequences of climate change are significant and negative looking at these factors. And it really just underscored and really inspired us to redouble our efforts that we had had underway based on our previous climate assessments around our own operations, resilience in our own operations. So thinking about where we site facilities, having backup generators, being able to reroute transportation, things like that, more resilient sourcing. So where are we sourcing commodities? What can we do to work on surety of supply? And then resilient communities, how do we support our local communities, that's not just disaster relief, but preparedness and engaging the local communities.

So in terms of mitigating the impacts, that's a big part of our strategy, but of course, we're also trying to mitigate emissions, which takes me to this next piece here. So, climate change emissions, as I mentioned, we're the first retailer to set a science-based target. We've elevated that ambition to be in line with the 1.5 degree scenario and we're targeting 2040 to get to zero, not net zero, but zero emissions in our own operations and we talk about Scope 1 and Scope 2. So what does that mean?

Scope 1 would be things like refrigeration, transportation, and then scope 2 would be things like electricity to power our stores. And you can see here on the chart how we've been bringing down the emissions systematically. We are happy to report based on our latest numbers from 2020 that we've achieved a 17.4% reduction in emissions through calendar year 2020. So that's about halfway to our interim goal of 35% reduction by 2025. So we feel good about that progress. We feel we're on track with the science-based trajectory. We're going for 65% reduction by 2035. And as I said, we'll get to zero emissions, 2040 is our plan.

You can also see a reduction in our carbon intensity. In other words, we've managed to decouple our growth from emissions so our business grows, but we've managed to take our emissions per dollar of revenue down. And obviously that's what we need to do to get to zero emissions. So that's exciting. And it's a 10% reduction in one year alone. So that's great.

Our focus is on those contributors to Scope 1 and 2. So renewable energy, efficiency, transportation, our long haul heavy tractor, trailer, trucks, for example, right down to the little forklifts in our distribution centers, on-site fuels, so for cooking rotisserie chickens, for example, in the stores and refrigeration.

So, our strategy is focused on that. We were at 36% renewable energy, so our electricity coming from 36% renewable sources in 2020, and that number continues to climb. We'll be releasing in our next disclosures where we are this year, it's going to be higher than that, which will be great. We have 550 projects on-site and off-site for renewables. That's 4 billion kilowatt hours as of 2020, and we're looking towards 7 billion kilowatt hours next calendar year, because we've got a pipeline of projects as they come on, they come in, in big chunks of capacity.

So, we're excited about our progress. We can go into more detail on any of this in the Q&A. For Scope 3, when we set the targets, our science based targets, we were really looking for a way to get immediate concrete action across our supply chain on emissions, so that we could build momentum and start to drive what really ultimately is a transformation of the way consumer products work and the way consumers live day to day, and not do something that would be long over time, but immediately. So, the way we set things up, as we said, let's set an interim milestone, 2030, 1 billion metric tons of greenhouse gas, let's get that out of our supply chain. And the time we set that target, that was consistent with the trajectory for the 2 degree scenario. And we said, let's get our suppliers engaged and let's set it up in a way that allows us to engage everybody. Let's make it a broad church, a
broad tent, get everybody engaged and it's going to be an escalator of ambition, where we get them started and
then we ratchet them up in terms of the quality of their actions, their willingness to disclose, the quality of goals to
be smart goals and that's what we've done.

And so you can see some of the fruits of that here. There are six different arenas where we've been focused with
suppliers, energy, waste, packaging, nature, so regenerative agriculture, forest projects, conservation,
certifications of commodities, things like that, transportation and supply chains and product use, so that's one of
the consumer end of things. So do people wash their underwear in hot water or cold water? And you can imagine
for business like ours, when you're talking Scope 3, it's a lot of different things. It's kind of how people live day to
day in many ways.

And the results have been fantastic. So, as of last year when we reported, and we're about to share a new
information, can't disclose it today, because we're still working with our NGO partners to scrub the numbers,
validate, make sure that we all feel comfortable with it, but as of the last time we reported, we had over 416 million
metric tons on the way to the billion, 3,100 suppliers engaged in the program. But remember, as I said, we've got
sort of this escalator of ambition, 3,100 are trying to do work and we work with them to help them set goals and
make progress. About 1,500 we would say, you know what, they are reporting. They're doing their best to set
good goals with meaningful action. 883 are what we call Giga Gurus. That means they're operating intensely in at
least one pillar and we ratcheted the requirements in that too for our next disclosure. They've got smart goals.
They've committed publicly to those goals and they're disclosing.

