

THE PRIORITY:

our associates
and customers
first

IN EVERY DECISION WE HAVE MADE, OUR PRIORITY HAS BEEN TO TAKE CARE OF EACH OTHER IN ORDER TO MAINTAIN THE SAFETY OF OUR ASSOCIATES AND CUSTOMERS





This year's health contingency has put the entire world in an unprecedented situation and has transformed the way we live and work

Our hearts go out to each and every person who has been or is being affected by the pandemic crisis.

More than ever before, our services have become one of the primary pillars that drive our domestic economy and that help to make the lives of people easier. Walmart de México y Centroamérica is a company of people who work for people, and consequently it is amazing to witness the work done every day by our more than 231,000 associates. [We want to begin by acknowledging the work of all those associates who go to the stores, clubs, and distribution centers on a daily basis to serve millions of customers and members.](#) Their work is a source of inspiration for all of us who are part of this Company.

The work of our associates is fundamental so that our 3,489 units in operation in Mexico and in Central America may open their doors daily and serve the 6 million customers we have in the region each day.

[We are a resilient company.](#) Historically, we have managed to navigate the waters of endless different circumstances, but we had never faced something similar before to what all of us are experiencing today. We have had to rise to challenges and adjust along the way. Since we transformed the way we work, we are capable of making agile decisions, responding to an ever changing scenario that presents us with increasingly complex situations. We work together with our people and our suppliers to achieve close and coordinated collaboration, moving forward and serving as an ally for society.

THE CHALLENGE MAKES US GREAT: COVID-19

During these tough times that all humanity is currently facing, is precisely when we have to show our commitment to each and every one of our stakeholder groups, who in turn rely on us and on our ability to continue moving forward despite all odds.

As a company, we focus on five priorities that have guided our actions amid the health crisis and which are in response to the multiple needs of our associates, customers, suppliers, and the communities we serve.



1 TO SUPPORT ALL THE ASSOCIATES WORKING DAILY IN OUR STORES, CLUBS, AND DCS



We appreciate all our associates who, through their effort, work, and dedication, enabled us to meet our purpose of helping people to save money and live better

We have the enormous responsibility of ensuring and protecting the health and wellness of all the associates who are part of the Great Walmart Family, especially those who work serving our customers and members in stores and clubs, and those who run the business from distribution centers.

This pandemic required us to quickly adapt to changes, undergoing measures that not only allowed us to continue providing our services, but that also guaranteed protection for our associates, who at all moments rose to the challenges presented.

In seeking the well-being for our associates so they may take care of themselves and their families, we implemented several measures that ensure the safety of all

