

February, 2008

Certification Audit Program

Wal-Mart Stores, Inc.

Jaime Lastra

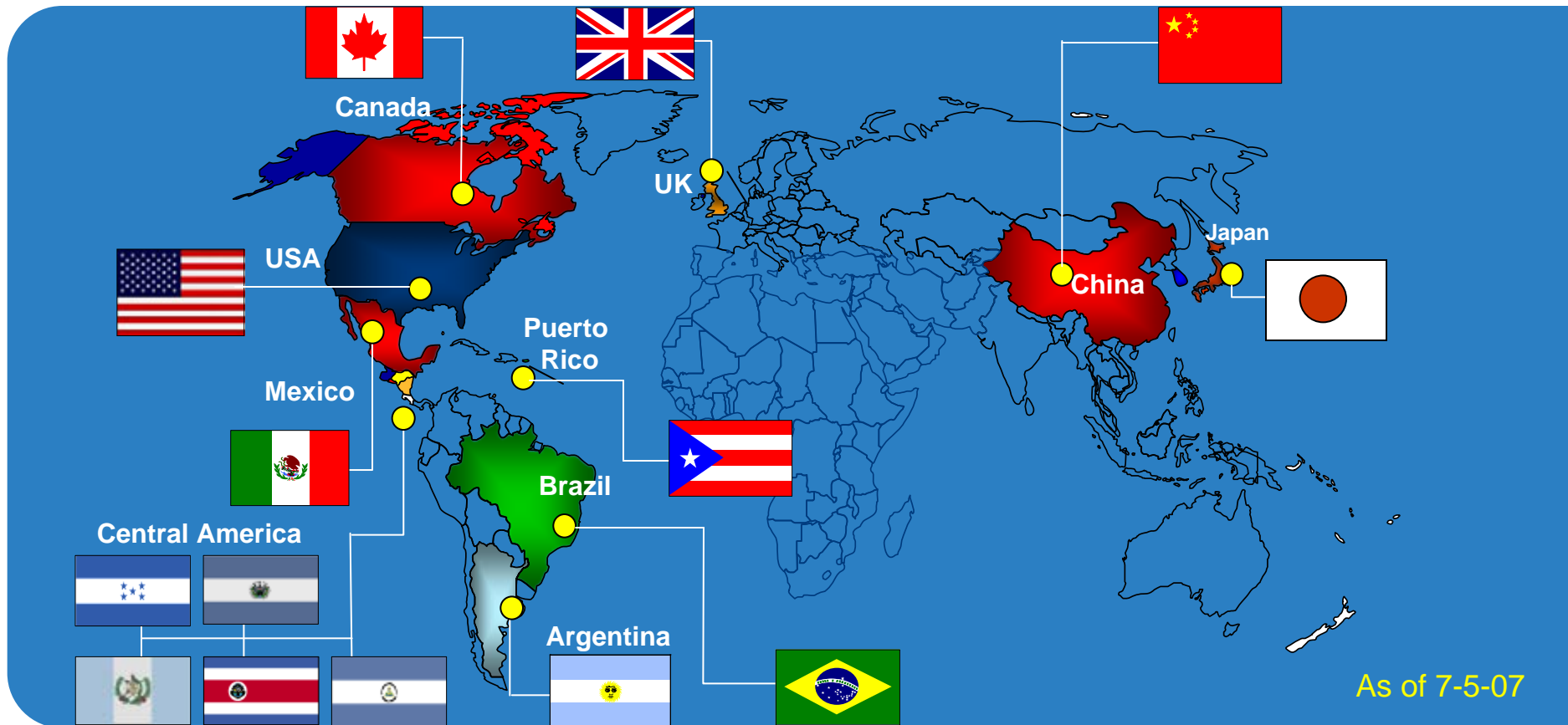
Director of Global Supplier Auditing Team

jaime.lastra@wal-mart.com

Limiting risk exposure in Wal-Mart's Food
Supply Chain

Saving
people
money
so they
can live
better

Global Locations



As of 7-5-07



Wal-Mart Today



Early Warnings

- Food Safety Trends
- Common Denominators
- 02/06 CIES/GFSI Meeting in France

Spinach Outbreak

September 2006

- This was the 20th outbreak of O157:H7 linked to leafy greens in the last 10 years.

