
Fulfilling Changing Consumer Expectations of the Food Supply

Food and Beverage Companies will adjust to the expressed preferences of consumers. No company does well ignoring its customers. –Warren Buffett, May 2, 2015

The food industry has a long history of responding to changing demands for the products and services its customers desire. Consumer interest in food products and services has evolved, deepened, and diversified from array and price, to convenience and safety, to nutritional characteristics, to how and where foods are available, to how they are produced, processed, and distributed.

Today, with increasing population pressures, resource scarcity, and new environmental, social and animal welfare concerns, many consumers and other interested parties are demanding more from those supplying their food. Agricultural producers are under pressure to produce more with less, reducing their usage of water, agricultural chemicals, as well as their particulate, volatile organic chemical (VOCs), and carbon emissions. Concentrated Animal Feeding Operations (CAFOs) are under the additional pressure to adopt more stringent animal welfare practices. Food processors are under pressure to reduce their energy and water consumption, disposable packaging, wastewater streams, and atmospheric emissions. Logistics providers are challenged to reduce the carbon emissions in the distribution process. Retailers and restaurants face pressure from non-governmental organizations (NGOs) and consumers on a variety of nutritional, social, environmental, and animal welfare issues. All the above pressures are intensified by today's communication technology: immediate and constant feedback via social media.

The evolution, divergence, and segmentation of consumer interests in foods and the companies producing them create challenges to food businesses. Leadership must determine what is important when priorities vary from person to person, then gain agreement among and coordinate all participants in the supply chain to meet these consumer demands.

Several progressive companies in the food industry recognize this challenge as an opportunity to deliver long-term profitability to their firms if they can get it right. By properly aligning their supply chains with consumer expectations, these companies seek to benefit from delivering

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to consumers a complete package of value: variety, low cost, safety, speed, convenience, and favorable environmental, social, and animal welfare scorecards. These companies stress that improving working conditions, contributing to their communities, treating animals humanely, and protecting the environment are not only admirable goals, they are also good business strategies. They argue that implementing socially and environmentally friendly supply chain management has the potential to eliminate waste, generate cost savings, improve customer loyalty, create more favorable public opinion and, ultimately, boost financial performance.

But how are companies exploiting this opportunity, converting the idea to action? What are the challenges of aligning the supply chain to the expectations of an increasingly diverse consumer population? What companies and industry groups have successfully implemented programs that meet their customer demands and how have they succeeded?

An Evolving Consumer Demand

Virtually all consumers are interested in the value of food they consume. The food industry, from input supplier through retailer, has responded to consumer demand for value by creating efficiencies in food production and distribution in much of the world, leading to a steady improvement in its affordability. Today, Americans spend, on average, less than 10 percent of their disposable income on food, down from more than 25 percent in 1933.¹

Food companies have also responded to consumer demand by expanding the array of food products available (new-product development and introduction, product line extensions, global sourcing, expansion of fresh produce and prepared food offerings), improving quality (better varieties, better manufacturing and distribution practices), improving their nutritional wholesomeness (better post-harvest handling, packaging, cold-chain management, nutritional fortification), providing greater consumer information (labeling, advertising, sampling), and adding convenience (processing, packaging, distributing).

In addition, food companies have responded to consumer demand for value by reducing the risks of food-related illnesses. The science of epidemiology has played an important role in this regard as scientists are increasingly able to identify biological, chemical, and physical causes and pinpoint sources of food borne contamination and disease. Through the adoption of food safety and quality assurance regimens, including HACCP programs (Hazard Analysis and Critical Control Points), the safety of the food supply has dramatically improved. These developments have empowered the participants in the supply chain to establish and monitor compliance to stringent production standards. Government regulatory bodies including the US Department of Agriculture (USDA) and the Food and Drug Administration (FDA) also play an important role in setting and enforcing these standards.

An influential sector of consumers is also interested in, as part of the value equation, how its food is produced and supplied. These consumers vocalize a host of social, environmental, and

1 Economic Research Service, USDA

animal welfare impacts of producing, handling, processing, and marketing the foods they consume.

Some of the social and animal welfare issues these consumers have raised:

1. Labor: What are the labor conditions involved in producing, handling, processing, packaging, and distributing this food product? Does the work force earn “fair” wages and benefits? Is acceptable, affordable housing available or provided? Are working conditions reasonable? Is the work force legally employed? Are underage workers involved?
2. Nutrition: Are the products provided contributing to society’s nutritional wellbeing or are they linked to societal health issues, such as obesity, diabetes, or heart disease?
3. Animal welfare: Do the firms supplying this food prioritize the humane treatment of animals (poultry cage size, free-range grazing, swine gestation crates, “ethical treatment” of animals)?
4. Small and local farms: Do the companies supplying the products support smaller farms, family-owned farms, local farms, and poorer farmers?
5. Ethics: Are each of the companies involved in supplying these products dedicated to a high standard of ethical behavior among stakeholders?
6. Societal contributions: Do the companies involved contribute (beyond employing their work forces), in meaningful ways, toward the benefit of the communities in which they do business?

Environmental issues often raised:

1. Resource management: Are the input suppliers, producers, handlers, processors, packagers, and distributors good stewards of the resources (land, forests, oceans, water, energy, air) they use? Are they managing scarce resources efficiently? Are the companies addressing waste streams and recycling to minimize waste and their impact on the environment?
2. Wildlife protection: Are open spaces, wetlands, and wildlife being preserved?
3. Pesticide and antibiotic use, organic farming, and natural ingredients: Are the growers dedicated to the application of the minimum amount of herbicides, fungicides, and insecticides required? Is the food sourced from organic growers? Are antibiotics or growth hormones involved in production? Are the processors using “natural” ingredients?

4. Technologies (including biotechnology): Are the companies involved using technologies proven to be environmentally safe?
5. Global warming and climate change: Are the companies involved using renewable energy sources? What is the “carbon footprint” of the product and are the suppliers dedicated to reducing that footprint?

The Challenges

Responding to the diverse array of economic, nutritional, animal welfare, social, environmental and other evolving consumer issues poses a number of challenges to companies in the food industry.

The Supply Chain: The first challenge involves the recognition that the consumers’ supply of food is not the result of a single company’s efforts. Rather, it is a culmination of product and information flows among input suppliers, producers, handlers, processors, marketers, and distributors collectively referred to as the supply chain. Many potential benefits are achievable only with cooperation among supply chain partners. To deliver food products meeting consumer expectations, all players in the supply chain need to be aligned and operating under that common goal.