HEALTH BEFORE ALL ELSE

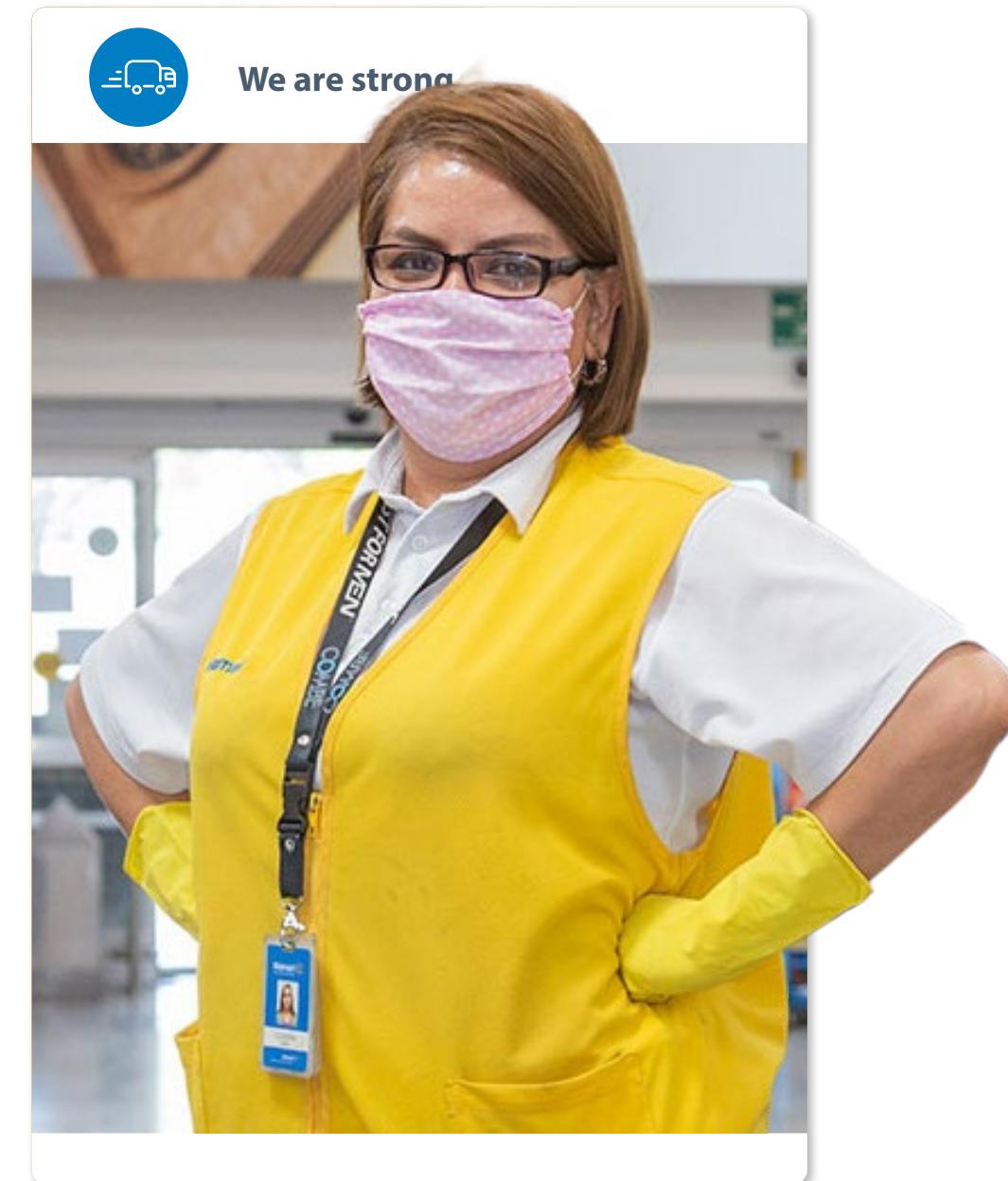
In order to take care of vulnerable population, [more than 23,000 associates](#) were granted permission to be absent with pay, including pregnant women and associates over 60 years of age, working in our stores, clubs, distribution centers and corporate offices; these leaves were initially for 14 days and then extended until August, due to the circumstances.