As of last year, 60% of our sales base was covered by suppliers working and reporting their progress, and that
number is going to go north. Again, I can't say what it is today, but we're very excited about the progress here.
And what's neat about this program is, it's not only engaging our own suppliers and making it easy to translate
these big goals of emissions reduction into practical business action in these arenas. We've worked very hard
with our nonprofit partners to create what we call calculators to help people do that. But we're providing supports
to suppliers and beyond in the industry through other business engagement, through philanthropy, to help the
industry move more quickly on these pillars, and we can get into that a bit more. So, that's mitigation, Scope 1,
Scope 2, Scope 3. We feel good. We feel we're on track. Obviously ways to go, but good where we are now.

Adaptation so, as I mentioned, you look at the risk assessment I just talked about and the consequences are
profound. So an important part of our strategy is to then take a look back at how are we doing our real estate, how
do we do our merchandising and make sure that we are prepared as much as we can be to handle the
consequences of warming. So, you can see some of the examples here, disaster resilience, really ever since
Hurricane Katrina, Walmart has become quite strong and capable in terms of disaster response, but we also
engage in preparation with communities and in our own business. So pre-positioning products, we can monitor
the weather and see how it's coming in and having things ready to go, generator capacity for electricity, route
optimization for our trucks. We actually have an ability, for example, to watch weather coming and to
communicate live with our truck drivers and divert them on different routes to avoid weather and come back in.
Real estate, so siting of our facilities, the specs that we use to build them to be resilient, and then of course,
sourcing many, many initiatives that tend to vary category by category.

So if you're talking about coffee versus cotton versus produce versus mangoes, what are the issues to be
concerned about environmental and social, and then how do we adjust the way we work with suppliers to source
those products, in this case for adaptation to climate change. And that may mean trying to find different sources
physically in different parts of the world, it could be managing day to day disruptions around transportation
networks and so on, but really our focus in sustainability writ large in the product supply chains is for the long-
term. We are trying to rewire the way produce get produced and consumed for social and environmental
sustainability. And as I said, you could go online to see a lot more detail about the other aspects of what we’re doing around supply chains.

Let me talk then about advocacy. That’s a really important part of our strategy, using our voice to advocate for policies that are in line with the 1.5 degree scenario. That’s a matter of policy for us. That was approved by the board last year. And there are a number of ways that we do that. Maybe just, for example, the most recent round of legislation proposals in the US. So the Infrastructure Act, the Build Back Better Act, both contained important climate provisions. We were very early on engaged in Clean Energy Performance Plan [indiscernible] (17:49) engaged in the follow-on pieces to that. And that’s through direct engagement with policy makers, but also our publications, our work behind the scenes with trade associations like Business Roundtable and so on. So, for example, engaging with the committee staff on the Build Back Better plan. Sending around—I wrote a blog which some of you may have seen, and so getting that in front of committee members and other staffers, other members to help build support for the climate provisions in the Build Back Better plan. You can see in our Lobbying Disclosure Act a bit more detail around our activities there, and then working closely in the Business Roundtable to help them publish their climate statement in the past, and then most recently also publications around the climate provisions in these legislations. So, climate statement that came out, we worked quite closely with them to craft that.

There are other provisions in Build Back Better Act around tax and so on that I can go into in the Q&A, which we weren’t supportive of. But in terms of the climate provisions, very supportive, and that’s the kind of policy that we need to help all of us move faster against climate.

Then also in the business community, we co-led the Retail Raise to Zero campaign connected with COP 26. And that means getting other retailers engaged, encouraging them to consider what they would like to do in their own businesses to respond to the call to tackle climate. I’m happy to provide materials and knowhow so that others can consider the kinds of things that we’ve been doing. We are leaders and board members of the Renewable Energy Buyers Association, which has now been renamed the Clean Energy Buyers Alliance. That’s been a really important vehicle for advocacy, and then many, many other organizations, policymakers, innovators that we work with day to day on trying to actually change the way business works in favor of climate.

And then, finally, in terms of governance, our climate policies, strategies, starts with the board. I report to the Nominating and Governance Committee, which oversees Walmart’s climate strategies as part of their duties. And I was just with them a couple of weeks ago sharing where are we on climate, the results of the climate risk assessment, the implications for our business, how we’re responding. And then the progress you’ve been making on our science-based targets, what we’ve been doing in advocacy and so on. And then, of course, the executive committee, Doug McMillon, his reports, and then right through the segments and functions and our approach to mitigation and adaptation is embedded in the real estate plans, in the operators plans, in the merchant plans and so on. Climate is one of several risks that are considered in enterprise risk management, and it’s just seamlessly embedded in that process as well.