Leadership, Expertise, and Collaboration: A second challenge is that creating an effective, responsive supply chain requires leadership. The leader must be equipped with an economically persuasive message to encourage and motivate all participants in the chain to adopt a common set of practices meeting consumer desires. Rarely will one participant in the chain (including the leader) have the skills and knowledge necessary to determine appropriate practices alone. Each participant knows the intricacies of its business—what is and isn’t feasible—better than any other member within the chain. Thus, a degree of collaboration is generally required. A top-down approach is fraught with problems.

Food retailers and restaurateurs with highly visible brands are often motivated to provide this leadership because of their close relationship with the consumer. They are particularly vulnerable to the lack of uniform industry-wide definitions and standards as they face direct pressure from consumers and NGOs. If these retailers fail to act, they risk exposure to consumer/activist action, including adverse publicity and boycotts.

The Limitations of Standards and Certification Programs: To encourage all participants in the supply chain to perform as desired, some companies choose to set standards for their supply chain partners. The advantages of uniform, well-written standards are that they can be clear, precise, measurable, and enforceable. They define a goal to be achieved. They are most effectively employed when an end point is easily defined and when performance can be readily measured against the standard. To be credible, there must be a means to audit performance against the standard, an ability to enforce proper implementation and compliance, and transparency to the consumer. Product quality is an example where standards work well.

However, standards have their limitations. The rigidity of standards makes them less effective in addressing evolving issues. Social, environmental, and animal welfare issues are often less precisely defined, the issues frequently involve tradeoffs, and the environment is dynamic. Scientific discoveries add new insights, technologies change, and consumer interests, perceptions, opinions, and priorities change. Thus, fulfilling these consumer expectations is a dynamic process of progression toward improvement rather than an end goal. Standards are not as effective in dealing in an environment where the bar is constantly moving.

The rigidity of standards also creates problems when a supply chain consists of producers varying in size, scale, location, and production methods. Standards suitable for a large domestic operator may be unsuitable for a small farmer in sub-Saharan Africa.

In some industries, certification programs have been developed to address various social and environmental issues and provide an independent verification process. One of the more familiar certification programs touting social benefits is Fair Trade Coffee. This program, established in 1988, was instituted and promoted as an assurance to consumers that the participating growers were receiving a fair price for the coffee they produced.

While certification programs such as Fair Trade Coffee can be helpful in meeting consumer expectations, users of the coffee program point out two limitations:

1. The supply of product might not be adequate to meet the demand. In the case of coffee, only about 5 percent of the world's supply is Fair Trade certified.
2. The certification program might not be fully targeting what the consumer is seeking. In the case of Fair Trade Coffee, the focus is on labor and economic issues. Some major coffee procurers, such as McDonald's, are interested in a broader range of issues—environmental, ethical, and economic—in the coffee they purchase.

There have been a number of other published criticisms²³⁴⁵⁶ of the Fair Trade Coffee program over the years, illustrating the challenge and complexity of converting a noble idea into a workable system that achieves its intended goal. These criticisms also illustrate the importance of validating that the certifiers are doing what they say. In response to user needs and its critics, the Fair Trade Marketing Program is evolving to broaden its scope and measure performance more holistically.

2 Griffiths, P. "Ethical Objections to Fair Trade"; *Journal of Business Ethics*, July 2011

3 Valkila, J., Haapaanta, P. & Niemi, N. "Empower Coffee Traders? The Coffee Value Added Chain from Nicaraguan Fair trade Farmer to Finnish Consumers"; *Journal of Business ethics* 87; 257-270.

4 Killan, B. Jones, C., Pratt, L. & Villalobos, A. (2006); "Is Sustainable Agriculture a Viable Strategy to Improve Agriculture in Central America? A Case Study on Coffee." *Journal of Business Research* 59 (3) 322-330.

5 Mendoza, R. Bastiaensen (2003); "Fair Trade and the Nicaraguan Segovias." *Small Enterprises Development* 14 (2), 36-46.

6 Welzman H. 2006, September 8 "The Bitter Cost of Fair Trade." *Financial Times*

Divergence in Perspectives: A fourth challenge in satisfying evolving consumer demands arises from the wide divergence of definitions, perspectives, opinions, and priorities on what constitutes value in the food supply. The economic component is relatively simple: From virtually all perspectives, lower cost for the same item is preferable to higher cost. Similarly, the debate regarding food safety is relatively one-sided. Most consumers expect the food they consume to be absolutely safe.⁷

However, perceptions, definitions, and opinions on what constitutes nutritionally superior, socially and environmentally friendly, and ethically and humanely produced vary (as evidenced in the lists above)—not only among consumers, but also scientists. Many of the descriptive ideals this sector of consumers desires are not precisely definable: fair, acceptable, reasonable, meaningful, ethical treatment are judgmental terms, subject to individual interpretation. While absolute is a precise term, proving a technology to be absolutely safe—the argument used by those opposing genetic modification (GMOs)—is beyond the capability of the scientific method.

Swine gestation and farrowing crates: Pork production provides a typical case where differences in perspectives and opinions pose challenges for those attempting to create appropriate standards. The pork industry, for years, has been under pressure to eliminate a technology confining the movement of the mother sow during late pregnancy and following birth of the litter. A majority of the sows produced in the U.S. currently are confined to gestation crates during pregnancy in order to reduce the animals' natural tendency to create a social hierarchy and to prevent injuries from fighting. After giving birth, the sows are transferred to larger, but still confining farrowing crates to prevent the piglets from being crushed by the mother sow. Opponents of crate technology consider gestation and farrowing crates to be unhealthy and inhuman for the sow. Proponents consider the technology more humane in that it reduces wounds and death from fighting and decreases the mortality rate of newborn piglets.

The farrowing and gestation crate example illustrates a further complication in establishing appropriate standards: Meeting consumer demands often involves tradeoffs. In pork production, achieving the desired sow freedom, comfort, and ethical treatment will require investment to convert existing barns to provide additional space for the sows and new, more labor-intensive management methods. This investment and additional cost will necessarily be recovered from the consumer through higher pork prices.

