

Operator: Greetings, and welcome to the Walmart Compliance White Paper Discussion.

At this time, all of the participants are in a listen-only mode.

A brief question-and-answer session will follow the formal presentation.

If anyone should require operator assistance during the conference, please press star-zero on your telephone keypad.

As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host Ms. Carol Schumacher, Vice President of Investor Relations.

Thank you. You may begin.

Mr. Carol Schumacher: Uh, thank you, Jessie, and everyone, welcome to the call today.

Uh, our call today is hosted by our department. And that's Walmart Stores, Inc. and the Global Investor Relations Team.

I would like to note that we are recording this call today, and that's to allow for others who could not make it live to be able to hear about our progress on both compliance and responsible sourcing.

We will have a transcript available, but not until close of business on Monday, June 2nd.

Um, as you know, we published our Global Responsibility Report on April 23rd, 2014. And along with that report, we also issued, of course, our annual report and proxy.

There was a--yet a third or a fourth document, and that was our White Paper on Compliance.

Uh, I'd like to point out that our Global Responsibility Report is probably the most robust GRR that we have ever published as a company. And it also covers detailed information on our commitment about ethics and integrity.

There's a specific section on compliance as well as safety and responsible sourcing.

All of those materials, given our commitment to sustainability, are available on our Website, but we do have a small number of paper copies available by request.

So, let's get down to the call. Joining me today are Jay Jorgenson, our Senior Vice President and Chief, uh, Global Compliance Officer, Jan Saumweber, who's VP of Responsible Sourcing, and we do have with us, uh, two of our other team members, uh, Joe Newbould, who's our Senior Director of Communication in the International Corporate Affairs area, very much supporting, uh, both of these areas, which are important to our company, and Carrier Bernard [sp], Director of Investor Relations.

Um, as we noted when we talked about running today's call, the focus is on the discussion and Q&A on our compliance progress along with responsible sourcing.

Uh, we do provide updates on our compliance spending. And that's done during our quarterly earnings call.

Our total spend since we've been reporting on this since fiscal 2013 is \$475 million, including \$53 million in our most recent quarter, which we reported on May 15th.

That's a total of eight quarters. And we began providing a breakdown on both the investigation and our programs and processes in the compliance area, um, starting with the, uh, fiscal 2014 reporting.

The estimate for this fiscal year on our spend on compliance is between 200 and \$240 million.

I'd also like to remind everyone that the investigation on the Foreign Corrupt Practices Act is still very much an active one. And we cannot and will not comment on the status of the investigation today during this call.

Um, as you all know, we continue to cooperate with both the DOJ and the SEC on that investigation, but we do not know what the timetable is for that to be completed.

So, with that, I'd like to turn it over to Jay, who will then, uh, also pass it over to Jan for some key messages. And then we'll go to the Q&A. Jay?

Mr. Jay Jorgenson: Thanks so much, Carol. I'm glad to be here today, appreciate this opportunity.

Hey, one quick clarification on the numbers that you read out, those are the amounts that we have spent as a company on, uh, external consultants, lawyers, accountants, and others, uh, relating to anticorruption compliance.

So, that's what we've spent, uh, on the FCPA investigation and then also on the anticorruption, uh, build-out internally relating to that.

The company has a number of additional costs relating to, uh, other compliance topics, both for internal, uh, team, uh, sort of expenses and then also for external, um, support.

So, for instance, in responsible sourcing, we partner with a number of companies, like Verité. And those, uh, funds would not be captured in those numbers.

So, I--uh, I was glad that you mentioned the, uh, Global Responsibility Report and the white paper that we wrote, uh, on the enhancements that we've built over this last year. It's been a great year, uh, one that I really enjoyed being with the company.

Uh, when I joined the company, I was really pleased to discover that there was a foundation of integrity, that acting with integrity really was always part of the company's foundation and way of doing business and really one of--the foundation of one of our basic beliefs.

So, uh, with that, we have, uh, a foundation to build on, which is important because, as everybody on the call knows, we're a complex business. We have more than 2.2 million associates, uh, almost 11,000 stores in 27 countries.

Uh, and over the last year, as we've addressed compliance in those, uh, retail markets, we began to realign our compliance program so that we could put, uh, attention, focus, and resources in the right places on a global scale rather than each country addressing compliance, risks on its own.