In terms of reporting, you’ll see if you look at our disclosures that we are inspired by the TCFD and the guidance around how to disclose, and even the way we set up our strategies and our governance model and so on. That’s been a really helpful platform and instrument. And then CDP, we disclose through CDP. And we’ve just got the results. We got an A- from CDP that will probably come up in the Q&A. I think somebody submitted a question in advance. Why did we give it an A-? If you know, call us and tell us we’re just trying to find that out. But I’ll let Jane go into that a bit more. So that is in terms of governance and reporting.
So I hope that's a helpful overview, we thought it'd be good just to start with that and give you a sense of the big picture, and then some people did submit questions in advance. There can be others coming in now – I see coming in the Q&A. We'll try to get to everybody's questions before we wrap. So, Dan, back over to you.

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

Great, thank you, Kathleen for a great overview. And we're also now joined by Jane and Zach, as I mentioned earlier. I'm going to start, as you mentioned with the questions that were pre-submitted and then we'll work through those and we have some in the queue, and we have time, we'll get to that next.

QUESTION AND ANSWER SECTION

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

So, first question, do you consider yourself to be on track to meet your 2040 zero emissions goal? And what is the path to achieving your milestones?

Jane Ewing  
Senior Vice President-Sustainability, Walmart, Inc.

Thanks, Dan. I'll take that question. Yes, we absolutely believe we're on track. And as you heard from Kathleen through the end of 2020, we've reduced Scope 1 and Scope 2 emissions, they're emissions in our own operations, by 17%, which is exactly our halfway mark towards the goal of reducing emissions by 35% in 2025 and then 65% by 2030. Just for reference, the base year is 2015. So that gets us well on the path. And as you've heard, the target is aligned with the 1.5 degree scenario. So it's very rigorous. And we're making sure that we continue the momentum and keep up that pace of change.

In terms of how we keep making progress, there's a lot of initiatives already in play, as you would expect. Kathleen mentioned some of those, increases in efficiency, getting renewable agreements in place, and then beginning that journey on transition for refrigerants and starting to explore more and more on long haul transportation, which is obviously a big chunk of our emissions. And then as we go into the coming years, in the mid-term, we'll fully transition to renewables as these projects come online, and we'll drive heavier transition on our refrigerants as more equipment comes to end of life and more supply becomes available. And then we'll start exploring the emerging winners on heavy transportation. And then once we have those responses, we can start the full conversion to transportation and completing other conversions.

So hopefully that gives you a bit of a sense of some of the big chunks of what will happen now and then in the coming years. Thanks, Dan.

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

Our next question. It looks like all of your operational emissions reductions are coming from your Scope 2 number, while your Scope 1 number are increasing. What are you doing to reduce your Scope 1 emissions?

Zach Freeze  
Senior Director-Sustainability, Walmart, Inc.

Walmart, Inc. (WMT) 
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Hi, Dan. I'll take this question. So, Scope 2 is our largest source of operational emissions and it makes up around two-thirds from our baseline year, and it's the biggest lever we have today to reduce emissions. And so, we're expecting to see continued big movement here in the early years and that was really based on our plan. And we've made big strides. So we've actually brought down our Scope 2 emissions by over 33% in the past five years, and we've done that through reducing our energy load through energy efficiency initiatives as well as bringing on more renewable energy. We'll continue to do both of those.

On Scope 1, we're working on transportation and refrigeration. And it is important to note that both of these do tend to grow as the business grows. But on refrigeration, conversion is typically done as equipment comes to its end of life, as Jane mentioned. And our strategy is to convert this equipment over time, and we're doing that. And I would say that one exciting new development is a new store that we just opened last November in New York that utilizes CO2 technology. So it's a low-GW (sic) [low-GWP] (25:43) refrigerant that we're looking to scale in new stores as well.

On the transportation front, our progress is dependent on technology developing for us in order to scale, and we are finding the right ways to invest and test in transportation. So things like moving to electric yard trucks, running refrigerated trailers off of renewable electricity. And we've even ordered Tesla trucks in our Canadian market to test and learn there to understand our EV needs for those larger trucks. And really, the big unlock is going to come for us with the Class 8 tractors and the long haul heavy-duty that we know more innovation is going to be developed around. So, overall, I think, like, we're on track with our 17.4% reduction across Scopes 1 and 2.

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

Really encouraging work being done there. Next question, can you talk about how you think about CapEx and OpEx related to climate change, and whether you expect significant incremental spend specifically because of this issue?

Kathleen McLaughlin  
Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.