Thermal processing increases the safety of food, but changes its nutritional characteristics by destroying heat sensitive nutrients.⁸ Nutritionally fortifying foods can increase a food's vitamin, mineral, or protein content, but generally requires processing that some consumers consider less wholesome than unprocessed. Genetic modification can add desirable characteristics to the food supply (more efficient production, nutritional enhancement, greater

7 Even this seemingly straight-forward expectation is impossible to achieve. For example, standards for processed, low-acid canned foods with extreme built-in safety margins recognize that thermal processing lowers, but does not eliminate the probability of botulism in each can.

8 Thermal processing has also been shown to increase the nutritional properties of some fruits and vegetables including tomatoes (lycopene), spinach (degrades oxalic acid), and carrots (beta carotene).

drought tolerance, increased disease resistance, lower fertilizer requirement, superior yield, etc.). But, some argue, these benefits come at the risk of environmental degradation (so far, unsubstantiated scientifically). Many consumers consider organically produced foods to be nutritionally superior to conventionally produced foods. But, limiting the available inputs for organic production will likely curtail yields. Organic foods also are frequently priced higher to the consumer.

The lack of widely accepted definitions and priorities leads to difficulty in creating standards and measuring, auditing, and verifying performance. If definitions are not agreed upon and consistent, how can performance be measured, how can data be compared, and how can value be created from performance information collected? The goal of harmonizing national—much less global—standards, practices, and measures seems distant without uniform definitions.

Complexity of Issues: The divergence of consumer perspectives is not surprising given the complexity of many social, environmental, and animal welfare issues. Simple solutions are often unavailable and the implementation of these solutions may not have a meaningful or even the intended impact. Furthermore, science, technology, and consumers are all dynamic. Science continues to uncover new truths, technologies advance, and consumer opinions and priorities change. As new data are accumulated and new technologies developed, the understanding of problems and how they should be addressed frequently changes. One corporate executive recently summarized elements of this issue when she noted, “The challenge with the definition of sustainability is that it is in the process of continuous change. When do you declare something sustainable?”

Appendix I provides three examples (Carbon Footprint and Climate Change, Aquifer Over-Drafting, and Nitrate Contamination of Groundwater) where complexity of issues, additional information, and differences of opinion create challenges in establishing appropriate standards addressing environmental and social issues.

Barriers to Sound Decision Making: “No matter what science says, many issues remain contentious because the social decision-making process is complex,” states The Center for Food Integrity, a group focused on identifying and overcoming barriers to informed public evaluation of innovation and technology in the food system. In its 2014 Research report entitled: *Building Trust When Science and Consumers Collide*⁹, the Center identifies several barriers to sound decision making on technology and innovation:

Cultural cognition: The tendency of people to conform their beliefs about controversial subjects to group beliefs that define their cultural values.

Confirmation bias: The tendency to favor information that confirms their existing beliefs and opinions regardless of its veracity.

9 The Center For Food Integrity, 2014 Consumer Trust Research. “Cracking the Code on Food Issues: Insights from Mom’s Millennials and Foodies.”

Tribal communication: The tendency of people, facilitated by the internet and social media, to develop silos of interest such that they find others with similar opinions and reinforce these beliefs through association, whether they are scientifically valid or not.

The Global Supply Chain: Another challenge to establishing practices meeting evolving consumer demands results from the global nature of the food business. It is challenging enough to organize all participants in a domestic supply chain, to gain agreement upon a common set of practices, and to monitor and enforce compliance with these practices. This challenge is increased considerably when foods and ingredients are sourced and distributed internationally. The size and production methods of the producers as well as the tradeoffs consumers are willing to accept vary by country, culture, and economic well-being. How are consumer expectations for the food supply to be met when production methods, consumer interests, working conditions, laws and regulations, and local practices vary considerably from country to country?

Will the Consumer Bear the Cost? A final challenge arises from the cost of implementing more extensive food industry standards and practices. In some instances, such as food safety, the underlying assumption is that the benefit is worth the cost to create and assure it. In other cases, implementing standards and practices, such as converting to more energy or water efficient practices, reducing packaging or changing design of the product to reduce material/energy used in fabrication or distribution may reduce the cost of a product. Such practices generally will be adopted, driven by the free market's natural progression toward efficiency. But in some cases, practices implemented in the name of responsibility may increase the cost of production and delivery, such as fair traded coffee, conversion to higher cost solar power, expanding cage sizes for egg-laying hens, or implementation of carbon footprint schemes. In the absence of legal mandates, higher cost "socially or environmentally friendly" products must be capable of commanding premium prices covering these costs for their supply chains to remain competitive.

Approaches to Meeting These Additional Consumer Interests

Many food companies have embraced the burgeoning consumer interest in socially and environmentally friendly practices, building these enhancements to corporate responsibility into their business strategies. Other companies have followed, recognizing their vulnerability to the costs of being late adopters or potential targets of consumer activist groups should the trend continue to grow. Still others have recognized and acted on the need through their commodity associations working collectively to differentiate or protect their entire industries. Two strategies have emerged to address this issue:

- The development and adoption of proprietary definitions and practices as a point of differentiation from competitors (Starbucks, Whole Foods, Chez Panisse).
- The encouragement to develop a uniform set of socially and environmental-friendly practices, similar to food safety, because it is the "right thing to do." This strategy may also be motivated, in part, to avoid the potential for chaos (wasted time, effort, and resources of companies acting alone) throughout all levels of production and distribution (McDonald's, Walmart).

Below are examples of some companies and groups leading their sectors in addressing the emerging concerns of their customers.

McDonald's: McDonald's unique supply chain is at the heart of the company's success in supplying over 65 million customers worldwide each day. Not surprisingly, McDonald's has been on the sustainability journey for decades. Its approach has evolved from reactionary (responding to individual issues and opportunities) to strategic (integrating sustainability into its overall supply chain management). The company's long-term aspiration is to source all of its food and packaging from verified sustainable sources.

The company's vision for sustainable supply is based on its three Es: ethical, environmental, and economic outcomes. The ethical focus addresses how people and animals are treated in its supply chain, the environmental, about protecting natural resources, and the economic, about the long-term financial health of the entire value chain (including farmers) and equitable trade practices.

The company has worked with the World Wildlife Fund since 2010 to prioritize its sustainable sourcing work. Together they defined priority areas based on product impact (such as biodiversity or deforestation) and influence to create positive change. The six priority products for which 2020 sustainability goals have been established are fiber, fish, coffee, palm oil, beef, and poultry. McDonald's continues to work with WWF to evaluate progress and opportunities for improvement.