Now, the company has had the compliance programs for a long time in each of our international markets.

But, until this last year, as you'll see laid out in our reports, they mostly operated independently of each other.

So, Mexico had a compliance program. Brazil had one. China had one. The U.S. had one. But, they were not, uh, stitched together into a Global Compliance Program.

At the end of calendar year 2012, so over this last year, we really began a process, a journey to align those 11 programs into one, uh, unified global program, which I think

gives additional support to the people in the markets, at the same time giving us greater transparency here in Bentonville.

So, one of the things to--that we had to address as we were, uh, doing that was, how would we structure our program? And we decided to take really a risk-based approach so that we could focus our resources on the issues that were of the greatest urgency.

Uh, we want to prevent as many instances of noncompliance as possible. Uh, we want to, as a world-class program, quickly detect problems that we have because we will have problems, as all companies do, and then remediate them, uh, as appropriately and quickly as possible.

So, you'll see laid out in the white paper the way we went about doing this is we formalized our risk-assessment process, uh, and have begun conducting annual risk assessments in each of the markets in which we do, uh, business.

Based on the risks we identify in those risk assessments, we've now put a compliance team structure, uh, in place, uh, on a global basis.

Uh, I lead that, uh, organization, uh, as the Senior Vice President and Global Chief Compliance Officer. I report directly to our, uh, Executive Vice President of Global Governance and the Corporate Secretary. And I also report directly to the Audit Committee of our worldwide Board of Directors.

Uh, you'll see in our white paper on page three some graphic, uh, representations or graphical representations of our structure, uh, and some further discussion so that you can get, uh, a sense of it.

Um, but, I'm really pleased at the investment we've put into a strong global, uh, compliance leadership, uh, around the globe.

Let me point out a couple things you'll see in those charts. We've restructured our organization so that, now, in each and every market, there's a Chief Compliance Officer for that market.

So, again, Mexico has one. Chile has one. Brazil has one.

Uh, and then those people, while they sit on the Executive Councils of the local CEOs and have a seat at the table for all the key decision making, they actually report directly back into Bentonville.

And then that way, we have, uh, a global perspective, insight into what's going on in the markets on a greater basis than we've had in the past, yet at the same time, you want to have that connection to the local market.

We can't really decide everything from Bentonville. Uh, we don't--we're never going to be able to know everything that's going on in the world.

You want to be sensitive to the local operating cultures and environments. And so, that's--this is how we've tried to have both, uh, a global approach and tie and yet, uh, a connection locally.

So, with that structure, we had to address really, what are we going to do?

Compliance programs, for those of you who are in the investment and assessments, uh, business, you know that there's a bunch of different ways that companies have, uh, compliance programs.

And if you're a big bank, you have different topics in your compliance program than if you're a retailer or a manufacturer.

So, we took, uh, a lot of time at the beginning of this process to figure out, what are the subject matters we're going to cover in compliance? Uh, and we identified a list of 14. You'll see those laid out in the paper as well.

That's more than many companies cover. But, as a global retailer, we face risks all around the world.

The idea of--with these 14 subject matters is to ensure that we have consistent standards across all the markets, that we take into account the local requirements for each of those 14 subject matters but, perhaps most important, that we give focus to each of the 14 subject matters, that they don't fall off the radar screen.

So, um, to--in order to empower that and make it move forward, we went around the world and tried to figure out, who did we have that were really deep experts in each of the 14 subject matters?

So, who is our expert on anticorruption? Who is our inspect--uh, expert on environmental compliance?

And for each of the 14 subject matters that you see set out on--I think it's page four of the white paper--uh, we have identified someone in Walmart--either we've hired them, or we've designated them--to be the global subject matter leader on that topic.

So, what that person does is, in each and every market now, there's someone who is in charge of bringing compliance on, uh, each of the 14 subject matters to life.

And then those people in each of the retail markets are plugged into a global community of people who address the very same topics and who are led by a subject matter leader, who's got the training and the background in their career to really be a thought leader on that.

This has I think been a great innovation for us because, uh, this way, each of our markets has access not just to their own recess--resources, but to the global resources to address the risks that they come across.

So, we now have, uh, as a result of this alignment, and then we've done quite a lot of hiring and designating of compliance people over the last year, we now have over 2,000 associates at Walmart who work full time in the compliance program.

