

Philadelphia, PA - November 4, 2016

Thanks, Heather. Great job. Heather has a job offer from Walmart.

If you'd please sign that before this is over with, we would be very pleased. And my mission today will have been successful.

I'm really excited to have a little bit of time with you all today. And frankly, I'm inspired.

It's been a little bit of a tough election season, if you've noticed, and having this opportunity to see you gives an old guy like me a lot of hope. So congratulations to all of you for being here. We're inspired by your mission of making the world a better place, and we basically just want to do the same.

A few of you might really know Walmart like Heather now does, but most of you probably watched that video and kind of wondered to yourself, Is this real? Is this the Walmart that I think I know?

The truth is Walmart's been through a lot of change. We started in 1962 when Sam Walton started taking discount stores to small-town America and offering them value, offering them assortments so they didn't have to drive into town. It turned out to be a really good business model. But over the years, we've added food, we've expanded to 27 countries outside the United States, and we've become quite a different company.

The video mentioned that we had this moment. It was in 2005, and it related to Hurricane Katrina and the flooding in New Orleans. In the years leading up to that, the company had started facing criticism, criticism about our very business model and how we went to market. It bothered us, but frankly, we didn't quite understand it all and probably didn't have the right reaction to it, because we felt like we were good people doing good work just trying to serve customers and associates.

So when we heard that criticism, it had a negative impact, but we didn't quite know how to respond. Then when the flooding happened, we were sitting there watching on television this catastrophe – which, if you don't remember, resulted in more than 1800 people dying and more than \$100 billion in damage – and as we were watching it that Labor Day weekend, we were having these conference calls where we were following up on the things we would normally do when a catastrophe happens, like ship water.

Our CEO was on one of those phone calls. I was responsible for Sam's Club at the time, and Lee [Scott] interrupted this call and said, "Hey, this is really bad, and it's getting worse. It is not getting better. What if we did it differently this time? What if we stepped up big time?" And he basically unleashed us to throw our people, our merchandise and our money at what was happening right before our eyes in New Orleans. So that's what we did.

Here's a picture that means a lot to me. In fact, there's a painting of it hanging behind my desk in the office. This is September 1st. Those are Walmart trailers, most of them, lined up to get into the impacted area, waiting on the authorities to tell us that we had the all clear so that we could go in. It's symbolic of what we saw happening. We had vice presidents doing CPR inside Walmart stores, trying to help customers. We had associates landing helicopters in the parking lots of Sam's Club that were trying to evacuate people out. We had teams of people that were driving from all over the country, our own associates sleeping in our stores at night, in the Sam's Clubs at night, trying to figure out how to help customers. And it changed us.

We were so proud of how we'd stepped up in this difficult time. And in the days that followed, Lee asked us all what would it take for us to be this company all the time?

What could we do that would make us feel this proud and also show to everyone our heart and who we are as a company? So what we did is we started listening to critics.

Some of the people that wouldn't have wanted to talk to Walmart, that were concerned about environmental practices or labor practices, started coming and talking to us about what was going on. And we started listening to them in a different way.

One of my favorite stories was an environmental expert that we wanted to talk to that wouldn't talk to us. He thought we were evil. He just didn't want to have anything to do with us. But we kept inviting him, and finally, he agreed to meet us in a hotel out of town in the basement with the shades drawn if we both came from different entrances. We walked in there and we sat in a little circle, and he started talking to us about healthcare and our wage rates. And I thought we were there to talk about the environment. In that moment, it connected, for me, this path towards sustainability and how working on the environment actually leads to helping people.

As you start to think about the platform that some businesses have like Walmart, using that platform to build a better business model became an exciting idea. So what we did is decided to set three big aspirational goals:

The first one was to create zero waste.

The second one was be supplied by renewable energy.

And the third one was to sell increasingly sustainable products over time in more sustainable packaging.

When didn't know exactly how we were going to do these things. We only had some clarity as to what we were going to accomplish. So we set them in a big and aspirational way to give ourselves plenty of room to operate and to move. They were big goals. Since then, now a little over 10 years, we've achieved 75 percent of our global waste being diverted from landfills, 25 percent renewable energy supplies and we've eliminated 35 million metric tons of greenhouse gasses from our supply chain. We basically moved from serving just two stakeholders to trying to serve all the stakeholders that have any interaction with Walmart, and as I mentioned a minute ago,

tried to create a business model that could shape systems in a positive way and create a business model for good.