McDonald's has contributed to positive industry change in sustainability over the years through its leadership in developing programs and tools to assist suppliers:

Supplier Workplace Accountability Program (SWA): The cornerstone of SWA is the Supplier Code of Conduct (see Appendix II). This code sets clear guidelines on human rights, environmental management, workplace environment, and business integrity that help its suppliers understand McDonald's expectations and how to live up to them. Each supplier signs the Supplier Code of Conduct. Complementing this code, a detailed supplier guidance document, annual self-assessments, and on-site third-party audits are used to monitor compliance with its standards and to promote continuous improvement in performance. Online supplier training and tracking tools are also provided to assist suppliers in meeting these guidelines. The requirements apply not only to McDonald's direct suppliers, but to their suppliers as well.

Environmental Scorecard: Suppliers are required to set goals for, track, and report their energy consumption, water usage, and waste generation.

Animal Welfare: The Company has long-standing commitments to enhance Animal Health and Welfare. These include requirements that are verified through third party audits. Standards and guidelines were developed in collaboration with industry expert and leader, Dr. Temple Grandin. Many of the practices developed are today part of the American Meat Institute's Animal Handling Guidelines.

Eggs: McDonald's was a founding member of the Coalition for a Sustainable Egg Supply (CSES). Its egg supplier was a leader in CSES's commercial production research project. (See CSES discussion below.)

Fish: McDonald's supported early work establishing fishery industry standards with Conservation International and continues to work with The Sustainable Fisheries Partnership (SFP). Today, McDonald's is certified by the Marine Sustainability Council, assuring stakeholders that its wild-capture fisheries conform to internationally recognized standards for environmental sustainability.

Gestation Crate-Free Pork: On May 31, 2012, McDonald's announced its ten-year plan to work with its pork suppliers to phase out the use of gestation stalls in its U.S. pork supply.

Global Vision for Antibiotic Stewardship: In 2014, McDonald's assembled a team of experts from around the world to study anti-microbial use in food animals. The company intends to work with governments, NGOs, veterinary and university Extension networks, industry leaders, and retailers in roundtables to gain alignment and identify paths toward its vision for anti-microbial stewardship worldwide: "Preserving anti-microbial effectiveness in the future through ethical practices today."

Deforestation Commitment: On April 21, 2015 McDonald's announced a global commitment on deforestation across the company's global supply chain. The pledge encompasses all of the company's products focusing on beef, fiber-based packaging, coffee, palm oil, and poultry. For these priority products, the company will begin developing specific time-bound sourcing targets in 2015. McDonald's will continue working collaboratively with a broad range of stakeholders to develop long-term solutions designed to combat deforestation around the world.

The company recognizes that it is in a somewhat unique position to encourage positive change. Because of its long-term relationships, its suppliers work together collaboratively to drive continuous improvement in sustainability outcomes. The company has established product councils with sustainability sub-teams in logistics, baked goods, produce, etc. Each team is working to reduce energy, water, and waste impacts and share best practices.

The Company also established a Supplier Sustainability Leadership Council that helps McDonald's communicate its expectations to the supplier community to more effectively drive changes. Collaborative programs of this Council include a resource website, a quarterly communication newsletter, a mentoring program, a "Sustainability in Action" tour (council members visit suppliers to learn about best practices), and periodic summits.

McDonald's also participates in a variety of external industry collaborative efforts to drive change within its supply chain and industry. These associations include the Global Roundtable for Sustainable Beef, the U.S. Roundtable for Sustainable Beef, Field to Market, and the Roundtable for Sustainable Palm.

Finally, McDonald's recognizes exemplary suppliers through its annual Sustainability Awards including "Best of Green" and "Best of Sustainable Supply."

Walmart has also expanded the depth of social and environmental responsibility into its business strategy and supply chain. To that end, the company has instituted a comprehensive program known as its Responsible Sourcing program.

One of the important features of Walmart's program is the set of standards it establishes for its suppliers (see Appendix III). Walmart suppliers are contractually required to sign its

Standards for Suppliers before they are approved to produce merchandise for sale at Walmart. These standards make clear its fundamental expectations for suppliers and factories regarding the treatment of workers and impact on the environment. The standards are used to evaluate employment practices and environmental compliance in facilities producing merchandise for the company. Suppliers are required to display these standards in the local language in all factories where products are made for the company, so workers know its expectations of suppliers and factory management. All suppliers and their manufacturing facilities, including all subcontracting and packaging facilities, are held to these standards.

To help verify that the requirements in its Standards for Suppliers are met, the company hires independent auditing firms to conduct unannounced comprehensive social audits of the factories' practices across its global supply chain. All of its facility social audits are conducted by independent accredited and internationally recognized auditing firms. In 2013, 20,322 assessments were conducted across 15,027 active factories. If a factory fails to meet the Standards for Suppliers, it must take corrective action to improve its performance or the factory might not be permitted to produce Walmart merchandise.

Another important feature of Walmart's program is its environmental sustainability initiative. As the world's largest retailer, Walmart recognizes that its actions have the potential to save its customers money and help ensure a better world for future generations. At the same time, its actions set the stage for a more financially stable and responsible company.

Under this initiative, three long-term aspirational goals guide company decisions:

1. Energy: Be supplied 100 percent by renewable energy
2. Waste: Create zero waste
3. Products: Sell products that sustain people and the environment.

Today, the company publicizes the following actions it is pursuing toward reaching these environmental goals:

- Committing to examining and reducing its carbon footprint, and working with its suppliers to do the same.
- Rethinking processes, using smarter packaging, recycling and reducing plastic bag use driving toward creating zero waste.
- Integrating a new retail standard that will assess and improve the sustainability of its products.
- Focusing on water stewardship through the implementation of technology in its stores and clubs.
- Striving to lead the industry in testing and deploying clean technology to reduce fuel consumption and air pollution.

- Committing to reduce food waste, help farmers optimize production, and sustainably source agricultural products.
- Instituting a 10-year, \$35 million commitment to purchase and preserve an acre of wildlife habitat in the U.S. for every acre of land it develops.

Authors Erica Plambeck and Lyn Denend in “The Greening of Walmart’s Supply Chain... Revisited”¹⁰, illustrate a benefit accruing from Walmart’s Responsible Sourcing Program. They describe the Company’s success at pelletizing its plastic waste and selling these pellets to its packaging supplier, converting a \$16 million annual cost to a \$28 million annual revenue stream.