The majority of that team is made up of individuals who worked in Walmart in some capacity for many years. And then that gives us the ability to tie into the company's ways of doing things.

But, we also have hired some brand new talent into the organization so that we have, uh, a mix, uh, of long-tenured and short-tenured associates.

Now, uh, one thing that people who I think are on this call have asked me about in the past is tone on the top. What kind of support are we getting from our executive leadership?

And then how do they own it themselves as opposed to just having the compliance program, uh, drive compliance, you know, off by itself? It's much more effective. It's--if it's part of the business.

So, to ensure that we set the right tone, uh, we have--the very--the support of our global leadership, our executive team here in Bentonville, and then we've also enlisted the support of the, uh, regional leadership.

You probably know that, in the international basis, we have CEOs at our regional level. And as a result, we now have Chief Compliance Officers at each of our three regions.

So, the--each one of those CEOs has a partner with which, uh, to drive this program forward. And then each of the markets has one as well.

So, we really have--I've been pleased this last year at the tone of the top that we've gotten from our executive leadership.

Uh, I will say that, at the very top, our President and CEO has helped us pull together our compliance goals. And you see those--a discussion of those, uh, set out.

Let me focus on one thing that's been a--I think a real innovation this last year. And that is that our senior leadership and the Board of Directors have come up with this idea that the compliance program should lay out a list of the highest priorities for that year, the most difficult challenges, the things that really need to be accomplished.

And then we've taken that list back to our Audit Committee and our Compensation, Nominating, and Governance Committee and presented it to them so that we could achieve alignment on what our key tasks for the year were.

And then we've agreed, the Board has agreed with us, and the executive leadership has agreed as well, that the Board would tie the--a portion of the compensation for our most senior leaders to the accomplishment of those goals.

And that's been so helpful because we've been able on at least a quarterly basis and frequently much--uh, much more often to sit down with each of our executive leaders and say, "Here are the goals that relate to you. Here are the goals that related to your team. Help us drive these forward."

And as a result, over the last year, we were able to, uh, achieve substantial--a substantial leap forward I think in this compliance program to drive these goals throughout the organization.

And the other thing that the Board said was, uh, that they--that at the end of the year, the Board would make an--a judgment or rather the CNGC and the Audit Committee as part--portions of the Board would make a judgment on how did we do as a company in driving forward these compliance goals.

And we did that last year. And I thought it was a great success.

Uh, the Board just, uh, concluded, the CNGC and Audit Committee concluded at the end of the year that we'd achieved substantial progress on each of our goals. And so, uh, they did not exercise the negative discretion to take away, uh, any of our executive compensation.

This really reinforces accountability. It ties our executives into the program, makes sure that we've got a partnership going on. And it allows us to track our progress and report back to the Board on a very frequent basis.

I ended up meeting with the Board a number of times last year. Uh, and let me be more clear--meeting with the Audit Committee a number of times last year in order to track the progress on each of these goals. That's the kind of involvement that I think a company wants, having the Audit Committee really be informed and drive this forward.

So, one of the things that we're doing going forward now that we've got that foundation of a global program is we're building in the international market something called continuous improvement teams.

In the United States, we have a monitoring organization where there's a group of people who spend their time going to our stores, uh, on a nearly full-time basis and following up on compliance issues.

If they find areas where a store needs to improve, they note that to the management. But, unlike an audit report where you just get a checklist and now, you know, it's for you to do it, they teach and they train.

So, if--uh, I've been with them as they've done this. You walk into a deli. And there's some food safety problem that needs to be addressed. They address it. They fix it right then. Then they gather the people around who work in the deli and teach and train them, "Here's what you need to do better."

And then they come back, like, you know, "I'll be back tomorrow. I'll be back next week to make sure that this is fixed."

That model has worked great in the United States. And so, we are exporting that model to each of our international markets so that they'll have that same capability.

It really allows us to tailor our resources to the issue that is occurring at the time to the location that is occurring at the time.

So, another thing that we've been focused on last year but we're really now starting to launch forward on this year is systematizing the compliance program.

As the company is--uh, is quite large, we want to use systems to be able to show, uh, what's going on, to be able to get visibility, and to be able to track our progress.

We're doing that for licenses and permits. In each of our international markets, we're building a global system so that we'll be able to see centrally in each market. We'll be able to see what, uh, licenses and permits they have.