We're proud of these goals. But today we decided to take this opportunity in front of you to share some new objectives. This is news that we haven't even shared within the company yet. We thought this would be a great place to do it. So we have a few announcements to make today for the very first time.

The first one relates to waste. By 2025, we'll achieve zero waste in four of our larger markets, and across the supply chain, we'll work with suppliers on packaging and product design. And downstream, we'll work on recycling returns, pursuing a more circular economy. As it relates to energy, we're going to achieve 50 percent renewable energy by 2025. And I'm pleased to tell you today that we're going to be the first retailer with approved science-based targets designed to achieve emissions reduction in our own operations and supply chain.

This flows from the climate meetings in Paris and basically says Walmart's going to do our part. As it relates to products, I want to dive into just three areas. As I'm sure you know, our supply chain is immense and it touches a lot of different companies, countries and categories. But I'll pick on three today to talk more about. The first one relates to transparency and quality, and we'll talk a bit about our forests and about food. As it relates to transparency and quality, Heather was wearing a T-shirt when she was up here that's \$3.88.

I've got one of them here. I love this story. It's not the only one. We have lots of stories like this, because our merchants do a great job with it. But this one is from our apparel team, and what they set out to do would be to create a more sustainable garment, but to do it at an opening price point, at the lowest price point we have in a category. So what they did is they engineered a shirt that, by the way, will be available in February in our stores and online. And at \$3.88, even a college student on an MBA budget can afford this, so maybe a few of you can pick that up. Thirty

percent of the water that's used for it is reused water; half the energy used is renewable; and the cotton is traceable back to the Mississippi Delta. So if we can do things like that with an opening price point, we can do it in lots of areas. So we keep telling stories and showing examples like that within our merchant team. It's an example of us engineering sustainable quality into a product and being transparent about that product with our customers.

As it relates to our forests, we'll achieve zero net deforestation in 2020 in key commodity areas, like private-label paper, pulp and palm oil. We'll also be working on Brazilian soy and beef. Obviously, we all need our forests, and I don't have to make the case for that with you.

As it relates to food, our goal is to become the world's most affordable retailer of safe and healthier foods by 2025, and we're going to be transparent about it. By 2025, we'll double the sales of locally grown produce in the U.S., we'll work with our suppliers to reduce additives, certified synthetic colors, flavors and artificial preservatives, and we'll start with foods like pasta sauce, salad dressing and – Mark, how about we start with soup? Campbell's can help us with that. We'll further reduce sodium, added sugars and saturated fats in key categories in our private brands, and we're going to work with national brand manufacturers to do the same.

Our private-brand products in food, consumables in health and wellness will use 100 percent recyclable packaging by 2025, and we'll start with our U.S. private brands. Those four goals are aimed at becoming the world's most affordable retailer of safe and healthier foods by 2025, and we're excited about pursuing that. We'll also expand and enhance sustainable sourcing of 20 key commodities to include bananas, grapes, coffee and tea.

So we have some big goals as it relates to food. So one question you might ask is, do customers care? Well, in our experience, there are a lot of customers that do. And even more over time are becoming more sensitive and aware of the products that they

are buying and their impact on the world. At the end of the day, really what we think is our job is just to do the right thing, even in areas where customers might not see it or some customers might not care, and to take our supply chain and what we offer and create the path of least resistance for them to make a more sustainable choice, so they don't have to pay more or do something else they might not ordinarily do. By being systems thinkers, we can accomplish that, and we're excited about the fact that transparency is increasing in this area.

Today, you can know a lot more about the products that you are buying. In the future, that's only going to increase, and we're excited about delivering that. Ultimately, as we transform our company to not just be one that runs great stores but also has a strong and thriving e-commerce business, coming together in a way that creates a seamless outcome for the customer. We want to not only save them money, but we want to save them time and make life simpler, and we want to have products and a business that results in more sustainable choices all at the same time.

Based on the last ten years of experience, we're confident that we can help do that.

E-commerce is increasing as a percentage of our business in an important way.