Starbuck’s has also been a leader in developing a corporate culture of environmental and social responsibility and a “green” supply chain. It has developed and actively promotes its commitment to sustainability which it defines as “an economically viable model that addresses the social and environmental needs of all the participants in the supply chain from farmer to consumer.”

For its coffee procurement, Starbuck has established a defined set of criteria known as C.A.F.E. Practices which it describes on its website:

“The cornerstone of Starbuck’s approach is Coffee and Farmer Equity (C.A.F.E.) Practices, one of the coffee industry’s first set of sustainability standards, verified by third-party experts. Developed in collaboration with Conservation International (CI), C.A.F.E. Practices has helped us create a long-term supply of high-quality coffee and positively impact the lives and livelihoods of coffee farmers and their communities.

C.A.F.E. Practices includes guidelines in four key areas: quality, economic accountability and transparency, social responsibility, and environmental leadership. Taken together, the standards help farmers grow coffee in a way that’s better for both people and the planet. These include:

Product Quality: All coffee must meet our standards for high quality.

Economic Accountability and Transparency: Economic transparency is required. Suppliers must submit evidence of payments made throughout the coffee supply chain to demonstrate how much of the price that we pay for green coffee gets to the farmer.

Social Responsibility: Measures evaluated by third-party verifiers help protect the rights of workers and ensure safe, fair and humane working and living conditions. Compliance with minimum-wage requirements and prohibition of child and forced labor is mandatory.

Environmental Leadership: Measures evaluated by third-party verifiers help manage waste, protect water quality, conserve water and energy, preserve biodiversity and reduce agrochemical use.

10 Plambeck, Erica L. & Denend L. “The Greening of Wal-Mart’s Supply Chain...Revisited,” Supply Chain Management Review, September/Octobr 2011.

We believe in the continuous improvement of our suppliers and know objective measurement and evaluation is critical. Farms and mills are evaluated by third-party verification organizations overseen by SCS Global Services, a subsidiary of Starbuck's set up specifically to oversee this program, to ensure the quality and integrity of the third-party verification process. The company trains and approves third-party organizations who verify suppliers participating in C.A.F.E Practices.

All of the information we receive from farmers, suppliers and stakeholders allows us to continually improve C.A.F.E. Practices and make farmer participation more meaningful and relevant.

Important additions to the program include practices for supporting the long-term productivity of coffee farms through coffee renovation, or replanting. Additionally, tracking climate change impacts and creating adaptation plans are encouraged to minimize the effects farmers experience from climate change.

We are committed to not only increasing our own C.A.F.E. Practices purchases, but also to making the program available to the entire coffee industry—even competitors. We opt for an “open-source” approach, sharing our tools, best practices and resources to help all producers make improvements in the long-term sustainability of their farms. We are continuously improving this program by working with groups, such as Conservation International, to measure the true impact our purchasing programs have on participating farmers and producers.

Our Farmer Support Centers are available to support farmers interested in participating in C.A.F.E. Practices and in creating farm management and work plans to achieve their goals. This includes the work we're doing at Hacienda Alsacia, the coffee farm we bought in Costa Rica in 2013. Not only is it an operational coffee farm, it's an agronomy research and development center that will help us continue to develop sustainable farming practices we can share with farming communities around the world.”

Unilever has focused on supply chain sustainability to drive growth. In 2010, Unilever launched an organizational transformation plan that required changes in processes, policies, and corporate culture. Sustainability was incorporated as part of its long-term strategy. Unilever was no longer following others or implementing sustainable procedures in response to external factors. Rather, the company created a vision for growth in sustainability, sales, positioning, and consumption that would span the next 10 years.

To achieve its goals, Unilever created a dedicated division focused on aligning its strategy to sustainability. This division included not only experts in engineering and business, but also agronomists who could provide perspective and add a necessary skillset to the team. This team was instrumental in enabling Unilever to modify manufacturing by investing in and incorporating environmentally friendly equipment in their production process and redesign some of its transportation processes to lower shipping and handling costs.

The company notes two key features of its commitment to sustainability:

- The establishment of a Chief Sustainability Officer (CSO) to oversee all aspects of the company's efforts.
- A focus on learning and influencing its suppliers' business practices. Knowledge about its upstream supply chain helps Unilever encourage those with a complementary commitment and eliminate those suppliers not aligned with their vision of sustainability.

Western Growers Association: In 2006, the convenience-based bagged lettuce/spinach/leafy green vegetable business was riding a wave of success, taking an increasing share of the fresh produce market. The wave came crashing down, however, in September 2006, when an outbreak of *E. coli* O157:H7 in North America sickened a reported 276 people, killing 3. The source of the contamination was linked to organic, bagged spinach packaged by Earthbound Farms in San Juan Bautista, California. Bagged spinach from all producers was removed from all domestic retail shelves and food service menus. Sales of packaged fresh vegetables dropped precipitously and would not begin to recover for over 6 months.

Facing major reputational as well as economic losses, the fresh produce industry supported its industry association, Western Growers, in funding emergency research to identify risks and mitigants to these risks in growing, handling, processing, packaging, and distributing fresh, bagged leafy green vegetables. The association, in collaboration with universities and government agencies, played a major leadership role in establishing and publicizing food safety standards for the leafy green supply chain, returning these products to retail shelves and restaurant menus, reversing public perception, and restoring confidence in the safety of these products.

Nearly a decade later, Western Growers continues to support the ongoing improvement, enhancement, and strengthening of food safety in the production of leafy greens. Among many initiatives, the association has established a yearly amendment process to review and update the food safety guidance documents utilized by the Leafy Green Marketing Agreements (LGMAs) in California and Arizona.

Coalition for Sustainable Egg Supply (CSES): The egg industry has been under pressure for many years to change its practices to provide greater space to laying hens. Despite this pressure, the industry was slow to respond prompting animal welfare activists to draft legislation forcing the industry to change. In 2008, California voters passed Proposition 2 (Prevention of Farm Animal Cruelty Act), banning the use of conventional cages and mandating egg layer cages to nearly double in size. Despite the lack of research supporting the law's mandates, the proposition was approved by voters. By 2010, legislation banning or limiting the use of conventional cages had also passed in several other states.

The egg industry was largely unprepared for such a dramatic change. Few commercial-scale egg production facilities had non-conventional housing systems from which to draw information or conduct research.