We're doing it for the continuous improvement teams. So, as they go around and gather these data, those data are available to management, to--for the market, uh,

leadership, for the national worldwide leadership as well, uh, and to the compliance program.

So, let me just say, breaking that down, people, processes, systems. That's what we've been focusing on the last year.

We've been trying to build up, uh, our people in a way where we have the resources that we need to make this a world-class compliance program.

Once with those people in place, we want to use their expertise and have been using their expertise to refine our processes. And that can't be a one-time issue.

Any effective compliance program continually refines its processes. We've been doing that over that the last year. We're--and now, we're, uh, doing that going forward.

And then systems, uh, we are using technology to make the sit--uh, our compliance program more effective.

I want to call out one more example on systems. In the U.S., we have a program which we call Spark. Spark is--uh, as the managers and folks in the stores take food safety temperature checks throughout the day, Spark records that and puts it all into a database so that we can see trends, identify problems, and ensure that we are--that we're doing the right thing.

You can imagine, if you do temperature checks in 4,000 stores every day, if you do that on paper, it pretty quickly gets to where it's unmanageable. So, we do that electronically in the U.S. It's been a great success.

We're now in the process of making plans to roll Spark out internationally so we'll have that same ability to drive things going forward.

So, I would--I could talk about this all day long. You know, it's been a great year, which I've loved.

But, instead, I'm going to turn time over to Jan. Jan Saumweber joined our team over this last year. She was a fantastic recruit from outside the company. Uh, and she has a background as a merchant.

We recruited her to lead our Responsible Sourcing team. And the thought that we had as we recruited her is Responsible Sourcing is our team that does compliance on an outward-looking basis to our supply chain, helping to drive responsible practices throughout our supply chain.

And really to be effective on that, we need to work hand in glove with the merchants. It's back to the idea of compliance is only effective when we do it as an organization as a whole.

So, we recruited a merchant to take us to the next level. And Jan's had a great year. So, Jan, I'm going to turn it over to you.

Ms. Jan Saumweber: Thanks, Jay. Um, I did take responsibility for, uh, leading Walmart's Responsible Sourcing Group, uh, last September. I'm very excited to be here.

And I recognize this is a somewhat complex part of what we do and of the industry. And, uh, I came here because I wanted to be part of driving change.

Um, my team is focused on creating a compliance program with our vendor partners, uh, building responsibility into our supply chain, and creating safe and respectful workplaces.

Our work touches many people in the countries we source from. But, I know many of you may have specific questions about our work in Bangladesh. So, I'll give, uh, an update on our progress in that region.

We recognize the unique safety challenges facing the wider ready-made garment industry in Bangladesh and the need for the industry and non-governmental organization, worker organizations, and the government to take further action to prevent tragedies before they happen.

We believe that transparency is the most effective way to improve workers' safety in Bangladesh.

Our focus is on proactively leading collaborative efforts to innovate and align standards across industry.

For example, on July 10th of 2013, we joined an unprecedented alliance of North American retailers. They came together to announce a binding five-year undertaking to dramatically improve factory safety conditions in Bangladesh.

The initiative is transparent, results oriented, measurable, and verifiable, with the intent of improving safety in the Bangladeshi ready-made garment factories.

Uh, it includes, first, sharing specific and measurable actions across major areas essential to improving safety; second, agreeing to common standards on fire and building safety in Bangladesh; third, to complete inspections at 100 percent of alliance apparel factories within a year--you'll find some of these inspection reports are now posted on the alliance Website--fourth, sharing of assessments with the Fair Factories Clearinghouse; fifth, providing remediation and funding arrangements to support this; and sixth, training

and--uh, and increasing cooperation between workers, factory owners, and the Bangladeshi government and inclusion of workers in the safety process.

By July 10th, 1 million workers will have gone through essential fire safety training.

At the end of 2013, we began posting the results of independent safety assessments for factories in Bangladesh that produce goods directly for Walmart suppliers on our corporate Website.

This is the first time that a retailer has published results of factory audits in this scale.

In--the published reports show that hundreds of factories have made real improvements that are making the supply chain safer for thousands of workers in Bangladesh.

We'll begin to post phase four of those reports to our Website, uh, in these--uh, the coming weeks.