Yeah. Yeah, well, what everybody in the world is engaged in doing with respect to climate is transforming pretty much every aspect of our society to move to a very different economy. And so, I guess the short answer is these things get embedded within our annual operating plan, within our budgeting process, within the proposals that we're making in operations or supply chain or sourcing the way anything else will get embedded, because it's really core, it's integrated in our business. So climate isn't a separate portfolio of projects that we kind of cost out and bring separately. It's embedded. I'll give you a couple of examples.

So, take renewable energy, I talked to about it a bit. Zach, you talked about it. We have a whole portfolio of energy projects that include energy efficiency. So, I think we swapped out just about now every last LED, every light bulb for LEDs in the parking lots and things like that. And those kind of projects typically generate great cost savings. And then, in the same capital planning cycle or operating planning cycle, we would have proposals around renewable energy projects. So maybe some on-site projects, somebody had asked in the chat, I noticed, gosh, have you thought about on-site? Yeah, we've got a little over 400 locations now with on-site solar. And so, there might be CapEx involved in those OpEx and so on.

And then, if we're talking about renewable energy, power purchase agreements and so on, we're renegotiating those and we're looking for favorable terms that can be competitive, comparative with the way we bought electricity before those projects. So, every single project is looked at through the same basis, the same hurdle rate that we'd apply to everything else. And what we try to do is, say, in aggregate, the portfolio ought to pencil.
And there may be components that are more pure cost, so, for example, refrigeration. When we convert out refrigeration equipment, it's not going to generate new revenue for us. It's not necessarily going to lower cost. It might even be a bit more expensive. So the approach to refrigeration might be, okay, as things come to the end of life, then that would be a time to convert, that might be pure cost, but can you offset it elsewhere in the P&L, not even necessarily through climate-related actions, right? There's going to be an offset somewhere. So when we give guidance to all of you in terms of here's our revenue outlook, our OpEx outlook, it's baked in there. It's not viewed as a kind of a separate set of things that we're proposing on.

Daniel Thomas Binder  
*Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.*

Yeah, lot of choices have to be made through that process as you know?

Kathleen McLaughlin  
*Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.*

Yeah.

Daniel Thomas Binder  
*Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.*

So...

Kathleen McLaughlin  
*Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.*

Yeah. And, I guess what I would say is our North Star is we've got the science-based target in that trajectory, we're living within that, and then we're applying the same creativity we would to anything else, hitting comp sales targets, hitting OpEx targets, hitting CapEx targets, hitting the emissions targets. We're optimizing within those parameters all of our operating initiatives. So,...

Daniel Thomas Binder  
*Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.*

Yeah.

Kathleen McLaughlin  
*Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.*

...it's just – it's part and parcel of that.

Daniel Thomas Binder  
*Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.*

Great. Moving to the next question. While it's good to see the progress on Project Gigaton, we wondered what Walmart is doing to catalyze action within the supply chain as opposed to just relying on your suppliers to move the needle?

Jane Ewing  
*Senior Vice President-Sustainability, Walmart, Inc.*

Project Gigaton is our way of catalyzing action in the supply chain, and we're doing lots of things to support suppliers on their journey to reduce emissions. So, we're really happy with the progress. As you heard from Kathleen, we have over 3,100 suppliers that joined up. Many more have just joined in this last round that we are
currently evaluating and making sure we do a really good job on cleaning the data so that we can report accurately.

And then, the program really does reward action and progress. And we're seeing some real strong commitment from our suppliers. And I'll just kind of give a few examples of some of the things we're doing, how we're trying to make it almost a stair-step process to continue supplies on that journey. So, first of all, we get them to sign up. And then we start getting them to set ambition and set goals. So, there's some companies out there that decided to take action early. Many of our suppliers, they don't have big teams working on this. They're relatively small. They don't know where to start. So they're not typically a multinational CPG company. So, our merchant teams directly engage with our suppliers. They encourage them to enroll and take action. And then they keep score. They know which ones of their suppliers have been part of the program and which ones aren't. And it's really helping to build momentum.

So once we've got them on-board, then we've got to really make it relevant for them. So we build out guides, calculators, playbooks, things that actually help them on this journey. And most of them are areas that are core to what they do every day. So, for example, how do we help them make good packaging decisions, designing products, thinking about sustainability and emissions in mind, when they work on how to get a transport and build logistics. And we work with several NGOs, including World Wildlife Fund, World Resources Institute, Conservation International. And they help us validate these actions. So it's not just Walmart saying this is the right thing to do, we made sure it's validated and supported by important external stakeholders.

And then thirdly, we provide these tools and support. So, our playbooks for areas like packaging, we've worked and partnered with the Walmart Foundation. They actually funded the creation of a tool called Plastic IQ. And it really helps companies understand their footprint and what actions they can take to reduce their emissions and reduce plastic and so on. And it's free to use for these suppliers. So it really is a benefit that they can use.