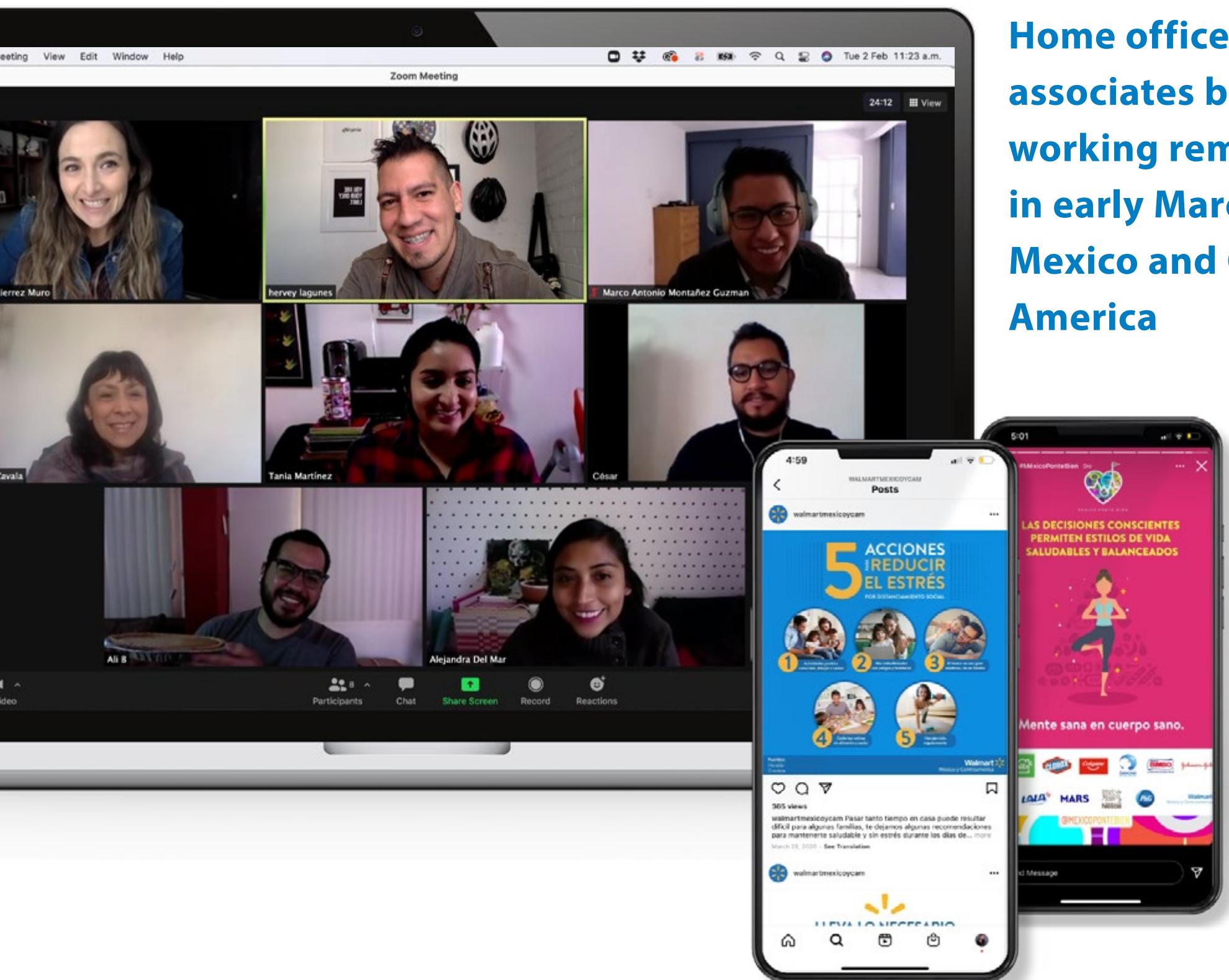


We created 225 protocols for safe behavior and support material so our associates could become familiarized with the proper use of facemasks and all health-protection measures needed to prevent contagion

In Mexico, we changed the payment frequency of our associates, from biweekly to weekly, a policy already followed in Central America. In addition, we provided support to those localities in which access is difficult and we granted two special bonuses to our operations associates in Mexico and Central America, as a way to recognize their performance during this health crisis.

Quick testing was implemented to detect COVID-19, and the ¡Ponte Vivo! (Get Alive!) campaign was created to raise awareness among the associates regarding the pandemic, and to follow preventive measures at all times at home, on the way to work, and within the units, under the philosophy of [If you are healthy your loved ones are healthy too](#) and [#NosCuidamosEntreTodos](#) (#WeCareForEachOther).





Home office associates began working remotely in early March in Mexico and Central America

Initiatives such as Emotional Health Week were developed [with the purpose of facing stress and being more productive](#). With this initiative, virtual yoga classes were offered for the whole family, group sessions for working mothers, and talks on how to create a resilient mindset; effective time management; and thoughts and stress.

Free medical appointments were offered, as well as preferential costs for immediate family members and discounts in pharmacies. Through our Comprehensive Assistance Program (PAI), we implemented [free medical attention for associates and immediate family](#), 24/7, whereby medical professionals offer care, advice, and follow-up.

In support of the household budget, as of April 1st, our associates have a 6% discount in purchases in our stores, clubs and eCommerce for grocery items, perishables, and pharmacy products.