Furthermore, through our work with the alliance, we are supporting workers who may be temporarily displaced by safety remediation projects.

This includes an initial worker safety fund of approximately \$50 million.

Earlier this year, at our encouragement, the government of Bangladesh began to allow duty-free imports of fire and safety equipment.

Making this equipment available at a market cost will assist the critical remediation efforts currently underway and, as a result, improved safety in factories across the countries.

I had the opportunity to make a return visit, uh, Dhaka. I actually spent my second week with the company in Dhaka. And I made a return visit last month and toured a factory operated by our suppliers and observed firsthand the progress that's being made, including upgrade to sprinkler systems and safe--fire safety doors and the positive impact of these remediation efforts, uh, and the impact that they've had on the workers, who now operate in a safer environment.

To date, we've committed over \$15 million and spent 13 million to improve the safety of factories in Bangladesh and empower workers through safety training initiatives.

These efforts have included \$5 million committed to inspecting all factories directly supplying Walmart in Bangladesh; contributing \$5 million to be part of the alliance for Bangladesh worker safety; contributing \$3 million to a Bangladeshi humanitarian relief fund led by BRAC, one of the world's largest development organizations. That fund will be used to support training and rehabilitation through BRAC and support relief efforts, uh, for the Rana Plaza tragedy.

Also, contributing \$1.6 million to the newly created Environmental Health and Safety Academy for improved safety training and providing safety training for all workers in factories in Bangladesh that produce goods for Walmart.

There is still a lot of work to be done in order to bring lasting change needed to the industry. However, the work of the alliance and Walmart's transparent safety inspection program are significant efforts that bring considerable resources and attention to Bangladesh.

Mr. Jay Jorgenson: Thanks, Jan.

So, uh, if it's okay, Carol, I'll finish, uh, our prepared remarks--.

Mr. Carol Schumacher: --Um-hmm--.

Mr. Jay Jorgenson: --On, like, a personal note. The first thing I want to say is, you know, I've been with the company now for 18 months. And it's been a great experience.

I want to thank some of the people, and I won't get them all here, but who have helped the company. It's--we've made a lot of progress, but it's not just us alone. We--there are a number of groups who help us identify issues, come up with ideas, how we can, uh, remediate problems, how we can prevent problems, how we can make the world better.

BRAC just over this last year I thought was enormously helpful to us. For those of you who don't know BRAC, it's the world's--I believe the world's largest NGO. Uh, and they work in Bangladesh. And they've been very helpful to us, both with ideas and helping us set up the--one of the funds that Jan mentioned to donate to the welfare of workers who've been injured, uh, in tragedies in Bangladesh.

ICCR, we constantly talk with them, get their ideas. Uh, they help us to move forward. That's been great.

Bureau Veritas, Verité, I mean, uh, these are sources of good ideas and discussion, uh, that help us, uh, move forward in this space. Uh, and it's been great.

Uh, one of the things that, uh, I really have appreciated is I didn't fully understand when I joined Walmart, uh, the scale of the company and therefore our ability to improve people's lives.

Uh, some of the things we've been able to do, you--Jan mentioned, uh, that we worked--we brought a lot of pressure to Bayer, uh, to get the tariffs dropped on fire safety equipment in Bangladesh because we were running into instances where we would say to factors, you know, "You need to install these fire doors," and they literally could not find a fire door to buy in the country.

And so, I just think, what a way to change the world. That's been great. And again, uh, these are not all ideas that we came up with. I want to thank the people who have helped us come up with those ideas.

Ms. Jan Saumweber: And to put that one in perspective, the fire doors had a 61 percent tariff before those were removed. So, you can imagine the impact that had on factory owners being able to, uh, quickly remediate.

Mr. Jay Jorgenson: Yeah, and we got a lot of issues left to address. I mean, the world is a big place. And we're trying to make it better.

So, we look forward to continued partnership with each of those groups I've mentioned and the ones I additionally left out, but just for lack of time, over the coming year.

Mr. Carol Schumacher: Okay. Uh, thanks, Jan. Thanks, Jay.

Uh, Jessie, now, we'll turn it back to you for instructions on starting the Q&A, please.

Operator: Absolutely.

Ladies and gentlemen, at this time, we will be conducting the question-and-answer session.

If you would like to ask a question, please press star-one on your telephone keypad.