FDA, 2007

Do not wait, be proactive

- Reassess your Food Safety Program
- Be current with the new technology
- Recognize new emerging risk

Confidence in Food Safety

- 66% of shoppers are confident that food at supermarkets is safe
 - Down from 82% in 2006
 - Confidence in restaurant food even lower at 42%
- 38% stopped purchasing certain food products out of safety concerns in the past 12 months
 - Spinach, lettuce and bagged salads top the list
- Television is the most used and most trusted source of food safety information
 - Shoppers say food safety is their own responsibility as well as food manufacturers'
- Shoppers take a variety of measures when storing and handling food to help ensure it's safe

1998-2006 Produce Outbreaks

- 5 Commodity groups make up >75 percent of produce-related outbreaks

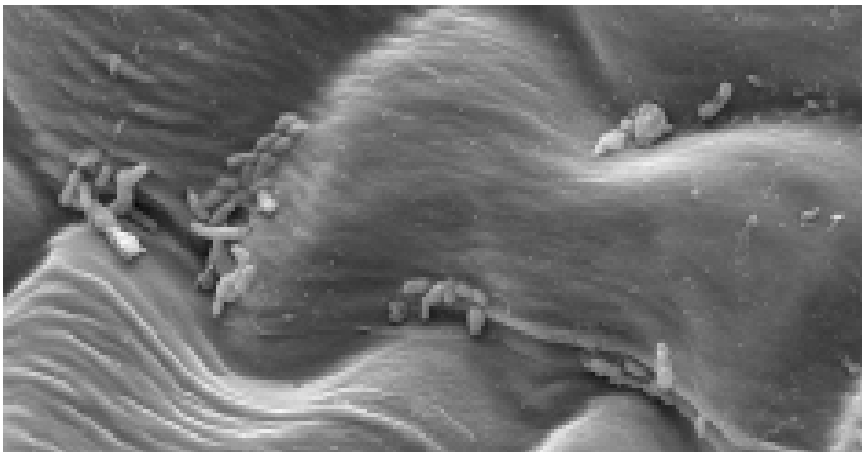
Commodity	% Produce Outbreaks
Lettuce/leafy greens	30
Tomatoes	17
Cantaloupe	13
Herbs (basil, parsley)	11
Green onions	5
	76%

Due Diligence and Liability

- A greater responsibility than in the past
- Larger outbreaks and a larger number of outbreaks
- A variety of fruits and vegetables involved
(lettuce, spinach, tomatoes, melons, herbs, scallions)

Produce Poses Special Challenges

- Often eaten uncooked: a ready-to-eat food
- Difficult to remove pathogens once they attach to surface
- Multiple sources, globally traded
- Highly perishable – sources of outbreaks harder to investigate

