



December, 2007

Food Supplier,

At Wal-Mart and Sam's Club, our commitment to our customers is unparalleled and we are always working to ensure the safety and quality of the products in our stores. Food safety, in particular, is a top priority and we are proud of our plans to work with suppliers to go further than many other U.S. retailers to ensure the integrity of our products throughout the entire food supply chain.

Like other retailers, wholesalers and foodservice companies, we ask our suppliers to implement the best food safety and quality management systems. Additionally, we seek assurance that the systems in place have been verified through a rigorous, reliable and independent third-party certification program. However, we plan to go a step further. We are requesting that all our Private Label suppliers (Great Value, Sam's Choice, Member's Mark and Bakers & Chefs) and the suppliers of the food categories described in the attached certification calendar begin the process of achieving factory audit certification against one of the recognized Global Food Safety Initiative (GFSI) standards:

- Safe Quality Food (SQF),
- British Retail Consortium (BRC),
- International Food Standard (IFS),
- or an equivalent such as Global-GAP.

In addition, we are requesting that suppliers be fully certified according the attached Certification Calendar.

This certification audit program replaces the current requirement for an audit by Silliker, NSF, Randolph, Surefish or Cook & Thurber. If your facility is already certified against one of the GFSI standards, all you will need to do is send us a copy of your current audit report and certificate. If not yet certified against one of the GFSI standards, we ask that you inform us of your plans to achieve the requested certification and provide your certification and documentation once obtained.

Information on the certification process and each of the standards is included with this letter. You are free to choose any company to conduct a certification audit as long as they are recognized by the GFSI standards as a certification body.

If you have further questions, please contact our corporate Quality Assurance office at 479-273-8054, or your department/category buyer.

Wal-Mart and Sam's Club recognize that asking suppliers to implement one of the GFSI standards is a major step forward. It will facilitate achieving a common goal to minimize food safety risks, eliminate the burden of multiple audits and maximize returns through improved quality. We value you as a supplier and want to thank you for taking these steps with us.

Sincerely,


Greg Spragg
EVP of Sam's Club Merchandising


Andrea Thomas
SVP of Private Brands


John Fleming
EVP and Chief Merchandising Officer

Private Label Food Category/Product

Phase One

Ground Beef (Fresh & Frozen)

RTE Seafood Products (fresh raw oysters, mussels, clams, etc.)

Fish (Fresh & Frozen)

RTE Meats (hot dogs, cured hams, etc.)

Meat and Poultry (Fresh & Frozen)

RTE Prepared Foods (Peanut butter, shelf stable spreads, etc.)

RTE Cereals, trail mixes & nuts, confectionary, candy

Produce:

Minimally processed cut fruit & vegetables

Salad kits

Beverages (Bottled water)

Baby Foods

Canned foods (chili, canned meats, soups, etc.)

Dairy:

- Fluid Milk & juices
- Sour cream, ice cream, yogurt, & cottage cheese
- Soft cheeses (feta, queso fresco, etc.)

Phase Two

Beverages:

- Fruit drinks
- Soft drinks (carbonated & non-carbonated)

Bakery (breads, custards, biscuits, cookies, & crackers)

Preserved Foods/honey (salad dressing, mayonnaise, sauces, marinades, jelly, & fillings)

Food ingredients & oils (starter cultures, sauces & soup mixes, spices, & dehydrated culinary products)

Recipe Meals:

- Frozen pizzas
- TV dinners
- Main entrée's

Non-Private Label Food Category/Product

Phase Two

Produce:

- Minimally processed cut fruit & vegetables
- Leafy Greens (bagged & prepackaged spinach, romaine & iceberg lettuce)
- Bean sprouts
- Green onion
- Melons
- Tomatoes
- Mushrooms

Ground Beef (Fresh & Frozen)

Fish (Fresh & Frozen)

RTE Seafood Products (fresh oysters, mussels, clams, etc.)

Meat and Poultry (Fresh & Frozen)

RTE Meats (hot dogs, cured hams, etc.)

RTE Prepared Foods (Peanut butter, shelf stable spreads, etc.)

RTE Cereals, trail mixes & nuts, confectionary and candy

Bottled water

Baby Foods

Canned foods (chili, canned meats, soups, etc.)

Dairy:

- Fluid Milk & juices
- Sour cream, ice cream, yogurt, & cottage cheese
- Soft cheeses (feta, queso, etc.)

Certification Calendar

Phase	Start Date	Certification Level	Due Date	Certification Level	Full Certification Due Date
1 Private Label	January 2008	SQF II BRC Pre-Certification IFS Foundation Level	July 2008	SQF III BRC IFS	December 2008
2 Private Label	July 2008	SQFII BRC Pre-Certification IFS Foundation Level	December 2008	SQF III BRC IFS	July 2009
2 NON-Private Label	July 2008	SQFII BRC Pre-Certification IFS Foundation Level	December 2008	SQF III BRC IFS	July 2009

List of Approved Third Party Auditing Companies

	Standard				
	SQF-2000	BRC	IFS	SQF-1000	Global GAP
Third Party Audit Providers	SGS Intertek BVQI NSF SCS Silliker GFTC	SGS Intertek BVQI ISA SCS SAI Global	SGS BVQI ISA Intertek	SGS Intertek BVQI NSF SCS Silliker GFTC	SGS Intertek BVQI SCS
Food Commodity	• All Products	• All Products	• All Products	• Fresh Produce (Farm)	• Fresh Produce (Farm)

GFSI AUDIT CERTIFICATION PROGRAM

FREQUENTLY ASKED QUESTIONS (FAQ)

What is 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. Membership of the Board is by invitation only.

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

The **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.

What are the Global Food Safety Initiative Standards (GFSI)?