To address this lack of commercial scale, systems-based research, CSES was formed in 2010. The Coalition is a multi-stakeholder group comprised of 27 leading animal welfare scientists, academic institutions, NGOs, egg suppliers, and restaurant/foodservice and retail food companies. Its objective is to holistically evaluate various laying hen housing systems based on their impact on multiple variables of sustainability. Those variables were defined as food safety, the environment, hen health and well-being, worker health and safety, and food affordability. Results from the research show the impact of each hen housing system on these five variables

and demonstrate that there are clear tradeoffs to consider. The answer to which housing system to adopt depends on how one prioritizes and balances these variables.

The National Cattlemen’s Beef Association (NCBA) also has a strong track record of proactively developing standards for its industry to meet rising consumer expectations. The nation’s beef industry has been a target of criticism for a variety of environmental and social issues including its contribution to greenhouse gas emissions. This criticism culminated in the 2005 United Nations Food and Agricultural report titled “Livestock’s Long Shadow: Environmental Issues and Options” in which livestock were blamed for 18% of the world’s man-made greenhouse gases, more than the contribution from the world’s transportation. Though the findings of this report were soon proven to be inaccurate and unfair (Dr. Frank Mitloehner, Department of Animal Science, University of California-Davis), it served as a catalyst to galvanize industry support to fund an ongoing, comprehensive industry examination of its sustainability. Led by the NCBA and funded through its Beef Checkoff program, the beef cattle industry, in 2011, initiated its Beef Sustainability Initiative, the largest and most holistic sustainability assessment ever attempted for an agricultural commodity.” This sustainability initiative extends well beyond the issue of greenhouse gas emissions to encompass a broad range of environmental (including water, air, land), social (including animal welfare, food safety), and economic (including profitability, affordability) issues.

Center For Food Integrity: CFI is another approach to addressing consumer concerns with the food supply. The center, established in 2007, is a non-profit organization with members representing each segment of the food chain, including farmers and ranchers, universities, food processors, restaurants, retailers and food companies. Its mission is to build consumer trust and confidence in today’s food system by sharing accurate, balanced information, correcting misinformation, highlighting best practices that build trust, and engaging stakeholders to address issues that are important to consumers.

CFI was founded on four core beliefs that guide its actions:

1. Food system practices must be ethically grounded, scientifically verified, and economically viable. Without a balance of these three elements, systems cannot be truly sustainable.
2. Consumers have a right to expect food to be grown and delivered safely and responsibly and deserve accountability when it is not.
3. Consumer choice should be celebrated and protected. At the same time, the food system must be allowed to responsibly use technology and innovation to produce more food using fewer resources in order to feed a rapidly growing global population.
4. The center does not lobby or advocate for individual food companies or brands. The goal is to facilitate a more informed public conversation on food system issues.

The center seeks to facilitate dialogue with the food system to create better alignment with consumer expectations. It works to equip people in the food system with the skills and messages they need to effectively communicate with consumers on issues of concern.

Questions:

1. Who should address the emerging consumer concerns (nutrition, social, environmental, animal welfare) with the food industry? Should food companies, individually, address these issues? Should commodity groups such as WGA, CSES, CAWG, and the NCBA address them? Or, should the entire food industry address them through groups such as CFI? What are the advantages and disadvantages of each approach?
2. Should a uniform set of practices/standards, similar to those in place for food safety, be established and implemented in the food industry to include consumer concerns such as nutrition, social, environmental, animal welfare or other issues? Why or why not?
3. If these practices/standards were to be created, what consumer concerns should be included? Which concerns, if any, should be excluded? Why?
4. How can new standards be implemented by a company or throughout the industry to embrace (rather than inhibit) change from new scientific discoveries, new technologies, and new consumer perceptions?
5. Is it sufficient for those adopting and implementing these practices or standards that the intent is noble, even if the practical impact may not be meaningful? Stated differently, if some consumers demand compliance with certain standards, do the companies responding to this demand have the responsibility to evaluate the actual impact and net benefit of their actions before conceding to this demand?
6. Who should monitor compliance with standards and how should they be enforced?
 - a. What tools can the supply chain leader use to get buy in/cooperation from its supply chain partners?
 - b. What role, if any, should government(s) play in setting, monitoring, or enforcing these industry standards?
7. How can environmentally and socially friendly global supply chains be set up when standards for what constitutes these practices may vary from country to country?

How should these standards be used by the implementing firm?

- a. Offensively: To actively promote the company brand and attract customers.
- b. Defensively: To manage reputational risk by proactively addressing concerns of potential activist groups reducing the risk of disruptions.

Appendix I

Carbon Footprint and Climate Change: References to reducing the supply chain’s “carbon footprint” are found in the strategies of many food companies today. “Carbon” is a reference to carbon dioxide (CO₂), a primary product of oxidation of all organic compounds and the key substrate in photosynthesis, without which there would be no life on the planet. The focus on CO₂ emission reduction is the result of a ten-year push by environmental groups (including the Sierra Club, the Natural Resources Defense Council, and the Environmental Defense Fund) based on carbon dioxide’s potential as a greenhouse gas and the hypothesis that rising CO₂ levels from human activities contribute meaningfully to global temperature rise. Based on this hypothesis and with strong support from the environmental lobby, the Environmental Protection Agency, in 2009, classified CO₂ as “a danger to human health and welfare,” thus subject to its regulation.

But data collected over the past 15 years suggests the correlation between CO₂ levels and the planet’s temperature may be less strong than predicted by computer models. Furthermore, some are questioning the assumption that human activity producing CO₂ contributes meaningfully to a change in the planet’s climate. Despite frequent assurances that “the debate is over” and “a consensus of scientists believe in global warming”, a vocal group of climate scientists are questioning whether man is having any significant impact on the planet’s climate.^{11 12 13 14} These scientists point out that computer models predicting dire consequences

11 **Whence the Global Warming Pause?**

Dr. Fred Singer, April 15, 2015. Dr. Singer, an outspoken critic of the Anthropogenic Global Warming Hypothesis, is professor emeritus of environmental sciences at the University of Virginia, with an engineering degree from Ohio State and Ph.D. in physics from Princeton University. He has studied and published his works in atmospheric and space physics for nearly 50 years. He also is founder and president of the Science & Environmental Policy Project, where “we work without salaries and are not beholden to anyone or any organization,” and don’t solicit government or industry support, relying instead on contributions from individuals and foundations.