You may have wondered before what I've wondered, which is how wasteful is it, how sustainable is it, to order products online and have them shipped to my home one item at a time, one box at a time?

A few months ago, we announced acquisition of jet.com for \$3 billion. One of the reasons why we were so excited about it is because of sustainability. They had designed a transparent pricing approach combined with the outcome of a basket-driven business, rather than in each business, which is more sustainable. So that basically, the more you buy, the less we charge, saving you money by shipping you more than one item at a time. And as we grow e-commerce, we want to do the very best job we can, not only with the packaging and shipping, but in the way that we interact with customers to drive sustainability. We want to make e-commerce more

sustainable as we scale it and as we put it together with our stores, so that's what we're out to do.

So customers are important. But nothing in our business happens without going through people. It's a people business. Our associates are obviously really important. We've got 2.3 million associates around the world, so it's obviously important, 1.5 million in the U.S. alone. I've heard, being with Walmart for more than 25 years, criticism about retail as an industry and what retail pays and the specific criticism about Walmart. And frankly, that hurts, because my own personal experience at Walmart has been so great, and I've seen so many people at Walmart thrive and take advantage of the opportunities that the company offers. But what we have to do now is to change the company in such a way that we get stronger and improve in that area so that there are even fewer concerns about that into the future.

Today in the U.S., 75 percent of our store management started as hourlies. Being a Walmart store manager is a great job. On average, a Walmart store manager makes \$170,000 a year. But too often in the past, those store managers have had to earn their way to running a store or beyond without the support of great training and development programs. So we started off on this path just a couple years ago to invest an incremental \$2.7 billion in wages in the U.S., we added store structure, and today, we're bringing along training and development so that people have a better shot at taking advantage of the opportunities that are in front of them. One of the reasons that's so important to us is that we're deploying more and more technology into our stores, and we need well-trained associates to be able to work with it.

I want to show you one story about one Walmart associate. This is Timothy:

[Video]

Going through high school, my mom suffered through addiction. I didn't know who I was going to depend on, other than myself. I was living paycheck to paycheck, and I honestly didn't know whether I was going to have enough money to even buy food or

pay a light bill. It was hard, because I was taking care of my fiancé as well, you know? I had to start making decisions to make my life better. I turned in an application at the local Walmart. I got hired on as a deli associate.

My entire life changed. I wanted to be able to provide for my family, and I took that opportunity. Three years ago, I had the most beautiful daughter. I want her to have the life that I never had. I want her to be able to enjoy her childhood. I put in a transfer request for a distribution center, 16-99. Immediately, I was taken in, and this team is, in my opinion, one of the greatest teams you could ever work for.

Everything that I have today is because of my hard work and the opportunities that Walmart's given me.

The fact that Walmart believes in me as a person, as an individual, brings great satisfaction. I have everything that I need to take care of my family. And that's what is most important for me.

I'm the happiest I think I've ever been in my entire life. And I'm able to share that with my wife. I'm able to share that with my daughter. That's all I ever want.

So that's the story of a lot of our associates, but not for all of them. We need to make improvements so that stories like that are increasingly true. So here's what we're up to:

We're going to hire for talent and train for skill. We'll provide our associates with both mobility and stability.

First, mobility. We'll be the place to come for that first job, where they can pick up skills and go on to do more, whether it's within the company or outside the company.

I got my first job unloading trucks at Walmart. I eventually worked as an assistant manager in the store before making it into one of our buyer training programs and was

really excited to do that. I actually rear-ended my boss in his car on my first day at work.

So I came a long way, and you, too, can experience that.

There's a person I want to tell you a story about:

Kinder is one of our recent graduates of our training academy. She's been with Walmart for ten years. She started on the sales floor, and now she's a department manager for the health and beauty aids area. She's shown here with her son, Gurpreet, who is a department manager in auto care. This was the first time in her life that she had ever gotten to wear a cap and gown. And now she's eligible to become a management associate within Walmart. By the end of next year, through these new academies that we're creating, we will train over 250,000 people in Walmart to be eligible for management jobs, people like Kinder. And we're really excited to be able to do that.

Next, stability. Our associates get their schedules more than two weeks in advance.