We also have a number of other initiatives, we've got something called Gigaton PPA in collaboration with Schneider Electric that allows suppliers to access affordable renewable energy, where they might not be big enough to go in and do agreements on their own. Last year we launched a low-cost financing asset in partnership with HSBC. And actually just this week we have announced that CDP have joined that initiative, and suppliers can get preferable financing if they are engaged and driving action through Project Gigaton.

And then the last thing I would say is we increase the ambition over time. Once the suppliers are in Gigaton, we keep building the momentum, we keep encouraging to use new tools and we keep raising the bar. So this year, to become a Giga Guru, which is the prestigious award, they had to set goals in three pillars, whereas last year it was only one pillar. And we still have huge amounts of suppliers hitting those goals.

So, as Kathleen mentioned, we just finished the 2021 reporting cycle. I see a question in the chat on when will we be able to release that? We do a very thorough quality control. So, in the next couple of months we'll have that finished and then we'll be able to publish that.

Kathleen McLaughlin
Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.

Maybe I can just jump in with one comment, because I saw it in the chat earlier just to build on what you were saying, Jane. Somebody asked about nature and could we give an example of how we’re working on nature? And that is – obviously it's related to climate, because if we can move people to more regenerative agriculture practices, if we can avoid deforestation and even work on afforestation or reforestation, that can be part of the climate solution, because we can draw-down emissions into soils or forests and so on.
So I'm just going to give two concrete examples, one from business, one from philanthropy. In business, the Midwest Row Crop Collaborative, we helped to create that with suppliers coming out of one of the listening sessions that Doug held with a number of CEOs in the supply chain companies, so our suppliers. And we've been engaged in that for years now, a number of years. And it's been very focused on helping farmers optimize fertilizer in the first instance, which is a huge win for farmers, because it's a cost savings, but it also reduces emissions. And then slowly begin to adopt other practices, cover crops rotations, these kind of things, which ultimately helps restore nature, prevent nutrient runoff, restore pollinator health, lots of other benefits as well as emissions. And we've been engaged very closely with a number of leading suppliers in specific states in the Midwest to do that at scale, and there's information available online about that.

Then the philanthropy example would be a grant that we did with World Wildlife, with Cargill and McDonald's in the beef chain, working with ranchers in the Northern Great Plains to allow them to continue ranching and grazing their cattle, but to adopt practices that restore soil health, natural prairie grasslands, pollinator health, prevent runoff into waterways and so on, again, climate benefits and nature benefits, but also economic benefits to help those ranchers transition.

I guess one more I would mention is tuna in the Marshall Islands with Nature Conservancy. That was less perhaps specific around emissions, but it's an example of working in local landscapes, with the people in the Marshall Islands to rewire tuna supply chains for a high standard social and environmental indicators and engage local people in production as well.

So these are just examples of bringing together economic, social and environmental considerations deep in the chain, working with suppliers and with others to transform the way these things work. And that's really the kind of thing that we're talking about. Think of Gigaton, it's just the platform and the mechanism to highlight, connect practices, encourage, reward, support with tools. But there are many other things we're bringing into it now, nature even some people-related things that we'll talk about at a future discussion.

Jane Ewing  
Senior Vice President-Sustainability, Walmart, Inc.

And I would just add, Kathleen, this can get very complex, particularly for smaller suppliers. So we're trying to make it easy and we combine this. So we had a pillar in the forest and we had one under agriculture. We combined it into a nature pillar. And we've got a tool in there that helps them kind of start on that journey of getting to their goal. So there's a lot of – and we stair-step them through, like, start with the basics and then start building out.

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

Great. With that, we'll go to the next question. Why is Scope 3 not part of your overall zero emissions goal? Do you anticipate setting an overall net zero goal?

Jane Ewing  
Senior Vice President-Sustainability, Walmart, Inc.

Yeah, so as we've discussed our approved science-based target does include Scope 3 and Project Gigaton is the way that we're tackling that. So our ambition all along has been to help the world get to net zero by 2050 and being a catalyst that moves the needle along for our supply chains. And that will continue to be our ambition.
Gigaton itself, as we've just been discussing, is a way to get real, tangible concrete action from our supplier base, and then we increase the ambition for their. So, it focuses on all the major drivers of supply chain ambition, again, as we've just shared and we're making it relevant and actionable. So, the way to think about this is, the 1 billion metric ton goal is a huge interim milestone. We're well on the way to that, as you've heard. And if Walmart supply chain is moving that far, that fast, we're moving quickly in the right direction. And we already know that we'll look to build on that goal as we continue to make progress. So, pretty excited about that and we're testing and learning along the way.

