

**Remarks as Prepared for Delivery
Lee Scott, CEO and President
Wal-Mart Stores, Inc.
China Sustainability Summit
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Let me begin by thanking everyone for being a part of what I think has already been a very successful summit.

Many of you have traveled hundreds and even thousands of miles to be here and to make this day possible. All of us at Wal-Mart are grateful.

I want to say a special thanks to our co-sponsors...Minister Zhang of the Ministry of Science and Technology, as well as Agenda 21.

We are also grateful to Vice Minister Jiang and the Ministry of Commerce.

And there are of course many Wal-Mart partners here today. I see suppliers that have worked with us to reduce packaging, and NGOs who have lent their expertise for some time to helping us become a more sustainable company.

I want to recognize the hard work they have already done, and the commitment they have made to Wal-Mart.

I don't know how many of you were here for the Olympics, but I had the opportunity to be at the Bird's Nest for the opening ceremony. Let me tell you, it was one of the most amazing spectacles I have ever seen.

The Olympics were a defining moment for China. On one of the biggest stages in history, this country showed how much it has to offer the world and how great its promise is for the future.

For Wal-Mart, this of course did not come as a surprise. We see the spirit and the soul of this country every day in our stores -- with our associates, our customers, and the communities where they live and raise their families.

We see a country that really gets things done.

When Wal-Mart first came to China, the government said that it expected us to be a model retailer. We have worked hard to try and meet those expectations. And we have been honored to participate in China's retail transformation.

We have had the opportunity to apply our knowledge of logistics and supply chains, train our associates on the most advanced systems in the world, and help customers choose from a wider assortment of merchandise on our shelves... and to save money in the process.

And with the Chinese government expanding its goals for sustainability -- we are well aligned there too.

It just makes sense that Wal-Mart would be committed to being a more sustainable company here in China through our Sustainability 360 approach. We think it's essential to our future success as a retailer -- and to meeting the expectations of customers.

For us, sustainability is about building a better business. It is about making a positive difference in people's lives and their communities. And it is about staying out in front of the changes that will take place in the world not just next month or next year, but for decades to come.

But don't just take this from me and Wal-Mart. We have heard from some very influential business leaders today. It is great to see Fred Smith of FedEx, Chairman Yang of Lenovo and David Steiner of Waste Management lend their support and expertise to our effort and to sustainability in general.

I have also had the chance to talk with political leaders that have been engaged on sustainability -- like Tony Blair, Bill Clinton, U.S. Treasury Secretary Hank Paulson, and Chinese Vice Premier Wang Qishan. They recognize the importance of this meeting and what we are all trying to do together today. And they think the time is right.

Just think about that for a second. Look around. We have 1,000 suppliers here. A year from now, each and every one of you who chooses to make a commitment will be a more socially and environmentally responsible company.

And that will make a difference. It will make a difference for you, for Wal-Mart, for China, for our customers and, yes, for the planet.

About nine months ago, I gave a speech to our U.S. managers about "The Company of the Future."

I pledged that Wal-Mart would make our operations in China more sustainable and our supply chain here more socially and environmentally responsible.

And I said it would be something that those managers -- and their two million fellow associates around the world -- would look back on and be proud of years from now.

I gave that speech because I saw three things coming together -- a better understanding of our mission as a company, the higher expectations of customers, and a changing world that will dramatically alter how business is done in the future.

Let me talk briefly about each of these things.

At Wal-Mart, our mission is to “save people money so they can live better.” Now this is not some random phrase. It came from people all over our company -- from the hourly cashier, to the manager of the grocery department, to some of our longest serving leaders.

Our mission at Wal-Mart has real meaning. We live it everyday ... in everything we do ... and everywhere we operate.

If you look back on our history, we have always been good at the first part of our mission -- “saving people money.” But something interesting has happened recently. We have developed a much better understanding of the second half of our mission -- “live better.”

This is where our commitment to sustainability comes in. It has been the most powerful example of our company bringing together the two parts of our mission and unlocking the full potential of Wal-Mart.

That brings me to customers.

Sustainability in our operations and our supply chain -- selling and making products in an efficient, socially and environmentally responsible way -- will be essential to meeting the expectations of customers in the future.

As all of you know, we are facing significant challenges in the global economy. Working men and women everywhere are feeling pinched.

They do not just want low prices right now. They need low prices.

But even beyond the near term -- looking years and decades into the future -- we strongly believe that people will continue to want and need to save money.

In China, as well as many other countries, millions of people will be working their way up into the middle class. We will also have aging populations living longer and on fixed incomes.

All of these customers will share the same aspirations for achieving or maintaining a high quality of life -- to have fresh vegetables on the dinner table, to have that High Definition TV in the living room, to wear nice clothes to school or work.

At the same time, we do not see these customers and others just looking at the price of a product. More and more they will look at the entire lifecycle of a product -- how it is made, how it is sold, how it is used, and how it is reused.

To meet these customer expectations, we need to ask ourselves...

Is a product made in a factory that is a responsible steward of the environment and our natural resources?

Does the supplier treat its workers with respect and dignity and contribute to the local community?

Will the product last ... so customers can get the use out of it that they expect and deserve?

Now let me elaborate on that last question in a very simple and straightforward way.

People want a sock that will not fall down even after it is washed a few times. They want a dress or pair of pants that they can wear for at least a couple of seasons. They want a towel that will dry and keep its shape and color.

In the end, it really is not about cheap. It is about dependable and functional products at the absolute best price. It is about true and total value.