The confirmation tone will indicate your line is in the question queue.

You may press star-two if you'd like to remove your question from the queue.

For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star-one key.

One moment, please, while we poll for questions.

Thank you. Our first question is coming from the line of Paulo Tanisek [sp] with GES. Please proceed with your question.

Mr. Paulo Tanisek: Hello, everyone. Um, my question's to Jan Saumweber and concerns Responsible Sourcing. And it's about the issue of unauthorized subcontracting within the garment production specifically.

Um, my question is, has Walmart considered changing or tweaking the sourcing model to discourage and minimize the need for subcontracting production factory down the supply chain?

And is Walmart planning to further improve traceability of production in the garment supply chain? Thank you.

Ms. Jan Saumweber: Uh, so, for your first question, are we looking at the altering the processes in order to, uh, discourage and probably prevent unauthorized subcontracting, we have a, uh, standard within our standards for suppliers which requires that all of our suppliers disclose all factories that they use. And they are required to sign our standards for suppliers, which indicates that, um, they're verifying to us that they are in fact disclosing, uh, those factories.

Mr. Jay Jorgenson: Hey, Jan, a couple things I want to add, um, I think, Paul, your question is very, uh, astute.

I mean, uh, unauthorized subcontracting is a major part of the business everywhere, everywhere that garments are produced, including in the United States.

Uh, I saw a report from NYU, some academics at NYU recently that really called this out and said, in Bangladesh, this is just a way of business, a way of life.

Uh, and it's a real problem for us because Jan is investing all these resources in, as she just mentioned, in getting disclosure of the factories and auditing those factories, training those factories, teaching those--uh, those workers.

And then if the product goes out the door to a factory down the street that we've never heard of, we're not providing those resources to those factories. We're not doing that training because we don't know about it.

So, um, one of the things that I've discovered in the last 18 months as I've been working on this is that the partnership with the merchants is key.

You know, you can imagine, if you're a merchant and you show up at a factory and you say, "I want more product than you can produce, and I want it tomorrow," what's the factory going to do? There's a lot of pressure there towards unauthorized subcontracting.

So, Jan, I want to turn it back to you. But, I know one of the things you've been doing is really having those--the training and those partnerships with the merchants on lead times and assessing the, uh, capacity of each factory--.

Ms. Jan Saumweber: --Um-hmm--.

Mr. Jay Jorgenson: --Before the orders go in. Go ahead.

Ms. Jan Saumweber: Exactly. Our policy is clear that we won't tolerate unauthorized subcontracting. But, Jay, like you mentioned, it's a complex process.

And it's so important that the merchants understand what could be unintended consequences of their actions.

So, while we do capacity audits to understand how much each facility is capable of producing, it doesn't give us line of sight to what other retailers and brands are asking that factory to produce.

So, we do have a training program that we're actually in the process of refreshing so that our merchants, as they come into the organization and as they become in positions where they're placing orders, that they understand the downstream impact that could happen, um, if we're not rigorous about our policies and our procedures internally.

Mr. Jay Jorgenson: Right. I mean, the last-minute changes to an order are just inviting trouble.

I love the training that you've been giving to the merchants on that very issue and making them part of the solution so that we're not just doing it as a compliance program but as a whole company.

Paul, did that address your question?

Mr. Paulo Tanisek: Uh, partially, yes. Uh, on--I'm also wondering about traceability of production because I've heard that Imitec [sp] starting something in Brazil recently. And perhaps, uh, Walmart also has some plans to now trace the production by using electronic tags and QR codes or something like that.

Mr. Jay Jorgenson: We are interested in that very same thing. We would love to know traceability all the way back.

Let me tell you where we're really leading out on is in food--like, you know, on this call, we're focusing on--uh, on garments because the garments have been, uh, a source of tragedy in the last year.

But, let--you know, let's not forget that, before--you know, if you went back two years, food and food production I think was a major focus. And we need to not lose sight of that.

So, we have begun, uh, a process, both in the U.S. and internationally to try--we call it, you know, farm to fork--to be able to do traceability of, where did all of the food products that we sell--where do they come from? Who has handled them? Uh, how have they handled them?

Uh, and that's going pretty well. It's led by a guy named Frank Janis if you've met Frank, who is--back to when I was referring the subject matter leaders of each of the 14 subject matters, he's our global subject matter leader on food safety, uh, and really does a nice job.