Just another example to highlight is we recently joined the LEAF Coalition, which is an organization that spearheads forest preservation. So it's a $10 million philanthropic investment. And we're actually not taking carbon credits for that, but with our participation because we're trying to get to zero emissions, remember, not net zero, but our participation will allow us and others to learn how this model can scale and work.

Daniel Thomas Binder  
Senior Vice President - Investor Relations and Corporate FP&A, Walmart, Inc.

Next question, your disclosures are pretty heavily focused on climate risks and how you are mitigating those and adapting to them. Do you see climate opportunities for Walmart, and if so, what are they?

Kathleen McLaughlin  
Executive Vice President and Chief Sustainability Officer, & President - Walmart Foundation, Walmart, Inc.

Yes, yeah, we do. And our real focus needs to be on both mitigation and adaptation. And I wouldn't want to understate the potentially negative consequences of climate change. But that said, much has been written about the opportunities to transition to the new climate economy. And if people want to learn more about this, I would point you to the series of reports that have been published by the Global Commission on the economy and climate. They're called New Climate Economy. They're great, I have to say, full disclosure, I'm on the board of World Resources Institute which happens to be the managing partner of those reports and initiatives.

But we're talking about a massive and complete transformation of society, energy systems, the way cities function, transportation, food production, agriculture, forest, everything. So, yeah, it's massive. And of course, there is opportunity. I give a few examples, maybe for Walmart just to make this more practical. So, one is just simply innovation in our assortment. So there is not a category we sell that will not be touched somehow by climate change. And our business is about providing basic items for customers food, apparel, things for your house, and all those things are going through transitions in terms of customer preferences, the way they get produce, the specs, everything else, and that does create opportunity. So, for example, even the transition historically from incandescent light bulbs to LED light bulbs, Walmart was a real pioneer in that. We worked closely with General Electric. And we, I would say, accelerated that transition from incandescents to LEDs. And that was a real growth opportunity for our merchants and for our business.

If you look at energy, for example, we've created some operating efficiencies that I've mentioned already in our business. There are growth opportunities in terms of products and services to help our customers conserve energy or transition to renewable powered devices. We have electric vehicle charging stations at about 400 sites, so 1,400 stations across 41 states. That's significant. And so, those are places where our customers can come, and while they're charging, they're shopping. So is that an opportunity to help drive customer loyalty, those kinds of things.

We look at all the innovation in food systems, so alternative proteins, for example, and growth opportunities around that. The work that's happening in the chains to promote soil health, to promote yields, new varieties of
products that are climate resilient. Those are all opportunities for surety of supply and for innovation to offer up our customer in terms of food choices.

So those are just a few examples. As you can see, it's very integrated into everything. I think it will be hard to set back and go, okay, let me parse out exactly what were the opportunities that came specifically from climate and not five other things that came with that. But it's just embedded in the way we do our innovation and our planning and looking for those kind of opportunities.

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

Okay. So moving on to our next one, how has the most recent climate risk assessment been used to shift your strategies on issues like your physical infrastructure, product sourcing and transition risk?

Zach Freeze  
Senior Director-Sustainability, Walmart, Inc.

Hi, Dan. And I'll really echo what Kathleen was talking about as this has become a very important piece of our enterprise risk management process alongside other strategic financial operational considerations and regulatory reputational risk that our company is facing. And we're addressing that through our long-range planning process and our annual operating plans. And I would say the most recent update to our climate risk assessment really reinforced the things that we've been focused on for a while now, which is good, because it feels like we're focused on the right things across several areas of the business, including our sourcing, merchandising operations and our real estate, and just couple of examples to go a little bit deeper on surety of the supply. This is a work stream that we've really started to incorporate a variety of different perspectives into to make sure we're thinking about this in the right way for the long-term. So, it's a cross-functional group merchandising, sourcing teams, sustainability, logistics, public policy, really together to really think through what are the strategies to make sure that we have the products that our customers need, and we're looking at things like country of origin, diversification of sourcing, environmental and social sustainability aspects.

And so the climate lens is applied to that and making sure that we're making the best strategic sourcing decisions that we can do. And so climate is definitely front and center in building up that strategy. And in one very specific example too that's really helpful for us as we think about siting new locations, our real estate team uses this information as we look at constructing new facilities. Our energy management strategy, which we obviously work through day by day, this updated assessment helps to inform and guide those decisions and will continue to do so as we build out new stores, new distribution centers, new fulfillment centers in the future.