These are expectations that customers from every country and all walks of life are having -- and we need to meet and exceed those expectations.

The final factor that I see at work in bringing us here today is an increase in the global demand for energy and what that means for climate change.

This will be one of the greatest economic, environmental and perhaps security challenges that the world will face in the 21st century.

Sustainability can and should be a big part of the solution.

We can make our stores and help factories be much cleaner and more energy efficient. We can specify and expect higher quality products that will use fewer natural resources. And we can help customers make more socially and environmentally responsible decisions for their lives and their communities.

All of us here make a difference on the issue of climate change. But perhaps most importantly, we can help countless others do the same.

I hope this gives you an idea of why Wal-Mart is so committed to sustainability in China and why every supplier should be too.

Let me assure you -- we are not just 100% comfortable with our approach. We are 100% confident that this is the right thing to do for today and for the future.

We are going to focus on three areas with our supply chain -- meeting social and environmental standards, driving innovation and efficiency, and building stronger partnerships. Let me just elaborate on how I see these playing out and what my expectations are.

As Mike already discussed, our goal is for supplier factories to meet or exceed all social and environmental laws and regulations.

I know that many suppliers have already done a lot of hard work. And I want to acknowledge that.

But for those who may still be on the sidelines, I want to be direct. My intention here is to send a strong message about how serious we are.

Meeting social and environmental standards is not optional.

I firmly believe that a company that cheats on overtime and on the age of its labor, that dumps its scraps and its chemicals in our rivers, that does not pay its taxes or honor its contracts -- will ultimately cheat on the quality of its products.

And cheating on the quality of products is the same as cheating on customers. We will not tolerate that at Wal-Mart.

Strengthening our relationship with customers -- today and in the future -- is tied hand-in-hand with improving the quality of our supplier factories and their products.

And let me say to our own associates ... a socially and environmentally responsible supply chain will not be optional internally for Wal-Mart. We will hold our associates accountable.

Merchandising teams from across our company will have a responsibility to meet expectations and to work with factories, including those of you in this room.

But make no mistake – we expect from suppliers a firm commitment to meet strict social and environmental standards, to be open to rigorous audits, and to publicly disclose all appropriate information.

If a factory does not meet these requirements, they will be expected to put forth a plan to fix any problems. If they still do not improve, they will be banned from making products for Wal-Mart.

And no one should be under any illusion that moving a factory to another country will avoid accountability. We are here in China today, but this a global commitment for the future.

I know we are asking a lot of suppliers, especially at this time. Many of you are facing intense economic pressures -- an appreciating currency, declining exports, and increasing material and labor costs.

But I want to reinforce what Mike said earlier -- Wal-Mart will have stronger, closer and deeper relationships with suppliers who share our commitment to being socially and environmentally responsible.

Those who share our goals, who innovate, who become more efficient, who drive sustainable practices throughout their own businesses -- will be more likely to share in our business growth. And make no mistake, we intend to continue to grow.

We are confident that this effort will be good for business -- our business and your business.

It goes back to what I said earlier about the lifecycle of products.

Over the life of a product ... it costs less to make that product so it passes testing, goes to market and is bought and used with total confidence.

Over the life of a product ... it costs less to make that product in a way that is socially responsible and builds a stable, loyal and productive workforce.

Over the life of a product ... it costs less to make that product in a way that is environmentally responsible and keeps our air and water clean and the communities we live in healthy.

Sustainable business practices in the long term cost all of us less.

But you know what else? By working together and solving problems together, we will drive innovation. We will be more relevant to our customers for years to come. And suppliers will produce higher quality products in even higher quality factories.

In October 2005, I stood in the auditorium at our headquarters in Arkansas and gave a speech about sustainability and "Leadership in the 21st Century." I committed our company right then and there to three goals: to be supplied 100 percent by renewable energy, to create zero waste, and to sell products that sustain our resources and the environment.

A lot of people thought I was crazy to give that speech. We did not know how we would achieve those goals, or even if we could achieve those goals.

And in order to make any meaningful progress, we knew we would need the help of people and groups that, quite frankly, wanted nothing to do with Wal-Mart. And let's be honest -- our business performance at that time was not as strong as it could have been.

But I stand in this room today as the head of a company that has made a tremendous amount of progress. While we still have a long way to go, we are a much better company, a much better business, and a much better partner. We are so proud of this.

Today, all of us in this room will make a commitment to being more sustainable companies and building a more socially and environmentally responsible supply chain. This must be something we do together. We cannot achieve it alone.

We need to learn together and innovate together, so we can succeed together. And we will succeed.

I know there is a lot of work ahead, and that this is a very difficult environment.

Some may wonder, even inside Wal-Mart, with all that is going on in the global economy, should being a socially and environmentally responsible company still be a priority? You're darn right sustainability should be a priority.

Some may also be wondering, should Wal-Mart have gone to the expense of hosting this meeting and paying for people to travel here from all around the world? You're darn right it is worth the expense.

The global economy will turn around. Even if it is not next week, next month or next year, it will get better. But the social and environmental challenges we are addressing today will be with us for decades. And let me ask the businesses in the room -- will there ever come a day when you do not want to reduce costs, be a better employer, make a better product, or be more relevant to your customers? Of course not.

In the end, I am certain that it will be worth it. I believe that as a businessman. I believe it as a person who has a responsibility to shareholders. And I believe it as a father and a grandfather.

We will have better companies, better communities, and an even stronger commitment to a cause that is greater than each of us and unites us all. And we will leave a better world for future generations.

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