Safety Quality Food (SQF)
British Retail Consortium (BRC)
International Food Standards (IFS)

Safety Quality Food (SQF)

SQF offers two different standards, or "codes" – SQF 1000 for primary producers (farms) and SQF 2000 for manufacturers (processing plants). The codes recognize that risk management can be applied to all products, but not all processes lend themselves to a complete HACCP system. Therefore, SQF 1000 is based on the principles of HACCP whereas the SQF 2000 Code is a complete HACCP system.

Also, within each Code there are three levels – fundamental food safety, HACCP based food safety plans, and comprehensive food safety and quality management systems. This allows every supplier, from the smallest farmer to the largest manufacturer, to be eligible for SQF certification.

British Retail Consortium (BRC)

In 1998 the British Retail Consortium (BRC) developed and introduced the BRC Technical Standard and Protocol for companies supplying retailer branded food products. The standard was developed to assist retailers in their fulfillment of legal obligations and protection of the consumer, by providing a common basis for the audit of companies supplying retailer branded food products.

The Standard holds benefits not only to the retail industry but also food manufacturers, importers, caterers, ingredient suppliers and the food service industry. It is currently used by suppliers in Europe, Africa, the Middle East, Asia, the Far East, North and South America and Australasia.

International Food Standards (IFS)

The aim is to create a consistent evaluation basis for all private label producers with uniform formulations, uniform audit procedures and mutual acceptance of audits, which will create a high level of transparency throughout the delivery chain. The service is available for trade, food producers and auditing organizations.

The key criteria included:

- Food safety management systems
- Good agricultural practices / manufacture practices / trading practices
- HACCP systems

Why are third-party audits and certification so important to retailers and wholesalers?

No company can afford to ignore food safety. If they are unable to prove they are providing safe food they will find markets closed to them. Retailers/wholesalers have an obligation to their customers and also need to protect their brand. They do not want to use suppliers who might compromise the trust their customers have in them or who might leave them vulnerable to the possibility of expensive product recalls and litigation. Retailers/wholesalers need a reliable way to select food suppliers who are fully committed to safety and quality. In a global marketplace, this can only be accomplished via third-party audits and certification.

Why are retailers/wholesalers specifically requesting certification audits?

Currently there is no universally recognized standard for food safety. As a result, many food producers have to undergo numerous audits based on different standards. This duplication costs the industry millions of dollars in both time and money. Because GFSI standards are accepted by a large number of retailers from around the world, using this certifications program will help eliminate much of this redundancy.

Hundreds of food standards were reviewed world-wide during the development of the GFSI standards. They are aligned with HACCP, Codex Alimentarius, ISO 9000 and the National Advisory Committee on Microbiological Criteria for Foods.

Do GFSI standards meet government requirements?

Yes, audit certification requires that all regulatory standards for both the exporting and importing country be fully met. These standards are not intended to replace the role of government requirements or standards, but we all realize the job of assuring food safety cannot be met with today's government resources only, and the food industry must accept responsibility for safe food. GFSI standards provide independent verification that product specifications and regulatory requirements have been met. They are voluntary global standards that cross country boundaries.

How much do GFSI Standards cost?

The cost for implementing and maintaining one of the GFSI programs varies on the type of products that are being grown, produced or manufactured, the complexity of the process and the level of certification that is requested. Most food manufacturing companies are already undergoing some type of food safety auditing either internally, or by third party inspection which requires them to have existing policies and procedures.

Why do GFSI Standards include both safety and quality?

These standards are first and foremost food safety standards. However, retailers/wholesalers wanted a program that could combine quality aspects as well as safety into the audit. Assuring consistent quality and meeting buyer specifications are important aspects of the buyer-supplier relationship and for building brand recognition.

Can these standards be used for all types of products and suppliers?

Yes, these standards can be used for virtually every type of product and process.

How these GFSI Standards are different from the other audit programs?

The GFSI standards are more rigorous in that they require a strict approval process for auditors. Auditors must be affiliated with an accredited certification body, meeting international standards set by recognized accreditation bodies such as The American National Standards Institute (ANSI). Auditors are only permitted to audit systems for which they have been registered, based on training and experience. This degree of accreditation and certification, along with an "audit of the auditor" requirement, are unique features not found in other programs.

Who are the GFSI Standards audit companies?

Audit companies are called certification bodies and any certification body is eligible to apply to offer a GFSI Standards audit and certification service. Eligibility requirements include meeting the ANSI accreditation standard and being licensed by SQFI, BRC or IFS.

Audit companies manage the standards audit and certification process under license from SQFI, BRC or IFS. Once a supplier is audited, the certification body reviews the audit report and issues the certificate if all conditions have been met.

Are there other cost benefits or ways that SQF certification can reduce cost to my organization?

Reduction in multiple annual audits is the goal for most organizations and as the number of buyers accepting GFSI Standards certification grows, the drop in "audit-tourism" will have a significant impact on reducing costs.

How long does the audit take?

Again, the cost and amount of time required to complete an audit depends on the complexity and size of the operation and the level of certification requested. For example a vegetable grower and packing audit requesting SQF 1000 Level 1 (Food Safety Fundamentals) may take less than one day, where a complex manufacturing facility requesting SQF 2000 Level 3 of BRC may take 2-3 days to complete.

How do I get more information?

Accreditation Bodies:

SQFI www.sqfi.com
BRC www.brc.org.uk
IFS www.food-care.info

Certification Bodies (3rd Party Auditing Companies):

SAI Global www.saiglobal.com
SGS www.us.sgs.com/cts
BVQI www.bureauveritas.com
NSF www.nsf.org
SCS www.scs-certified.com
Silliker www.silliker.com
GFTC www.gftc.ca
Primus Labs www.primuslabs.com