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

So, stepping to eight here, question is, can you follow up on your points on Build Back Better? What has held you back from advocating [indiscernible] (45:07)?

Kathleen McLaughlin  
Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.

Oh, on the Build Back Better, yeah, so as I mentioned, we're extremely supportive of the climate provisions in Build Back Better. And let me start with that, and then I'll talk a little bit about the tax too, because I think that's where...
Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.  
[indiscernible] (46:21).

Kathleen McLaughlin  
Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.

...the question goes, but just to be clear that on Build Back Better in the climate provisions, we do see it as an opportunity to advance climate. And we're happy that the Infrastructure Bill passed. I mentioned earlier we were engaged in the CEPP and that didn't come to fruition.

So, Build Back Better, we really started back in August 2021, and we lobbied Senator Manchin, the Senate Energy and Natural Resources Committee staff; Senator Tina Smith, who was a key supporter of the policy and that was the CEPP. And then once it got dropped, we said, well, let's come back over on Build Back Better. I authored a blog on behalf of Walmart which we published. And then we use that and took it around to the committee staff, to the member offices, and this is all disclosed in the Lobbying Disclosure Act reports.

Then we worked closely with the Business Roundtable to have them come out with basically a climate statement specifically on the climate provisions, supportive of climate provisions in their proposal. And that's building on some work we had done earlier with the BRT to have them put together a climate statement in general with a real focus on advocacy for carbon pricing and market mechanisms.

In terms of the tax provisions in the Build Back Better plan, the issue isn't with raising taxes per se. The issue is if you look at it, it was a proposal to raise the corporate rate from 21% to 26%. But the way that was going to get applied to companies varies widely. And so, like in our case, we've paid close to the statutory rate historically and our largest competitor basically pays in the 8% to 12% range. And the provisions in this bill don't alter that, that wouldn't have altered that. And we just don't think that that's fair to have us pay for more than other people in terms of hunting anything, all the other things in the bill, not just climate.

So, we have engaged productively to come up with alternatives. So what are other funding mechanisms from the corporate sector, so alternative strategies to get others who are not paying their fair share of tax up to the level of the rest of us who are? And that's what we've been focused on is what are some intentional aggressive tax strategies to get some revenue that that could go toward climate and other things? So that's point one. It's not about not wanting to pay taxes, the way it kind of played out in that.

And then, part two, to be clear, even the Business Roundtable has not lobbied against the whole bill. It's been very specifically focused on the tax components of that. And then I can't speak, I know, so there was a question in the chat, I think, [ph] Frank (49:16), it was from you, saying, well, what about other associations? We actually don't belong to some [indiscernible] (49:19) like we don't belong to, for example, the Chamber of Commerce. So I can't speak to what they may or may not have been doing around that. But for the one that we've been engaged with, the Business Roundtable, that's the stance or the approach that we took.

The game isn't over. We're going to continue to advocate for policies in the right direction, including what will come through in this piece of legislation and other things. A carbon price, a market mechanism, even with the provisions, we ought to have a price on carbon, so things like that, well, the game isn't over. We're continuing to stay engaged and supportive.
Daniel Thomas Binder  
*Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.*

Great. Question, we followed CDP's release and noted that Walmart did not receive an A rating this year. Do you know what contributed to that decision and what are your next steps?

Jane Ewing  
*Senior Vice President-Sustainability, Walmart, Inc.*

Yeah, as Kathleen mentioned, we've been a recognized leader here over the last several years with an A rating in 2019 and 2020. We did receive – and we just – it was literally just this week that we learned we received an A-.

It's still a leading rating, but it's not the A rating we were hoping for. And we will work with CDP to understand where there are any things we can we can do better. They've been very open that they've raised the bar and a lot less people received A ratings this year, but we want to fully understand why we didn't, and we will work actively and aggressively to get back on track.

Kathleen McLaughlin  
*Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.*

Yeah.

Daniel Thomas Binder  
*Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.*

Okay.

Kathleen McLaughlin  
*Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.*

Yeah, we'll figure out what it is and do better.

Daniel Thomas Binder  
*Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.*

Yeah. The next question, what role has Walmart’s board had in overseeing the company's climate strategy and how is it keeping up with scientific and business trends in this space?

Kathleen McLaughlin  
*Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.*

Yeah. So, under the charter, the Nominating and Governance Committee has oversight for climate. It's part of their oversight for sustainability. And as you know, climate, nature, waste and human rights and supply chains, those are our big four issues under that remit. I just was with them a couple weeks ago, as I mentioned, updating them on our progress to-date, and we talked about the climate risk assessment, the findings, the implications for our business, what are the strategies around mitigation and adaptation that we're pursuing, and then the results around our science-based targets.

