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PTI END GOAL UNCHANGED, CHANGES COMING TO LEADERSHIP, MILESTONES, OUTREACH

Newark, Del., USA — The following statement has been approved by the Executive Committees of Canadian Produce Marketing Association (CPMA), Produce Marketing Association (PMA) and United Fresh Produce Association (United Fresh). It will serve now as the guiding direction for the Produce Traceability Initiative (PTI) from our associations:

**Produce Traceability Initiative Action Plan Restatement
May 2010**

As approved by the Executive Committees of Canadian Produce Marketing Association, Produce Marketing Association and United Fresh Produce Association

In the three years since we organized a steering committee of industry leaders to evaluate the need and potential methods to implement whole-chain traceability, our industry has made tremendous progress in strengthening traceability across our industry.

The Produce Traceability Initiative (PTI) Steering Committee recommended industrywide adoption of GS1 global data standards for identification, tracking and capturing of key information about products and lot codes through the use of Global Trade Item Number (GTIN) assignments and their application to case coding. The committee also recommended a number of milestones based on the earliest potential dates at which it was believed different sectors of the industry might be able to incorporate such practices.

A tremendous amount of progress has been made toward adoption of these standards. But, we also have heard clearly from a cross section of the industry that some aspects of the PTI are proving more complex than anticipated, that there is uncertainty in commitment across the industry, that solutions not originally anticipated by the PTI Steering Committee may offer cost-effective and efficient options in achieving PTI goals, and that meeting the identified milestones will be problematic for certain sectors.

The Boards of Directors of CPMA, PMA and United Fresh have extensively reviewed all of these issues, and provide the following consensus recommendations for the industry.

1. We reaffirm our commitment to whole-chain traceability through the standardized global data platform of GS1. While this will be a challenging, multi-year transition toward

standardization for our industry, we believe the entire food industry is moving in this direction, and that the produce industry will accrue benefits in traceability, efficiency and operations similar to past standardization initiatives such as Price Look-Up (PLU) coding and pallet size standardization.

2. In order for this initiative to be successful, it must have widespread and uniform support across the retail and foodservice industry, with consistent application. A primary goal of standardization is to prevent multiplicity of unique demands. Therefore, we are engaging leaders of the retail and foodservice industry to ensure that there is broad commitment and consistent expectation for this standardization initiative.

- In the foodservice sector, we have held discussions with leaders engaged in the Foodservice GS1 US Standards Initiative spearheaded by International Foodservice Distributors Association, National Restaurant Association and GS1 US to expand the use of these same standards. Their objective is to drive benefits in both enhanced supply chain efficiency and traceability. This initiative will impact directly on the produce supply chain as it will also require the use of the same GS1 standards recommended by PTI. There are lessons the PTI can incorporate from this initiative to help us reach our goal.
- In the retail sector, we are also strengthening our alignment with other fresh food initiatives so retailers have a more comprehensive value proposition built on the same GS1 standards in use across all fresh food categories sold in their stores. This requires a broader retail initiative addressing fresh foods and a coordinated approach with the foodservice sector so that suppliers to both sectors have a harmonized approach.

3. There has been much discussion about why Milestones 4 and 5 calling for case labeling of produce are set one year before Milestone 6, which calls for receivers to record or capture this data from case labels. Our Boards have reviewed this issue and believe it is appropriate to make these milestone goals simultaneous, placing Milestones 4 and 5 concurrently with the present anticipated date for Milestone 6.

4. With implementation of PTI, member companies are finding many questions about best practices and practical, cost-effective solutions at every stage of the supply chain. These include such disparate issues as the best ways to label cases in field packing, exchange GTIN data between seller and buyer or a common data pool, and capture outbound data from a retail distribution center to individual stores taking advantage of current voice-pick systems in warehouses.

Therefore, we recommend that a series of pilot projects be conducted in a variety of different commodity sectors, incorporating all segments of the supply chain from grower through retailer and restaurant. These pilot programs should address specific challenges identified by the different sectors, include use of different technologies and solution providers in order to evaluate multiple processes, and be transparent to all industry members as we share in lessons learned.

We intend to create these pilot projects under the auspices of the PTI, and also intend to engage commodity and regional associations as well as individual member companies in implementing pilots to address specific concerns applicable to their sectors of the industry. As projects are completed, we expect the PTI to make a thorough review of potential goals and milestones, consistency of commitment to adoption across industry channels, and best use of industry resources to achieve the desired goal.

5. There has been much discussion of the PTI milestones as potentially punitive deadlines for industry members. Our Boards recognize that adoption of any industry standardization initiative will result in early adopters who seek to gain efficiencies and marketplace support, those who transition to standardization more slowly, and those that lag behind. In hindsight, we believe the PTI milestones should not have been written as “must comply” dates but rather as “target goals” to achieve. We recognize that meeting implementation milestones will vary by company, and that ultimate adoption is a marketplace decision not an association directive.

6. Finally, we recognize the need for an even broader and deeper engagement with industry stakeholders in the leadership of the PTI. We are now undertaking a process to generate broader involvement with all stakeholders, and will work closely with each sector of the supply chain in development of the PTI pilot projects and future planning. Our associations recognize and applaud the widespread commitment of our industry to produce traceability. A very large number of companies continue to perfect their strong internal traceability systems, and many commodity sectors can largely track product from the consumer back to its farm origin within a very short time. We remain committed to the creation of a GS1 standards-based system linking the different segments in our supply chain from the store or restaurant back through each step of the chain, while recognizing that our current commitment to food safety and traceability allows the majority of produce to be traced step to step back to the farm today.

About Canadian Produce Marketing Association (CPMA)

Based in Ottawa, Ontario, the Canadian Produce Marketing Association (CPMA) is a not-for-profit organization representing companies that are active in the marketing of fresh fruits and vegetables in Canada from the farm gate to the dinner plate. CPMA members include major grower/shippers/packers/marketer, importer/exporters, transportation, brokers, distributor/wholesalers, retailers, fresh cuts and foodservice distributors/operators, integrating all segments of the fresh produce industry. CPMA is proud to represent over 700 international and Canadian members who are responsible for 90% of the fresh fruit and vegetable sales in Canada at an annual estimated value of \$8 billion Canadian dollars. CPMA is funded by the industry through voluntary membership and various services, activities and sponsorship programs.

About Produce Marketing Association (PMA)

Founded in 1949, Produce Marketing Association is the leading trade association representing nearly 3,000 companies from every segment of the global produce and floral supply chain. Members rely on PMA year round for the business solutions they need to increase sales and

consumption, build strong professional relationships, and expand their business opportunities. For more information, visit www.pma.com.

About United Fresh Produce Association (United Fresh)

United Fresh Produce Association is the pre-eminent trade association for the produce industry in managing critical public policy issues; shaping legislative and regulatory action; providing scientific and technical leadership in food safety, quality assurance, nutrition and health; and developing educational programs and business opportunities for members to better meet consumer needs for increased consumption of fresh produce. Founded in 1904, United Fresh represents the interests of member companies from small family businesses to the largest international corporations throughout the global fresh produce supply chain. For more information, visit www.unitedfresh.org.