So, I feel like we're leading out in food safety and food traceability. And really, the challenge that we need to ask ourselves is, can we bring that same kind of, uh, process to garments and other products? But, really, food is where we've been putting the attention right now.

Ms. Jan Saumweber: And we are piloting traceability in different areas of our business beyond food as well.

Mr. Jay Jorgenson: Right.

Mr. Paulo Tanisek: Thank you.

Mr. Jay Jorgenson: Thank you, Paul.

Operator: Thank you. And as a reminder, if you would like to ask a question, please press star-one on your telephone keypad at this time.

Our next question is coming from the line of Tim Goodman with Hermes. Please proceed with your question.

Mr. Tim Goodman: Hello there. Um, thanks for the call. I would just like to get an understanding from Jay what your priorities are for the next--uh, next year and perhaps the next three years so we've got a sense of, uh, what's next on your agenda.

Mr. Jay Jorgenson: You bet. That's the first time I ever heard of your business, uh, Tim. I thought we would be talking about buying fine scarves for my wife. But, I've since learned that you were different. You're a different organization, yeah.

Mr. Tim Goodman: Yeah, I don't suppose Walmart would stock them anyway at everyday low prices. So, uh--.

Mr. Jay Jorgenson: --That's all right. So, in terms of priorities, I'm really pleased to report that the Audit Committee and the CNGC, they decided to continue that process that I mentioned. It began as a one-year experiment. It worked really well.

And so, this year, we've done the same thing. We put together a list of 72 objectives, uh, and, you know, working with the business, doing a lot of debating of what is--are the most important things.

And then now, we--the Board has, again--or rather the Audit Committee has, again, certified and said, "These are the objectives." We've passed them out to each of the executives and said, "These are the ones that relate to you and your teams." And now, we're tracking them on a quarterly basis.

And every quarter, I meet with the Audit Committee to say how those 72 are going. And I don't mind giving you some insight into what's on the 72.

One of them, it relates to traceability and knowing what factories we're using. Jan is working on a project to try to make sure that we have full visibility into the factories that we're using around the world.

And you know, the truth of the matter is, as big as Walmart is, that will always be a challenge. And so, we're addressing this year what's the next step in that.

If the goal is to get to where we have, uh, a good line of sight to where our products come from, what's the next step on that? And it's--you know, it's not every factory that produces anything that's ever sold in Walmart this year. But, we're making steps down that road.

Another thing that's in there is the systems. We mentioned Spark. So, Spark was an idea last year. This year, one of the goals is to roll it out, uh, even broader.

I'll give you another one, again, focusing on really having the highest quality food. Walmart owns a number of factories around the world that are our own factories that we don't--they're not suppliers. We own them.

And so, in those factories, we want to harness the power of partnership. We've seen here with the alliance in Bangladesh that, if we have one common standard, we can avoid the situation where there's multiple audits that waste a factory's time or where we haven't agreed on what's the finest standard.

And you know, folks who are on the call will know GFSI has been a place where there's been some progress made on that.

And so, we're asking each of our factories to address GFSI certification and to move forward on either obtaining or renewing the GFSI certification.

So, I think I've just gone over three of the 72 there. But, the point is it--they're still people, processes, and systems, only last year, it was heavily people as we realigned our folks, as we created new positions, hundreds of new positions, as we moved people in. This year, it's more processes and systems, although there's still people on there.

Mr. Tim Goodman: Thanks. Thanks, Jay. That's helpful.

Mr. Jay Jorgenson: Thank you, Tim.

Operator: Thank you. It appears we have no other questions at this time.

I'd like to turn the floor back over to management for any additional comments.

Mr. Carol Schumacher: Well, thank you for joining us today. And, uh, we are surprised a little bit maybe that there aren't more questions. But, I guess, Jay and Jan, that means you did an excellent briefing upfront.

Uh, we do appreciate your interest in the call. And as we noted, we will make a transcript available early next week.

So, thank you, all, and have a great weekend.

Mr. Jay Jorgenson: Thank you.

Ms. Jan Saumweber: Thanks.

Operator: Thank you.

Ladies and gentlemen, this does conclude today's teleconference.

Thank you for your participation.

You may disconnect your lines at this time.