So, that's discussed there. And then key findings are brought before the full board, like most sports, the way ours works is there is a day of committee meetings and then the next day, it's full board, and people take things from the committee into the full board. So, yeah, I mean, they've been extremely helpful, very, very supportive of the direction of travel, very supportive of our advocacy. And I really – our teams appreciate that. And as I mentioned before, we talk about climate specifically in those settings, we talk about the risk assessment in the strategies and the results and everything else. But it's so embedded, the actions are so embedded in the long range plan of
Walmart, in the annual operating plans of our operators and our merchants and so on that things come up in different ways through those conversations as well and in other committee settings.

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

Okay. Next question, what type of assurance do you get on your climate numbers? What's the difference between Scopes 1 and 2 and your Gigaton numbers?

Kathleen McLaughlin  
Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.

Zach, do you want to pick that up in terms of assurance and just parse what's in Scope 1, 2 and 3?

Zach Freeze  
Senior Director-Sustainability, Walmart, Inc.

Sure. So, our Scope 1 and 2, as Kathleen laid out, that's operational emissions, ones that we actually collect with all international markets, all owned assets, and making sure we're tracking and reporting out all the usage associated with that and then all the activities that we're doing to reduce those emissions. And we actually qualitatively report all this information publicly in our annual CDP disclosure, as well as what's happening in CDP and what our estimations and assumptions are on disclosure. And so we are annually making sure we're improving the way we report that, the quality of data. And our goal is to continue to improve that process by strengthening the methods in which we collect as well as the types and level of disclosure and information we're providing on the activities that we're taking as a business to make additional progress. And so those are continually integrated into our ESG Report. And this year, as Kathleen mentioned, our ESG Report is now even easier to navigate through and review all the different work in progress year-over-year that we've been making on Scopes 1, 2 and 3. And so every year we're going to strengthen that information to make sure it's easily accessible for anyone who wants to better understand the progress that Walmart's making on our climate goals.

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

Okay. We probably have room for another one or two questions. We'll go to the next one, that's, okay, so good wishes to us. Congratulations on issuing your green bond. Where do you expect to focus the use of proceeds and when can we expect to see an issuance that includes social categories?

Kathleen McLaughlin  
Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.

Yeah. Well, thank you. And actually before I jump to that, there was a follow-up question I just noticed in the Q&A about would we have the board – the Nominating and Governance Committee formally oversee climate? They do, because they're formal in the chart of the overseas sustainability, climates are number one sustainability issue, and that's a matter of record in our ESG strategies and so on. So I think the spirit of the question is, gosh, should be spell it out, like, literally say climate, and that's an interesting suggestion. We think it's pretty clear, but we'll take that under advisement. So thank you for that suggestion. It's helpful feedback.

So, back to the green bond, yeah, so it went very well. We're really happy with the response. Lot of interest in it and we spent a lot of time on the framework and trying to be as clear as possible of the different things we have in the works, and well, how we would apply those proceeds and so on, and we'll be disclosing against those. So, another disclosure for folks to take a look at and read and hopefully give us feedback on three big categories most likely given where we have been focused, and as you could see from our strategy, will continue to be, so
renewable energy, transportation and what we’re calling high performance buildings, which of course, is the refrigeration, but anything around getting those buildings to be high performance from an emissions perspective or a sustainability perspective. So waste management is part of that, waste diversion, eliminating waste, all those kind of things. So we think it’ll probably be – those will be the main ones in the next little while, but we’ll be disclosing that soon.

And in terms of social, yeah, I could see it at some point. We don't have something immediately in the works. We want to get this right and learn from this and get the feedback and see how it goes, improve ourselves, earn the right. And then, yes, I would imagine at some point we would, because you look at what we’ve prioritized in terms of ESG and the social issues are extremely important and relevant to us too. So we'll start with this and we'll see where it goes from there.

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

Great, Kathleen. I think we’re coming up here on the hour, so we'll wrap it up at this point. And I want to thank everybody for joining. We had great turnout and pleased to see that you're finding value in these webinars. We had great feedback on the last one, and we hope to continue doing them.

Kathleen McLaughlin  
Executive Vice President and Chief Sustainability Officer, & President-Walmart Foundation, Walmart, Inc.

And I guess I'd just say thank you for all the questions in the chat and the Q&A. Well, we've captured those. And to the extent that we didn't get to something, we'll take it as an expression of interest for our disclosures. So, thank you. It helps us provide you guys with better information. So, thank you.

Daniel Thomas Binder  
Senior Vice President-Investor Relations and Corporate FP&A, Walmart, Inc.

Great. Thanks, everybody.

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