12 **Who Are You Going To Believe—The Government Climate Scientists or The Data?**

Dr. David M.W. Evans, February 3, 2012. Dr. Evans consulted full-time for the Australian Greenhouse Office (now the Department of Climate Change) from 1999 to 2005, and part-time 2008 to 2010, modeling Australia’s carbon in plants, debris, mulch, soils, and forestry and agricultural products. Evans is a mathematician and engineer, with six university degrees, including a PhD from Stanford University in electrical engineering. The area of human endeavor with the most experience and sophistication in dealing with feedbacks and analyzing complex systems is electrical engineering, and the most crucial and disputed aspects of understanding the climate system are the feedbacks. The evidence supporting the idea that CO₂ emissions were the main cause of global warming reversed itself from 1998 to 2006, causing Evans to move from being a warmist to a skeptic.

13 Danish Professor of Physics, Henrik Svensmark, is director of the Center for Sun-Climate Research at DTU Space. In his book, *The Chilling Stars*, he theorizes that the sun, not manmade greenhouse emissions, is the biggest driver of climate change.

14 Global warming: second thoughts of an environmentalist, Dr. Fritz Vahrenholt, June 18, 2012. Professor Fritz Vahrenholt is one of the fathers of Germany’s environmental movement and the director of RWE Innogy, one of Europe’s largest renewable energy companies. He argues that “Rather than being largely settled, there are more and more open climate questions which need to be addressed in an impartial and open-minded way.”

“The choice is no longer between global warming catastrophe and economic growth but between economic catastrophe and climate sense.”

have proven inaccurate and that the global climate is much more complex than the best computer models have been able to simulate.

So, there appears to be a legitimate scientific debate on how meaningful human contribution to global warming/climate change may be. If the scientific evidence is not yet conclusive, is investing in the implementation of standards for carbon footprinting each food product appropriate? Or should the fact that a sector of consumers desires carbon footprint information on foods be sufficient reason to implement such a program?

Aquifer over-drafting: California's Central Valley and Coastal Valleys produce a high percentage of many of the nation's specialty crops including tree nuts (almonds, walnuts, pistachios), stone fruit (peaches, plums, nectarines, olives), citrus (oranges, lemons), row crops (processing tomatoes, melons, vegetables) and berries (strawberries, raspberries, blackberries). The state is also the leading producer of milk and a major producer of field crops supporting its dairy industry (corn silage, alfalfa). Given its Mediterranean climate, the state's agriculture relies on irrigation during its growing season to produce these crops. Irrigation water is supplied via a combination of natural lakes and rivers enhanced by manmade reservoirs and canals and supplemented by ground water supplies.

Some environmental groups have argued that California farmers should not be using such a high percentage of the state's water supply¹⁵, that more should be dedicated to their definition of environmental preservation. This environmental message, over the past 50 years, has persuaded legislators to dedicate an increasing proportion of the state's developed water supply for environmental purposes.

Periodically, the state endures one or more years of lower than average precipitation. (Water year 2014-2015 was the fourth consecutive drought year for the state, not unprecedented, but uncomfortable for its occupants, creating critically short water supplies). The combination of higher amounts dedicated to environmental purposes and periodic lower total supplies has resulted in heavier reliance on ground water supplies. Over many years, the pumping levels from wells have dropped, raising concern over the long term sustainability of agriculture in some of these regions.

Farmers have responded by adjusting cropping patterns, fallowing land, abandoning some orchards and vineyards, and adopting water-saving technologies, such as drip irrigation and moisture sensing devices to more efficiently manage available water supplies to crop demand. However, without a periodic heavy application of water to these lands, drip irrigation can contribute to salinity buildup in the root zone of the soil. How should this complex issue be addressed in a set of environmentally friendly standards?

15 According to the California Water Plan 2013, vol.1, pp. 3-31 to 3-35, agriculture water use totals 32.9MM acre-feet in an average year or 16.5% of the annual average water received in the State. Counting only the water applied to various uses, agricultural use totals 41 percent, urban use totals 10 percent, and environmental uses total 49 percent.

Nitrate Contamination of Ground Water: In 2012, the University of California at Davis released findings from its study of ground water in the Tulare Lake Basin and the Salinas Valley.¹⁶ The Tulare Lake Basin is the heart of California’s dairy industry. Salinas is the nation’s salad bowl. According to this report, “nitrate loading to ground water in [both regions] is widespread and chronic, overwhelmingly the result of crop and animal agricultural activities.” This nitrate loading, “the result” according to the report, “of nitrogen applied in food production in excess of crop needs,” threatens to “perhaps permanent[ly] degrade vital natural resources, most specifically drinking water from ground water aquifers.”

“Today’s nitrogen loading will not materialize as contaminated groundwater for years to decades to come, and the current average loading rate is three to five times greater than the recognized maximum contaminant levels for drinking water in California.”

There are very few, if any alternative locations from which to source, in the quantities needed, many of the commodities grown in the major valleys of California. Furthermore, excluding growers (and farm workers and input suppliers) in these areas from the supply chain could result in fewer dollars available to remediate the problem and regional economic strife.

Appendix II

McDonald’s Supplier Code of Conduct

At McDonald’s, our Core Values are integral to how we do business, and we expect our suppliers to respect and promote these values. We seek to develop and strengthen partnerships based on transparency, collaboration and mutual respect. We recognize that our suppliers are independent businesses and the exclusive employers of their employees. However, the actions of our business partners can be attributed to McDonald’s, affecting our reputation and the level of trust we have earned from customers and others. We appreciate that suppliers operate in different legal and cultural environments throughout the world. At a minimum, we require that all suppliers and their facilities meet the standards and promote the principles outlined in this code, which are intended to advance McDonald’s commitment to all aspects of sustainability (ethical, environmental, and economic).

Human Rights

We expect our suppliers to conduct their activities in a manner that respects human rights as set out in The United Nations Universal Declaration of Human Rights. In addition, suppliers shall uphold the following labor practices:

Freedom of Association: Suppliers shall respect the rights of workers to associate or not to associate with any group, as permitted by and in accordance with all applicable laws and regulations.

16 Harter T. & Lund T. Addressing Nitrate In California’s Drinking Water; Center for Watershed Sciences, University of California Davis; March 2012.

Employment Status: Suppliers shall employ workers who are legally authorized to work in their location and facility and are responsible for validating employees' eligibility to work status through appropriate documentation.