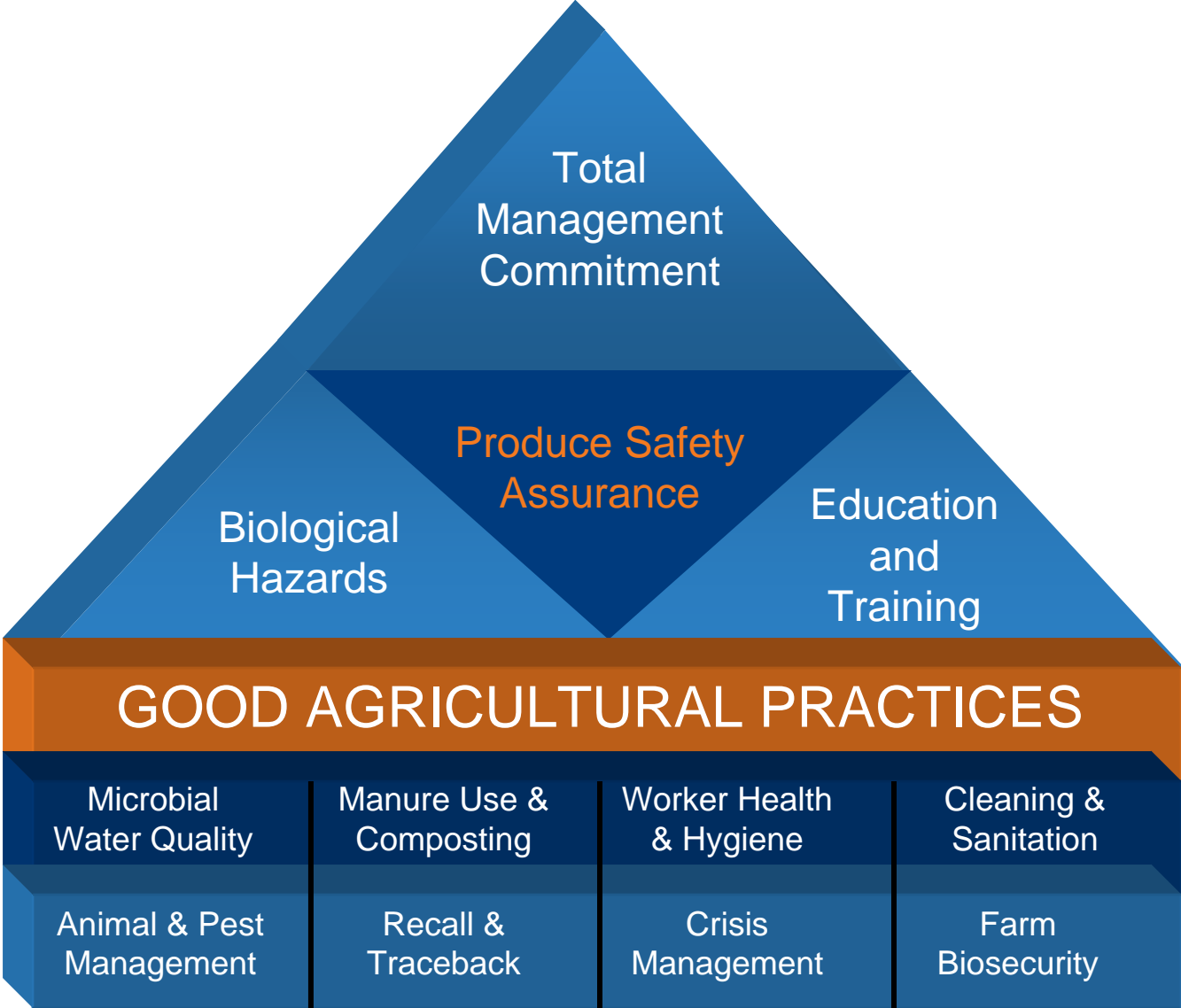


Where Do We Go From Here?

Explore various options to minimize the likelihood of future outbreaks which may include:

- More testing
- More GAPs training & implementation
- Developing appropriate metrics

Produce Safety Assurance Pyramid



Robert B. Gravani, Ph.D.

Standards and Audits – Global Food Safety Initiative

Certification Type Audits

- British Retail Consortium (BRC)
- Safe Quality Food (SQF-2000)
- Safe Quality Food (SQF-1000) / GlobalGAP
- International Food Standards (IFS)

Global Food Safety Initiative (GFSI)?

The Global Food Safety Initiative (**GFSI**) coordinated by CIES - The Food Business Forum, was launched in May 2000. The GFSI Foundation Board, a retailer-driven group, with manufacturer advisory members, provides the strategic direction and oversees the daily management of the Global Food Safety Initiative.

GFSI Mission is to work on continuous improvement in food safety management systems to ensure confidence in the delivery of food to consumers.

- **GFSI Objectives** are to:
 - Maintain a benchmarking process for food safety management schemes to work towards convergence between food safety standards, as outlined in this Guidance Document.
 - Improve cost efficiency throughout the food supply chain through the common acceptance for GFSI recognized standards by retailers around the world.
 - Provide a unique international stakeholder platform for networking, knowledge exchange and sharing of best food safety practice and information.

Certification Audits Benefits

Suppliers

- Reduce the need for inconsistent, costly and multiple audits.
- Are accepted and endorsed by major U.S. and international retailers.
- Create greater confidence and trust between buyers and sellers.
- Comply with regulatory and product traceability requirements.
- Are internationally recognized standards endorsed by the Global Food Safety Initiative.
- Are suitable for all types of food suppliers operating in both domestic and global markets.
- Provide a comprehensive farm-to-retail food safety and quality assurance system.
- Reduce product loss and waste.
- Give competitive advantages over non-certified producers and enhanced market access.

Certification Audits Benefits

Buyers

- Provide cost and time savings by eliminating the need for retailer audits.
- Protect brands, businesses and, ultimately, the consumer by providing the buyer with assurance that the foods they purchase meet the strictest guidelines for food safety and quality.
- Assure consistency in the audit results through established checklists.
- Give confidence in an audit system that requires a certification body to be accredited and a strict approval process for auditors.
- Allows comparison of audit results among suppliers of similar products.
- Enables retailers to meet consumer demands for responsible social, environmental and food defense practices through voluntary program modules and guidance documents.
- Encourages enhanced communications leading to stronger relationships between buyers and sellers.

FOR CONSUMERS

SAFER FOOD !

Wal-Mart Audit Certification Program

All Wal-Mart and SAM'S Club Private Brand and Fresh Departments Food Suppliers are required to have in place or acquire a factory certification against one of the following recognized GFSI (Global Food Safety Initiative) standards:

- SQF Level III (Safe Quality Food)
 - SQF-2000
 - SQF-1000/GlobalGAP
- BRC (British Retail Consortium)
- IFS Higher Level (International Food Standard)

Consumer Focus Group Response

- Respondents reported being slightly more likely to seek-out food from a store that makes suppliers adhere to these standards.
- They felt that any company doing this must "care about their customers"
- Consumers wanted to know when this would happen, and how they would find out about it.
- Many suggested that whatever company is doing this should advertise it, to get the word out.
- Respondents felt this is important and is a step forward, they know about recent recalls, and were looking for anything that can give them greater peace of mind.
- Many respondents appeared to be tired of the broken government oversight system they see as under-funded and under-staffed. They saw this independent initiative as having an opportunity to succeed where government has failed.

Summary

- **Innovation**
 - Always challenge the boundaries of what we know about Food Safety Systems to monitor and support the process.
- **Risk**
 - Assessment and management systems must be integrated into the process
- **Visibility**
 - “Transparency” is critical to enable a responsive collaborative supply chain
- **People**
 - Human dependencies will always exist – ongoing education is critical
- **Communication**
 - A structured and collaborative environment is critical to maintain food safety through the food chain

Thank you

Ensuring Trust by Providing Safe
Quality Products

Saving
people
money
so they
can live
better