Recently, we converted to a paid time off system so they are in control of how they use their free time more than they were before. We want to create this stable environment for everybody. Diversity and inclusion are very important in Walmart. We want everyone to be able to do well. We believe women should be paid the same as men for doing the same job, obviously. It's hard to believe we're still having that conversation here in this country. But that's something we believe in.

Finally, we want to make a difference not just for Walmart associates, because the whole retail industry has an opportunity to step up and be even better thought of. And so we at the company and the Walmart Foundation have committed \$100 million to work with others to improve career pathways, training and advancement in the retail sector overall. There are 15 million Americans that work in retail and we want to help

everybody, not just those that work at Walmart. We want to make that ladder of opportunity come to life.

In addition to empowering our own people, customers want us to deliver for them across the supply chain. We're focused on women-owned businesses, local sourcing and American jobs. In 2011, we pledged to source \$20 billion in products from women-owned businesses here in the U.S., and we're on track to meet that commitment.

In 2013, we made a commitment to source \$250 billion in products that support American jobs, and we're also on track to meet that commitment. If we achieve it, as we achieve it, we'll create an additional 1 million jobs here in this country. You may have seen this advertisement. I want to show it for you, and then I'll tell you a story about the factory.

[Lifetime Video]

We do actually want to help make some of those dreams come true. And that factory where the commercial was shot is in Utah.

It's a Lifetime Products factory. They make kayaks and blow-molded plastic stuff, like portable basketball goals.

My sons grew up playing with me on a Lifetime Products portable basketball goal. They've got 1800 jobs in that factory, but because of the program that we have, they are building a new factory in Tennessee, where they'll employ hundreds of new people in Tennessee. So we're excited to be part of that. We love doing things like that.

When customers shop at Walmart, we want them to feel comfortable that the products they buy were sourced responsibly. It's troubling to see the poor working conditions

that exist in some places, with people being forced to work. It's hard to believe that forced labor exists today, but it does. Here's what can happen:

Some vulnerable people group somewhere, a vulnerable group of potential workers, are charged fees to get a job. They raise the money to go do that. Then take off to go get those jobs, and find themselves trapped and in debt. And that stops them from being able to leave that job, even if they want to. We've worked for years now to improve the lives of the workers in the supply chain. What we've learned is that the key to making progress includes working with other people, other retailers, NGOs, governments, non-profits, our own suppliers.

For that reason, I'm proud to announce that Walmart has become a core member of the Leadership Group for Responsible Recruitment, which exists to provide solutions. We'll work on lots of categories, but four in particular we're focused on are seafood, particularly in Thailand, apparel, produce and electronics. We will play a leadership role in promoting the dignity of people who make the products we sell. Those who work in our supply chain should be recruited and employed responsibly.

Communities. Around the world, we've got more than 11,000 stores in these 28 countries. And we take being a part of those communities very seriously. Last year, we gave over \$1.4 billion of which \$1.1 billion was in kind. That 1.4 went towards supporting things like nutrition in local schools, workforce development and health and wellness in communities. We're on track to provide over 4 billion meals between 2015 and 2020 to families who need them. 4 billion.

Finally, we'll continue the great work that we do on disaster relief. We committed \$25 million in disaster resiliency over the next five years on top of the \$60 million that we've invested over the last few since hurricane Katrina. Last year, we performed disaster-relief functions and gave money in 87 different communities around the world, not just here in the U.S. So hopefully this time that I've had with you helps you understand that Walmart's on a journey.

We started in 1962, we had this purpose, we went through this moment in time. We started really focused on our own assets with some involvement in the supply chain. We started really focused on environmental issues. But we understand how important things are related to people, and ultimately, that's what sustainability is all about, isn't it?

So over time, we broadened our goals to include more social aspects. And today, I've shared a number of new things that we're committing to between now and 2025 that we believe will add value and help Walmart do our part, and in some cases, lead and set a really good example for other people.

We'd like to challenge other retailers, our own suppliers, other businesses in general, to join us in this type of business. We believe that it's our role, it's our responsibility. We believe that it's what our customers want us to do. It's what we believe the world wants us to do. We actually believe we're entering into a new era of trust and transparency. When that light gets shined on Walmart, we want you to feel good about what you see. So we'll be working every day to make that story even better as we proceed on this journey. We hope you'll go on the journey with us.

Thank you.