Employment Practices: Suppliers shall not use any form of slave, forced, bonded, indentured, or involuntary prison labor. They shall not engage in human trafficking or exploitation, or import goods tainted by slavery or human trafficking. They shall not retain employees' government-issued identification, passports or work permits as a condition of employment.

Anti-Discrimination and Fair Treatment: Suppliers shall promote and maintain a workplace free from discrimination and treat their employees with fairness, dignity and respect. No form of physical, sexual, psychological or verbal harassment or abuse shall be tolerated.

Working Hours and Rest Days: Employees shall be allowed at least one day off every seven days, and any overtime worked shall be voluntary. If local law allows, employees may voluntarily work overtime on rest days, provided that they are allowed at least one day off within the next seven days. Continuous working days are never to exceed 21 days without a rest day.

Underage Labor: Suppliers shall ensure that no underage labor has been used in the production or distribution of their goods or services. A child is any person under the minimum employment age according to the laws of the facility's country, or, in the absence of law, under the minimum age for completing required education. Suppliers shall not employ anyone younger than 14, regardless of the country's minimum working age.

Wages and Benefits: Suppliers shall ensure that their workers are paid lawful wages, including overtime, premium pay, and equal pay for equal work without discrimination. There shall be no disciplinary deductions from pay.

Workplace Environment: Suppliers shall ensure that all workers receive communication and training on emergency planning and safe work practices. In addition, suppliers shall have systems to prevent, detect and respond to potential risks to the safety, health and security of all employees.

Environmental Management

Suppliers are responsible for managing, measuring and minimizing the environmental impact of their facilities. Specific focus areas include air emissions; waste reduction, recovery, and management; water use and disposal; and greenhouse gas emissions.

Business Integrity

Compliance with Law: Suppliers' business activities shall comply with applicable laws and regulations in the countries and jurisdictions in which they operate. This code applies to activities in the locations where suppliers' goods are produced, where any related services are performed, and where the goods enter the supply chain.

Anti-Bribery: Suppliers shall not engage in any form of bribery, kickbacks, corruption, extortion or embezzlement. Suppliers shall not take any action that would violate, or cause McDonald's to violate, any applicable anti-bribery law or regulation, including the U.S. Foreign Corrupt Practices Act.

Audits and Assessments: McDonald's reserves the right to audit compliance with this code. Audits are facility inspections that include employee interviews and a review of supplier records and business practices. Audits are conducted by McDonald's or its approved monitoring firm. If an audit identifies a violation of this code, suppliers shall act promptly to correct the situation to McDonald's satisfaction.

Books and Records: Suppliers shall maintain accurate and transparent books, records and accounts to demonstrate compliance with applicable laws and regulations and this code. Confidentiality: Suppliers shall safeguard McDonald's information by keeping it secure, limiting access, and avoiding discussing or revealing such information in public places. These requirements extend even after the conclusion of a supplier's business relationship with McDonald's.

Grievance Mechanism: Suppliers shall create internal programs for handling reports of workplace grievances, including anonymous reports.

Whistleblower Protection: Suppliers are responsible for prompt reporting of actual or suspected violations of law, this code, the Standards of Business Conduct for McDonald's employees, or the McDonald's Supplier Guidance Document. This includes violations by any employee or agent acting on behalf of either the supplier or McDonald's. Such programs shall protect worker whistleblower confidentiality and prohibit retaliation.

Additional Standards: In addition to complying with this code, suppliers are responsible for complying with the McDonald's Supplier Guidance Document, and being aware of and supporting the Standards of Business Conduct for McDonald's employees.

Appendix III

Walmart's Standards for Suppliers Manual

1. Compliance with Laws

Suppliers and their designated manufacturing facilities must fully comply with all applicable national and/or local laws and regulations, including, but not limited to, those related to labor, immigration, health and safety, and the environment.

2. Voluntary Labor

All labor must be voluntary. Slave, child, underage, forced, bonded, or indentured labor will not be tolerated. Suppliers shall not engage in or support trafficking in human beings.

Suppliers shall certify that they have implemented procedures to manage the materials, including all labor-related processes, incorporated into their products to ensure they comply with laws on slavery and human trafficking. Workers must be allowed to maintain control over their identity documents.

3. Labor Hours

Suppliers must provide workers with rest days and must ensure that working hours are consistent with the law and not excessive.

4. Hiring and Employment Practices

Suppliers must implement hiring practices that accurately verify workers' age and legal right to work in the country prior to employment. All terms and conditions of employment including, but not limited to, hiring, pay, training, promotion, termination, and retirement must be based on an individual's ability and willingness to do the job.

5. Compensation

Suppliers must compensate all workers with wages, overtime premiums, and benefits that meet or exceed legal standards or collective agreements, whichever are higher.

Suppliers are encouraged to provide wages that meet local industry standards. Suppliers are encouraged to provide wages and benefits that are sufficient to meet workers' basic needs and provide some discretionary income for workers and their families.

6. Freedom of Association and Collective Bargaining

Suppliers must respect the right of workers to choose whether to lawfully and peacefully form or join trade unions of their choosing and to bargain collectively.

7. Health and Safety

Suppliers must provide workers with a safe and healthy work environment. Suppliers must take proactive measures to prevent workplace hazards.

8. Dormitories and Canteen

Suppliers who provide residential and dining facilities for their workers must provide safe, healthy and sanitary facilities.

9. Environment

Suppliers should ensure that every manufacturing facility complies with environmental laws, including all laws related to waste disposal, air emissions, discharges, toxic substances and hazardous waste disposal. Suppliers must validate that all input materials and components were obtained from permissible harvests consistent with international treaties and protocols in addition to local laws and regulations.

10. Gifts and Entertainment

Suppliers must not offer gifts or entertainment to Walmart associates or those working on behalf of Walmart.

11. Conflicts of Interest

Suppliers must not enter into transactions with Walmart associates that create a conflict of interest.

12. Anti-Corruption

Suppliers must not tolerate, permit, or engage in bribery, corruption, or unethical practices whether in dealings with public officials or individuals in the private sector.

13. Financial Integrity

Suppliers must keep accurate records of all matters related to their business with Walmart in accordance with standard accounting practices, such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS)

Worker helpline

We believe worker voice is key to ensuring safety and well-being across the supply chain. That's why we require factories producing merchandise for sale at Walmart to display, with our Standards for Suppliers, a toll-free phone number, email address and website where workers can anonymously report concerns in their local language. All reports are collected by a third party and directed to our Global Ethics Office for investigation.