2

SERVING OUR CUSTOMERS BY PROVIDING ACCESS TO ESSENTIAL PRODUCTS AND BY ENSURING THEIR SAFETY

We focused on providing customers the peace of mind of always being able to find the necessary supply of basic items in our stores; that our facilities always meet the established safety standards; and that our associates are in full compliance with measures related to safe distancing and disinfection, as set forth by the corresponding authorities.

Therefore, we undertook the task of implementing and broadcasting via different media a series of measures and recommendations so our customers and members, in any of our stores and clubs, could follow all the prevention recommendations possible and, in this way, help everyone take care of everybody, together.

We offer to our customers a safe and seamless shopping experience





The following are the implemented measures and recommendations:

- Placement of protection glasses at more than 14,000 checkouts
- Welcoming all customers and members with antibacterial gel at all entrances
- Distributing facemasks for all store, club and DC associates
- Updating the safe distancing measure to 1.5 meters for greater protection, and placing indications on the floor to signal the correct distance between lines

- Safety indications at all store and club entrances, stating that one person per family is allowed and, where possible, orientation for senior citizens and pregnant women when doing their shopping
- Disinfect and fully clean all shopping carts, and areas with high-traffic areas, contact, and common use
- Uninterrupted operation during normal working hours for the large majority of our units

- Implementing additional cleaning and safety measures when making home deliveries
- Avoid using cash
- Upon arrival home, proper cleaning of hands and groceries
- Repetitive cleaning of reusable bags



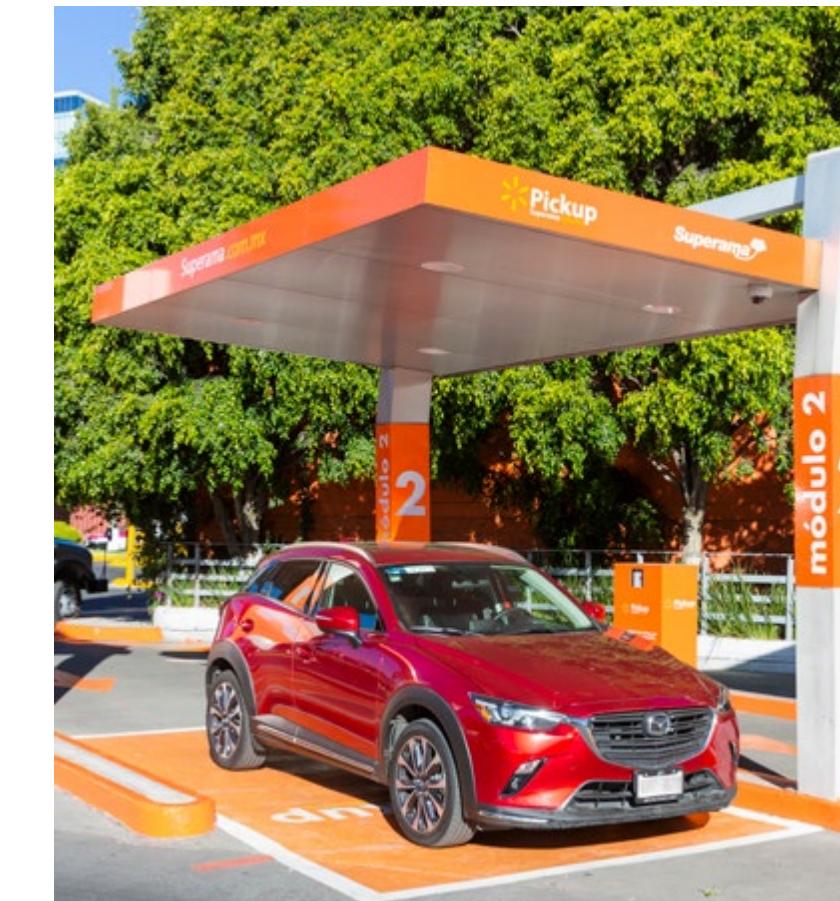
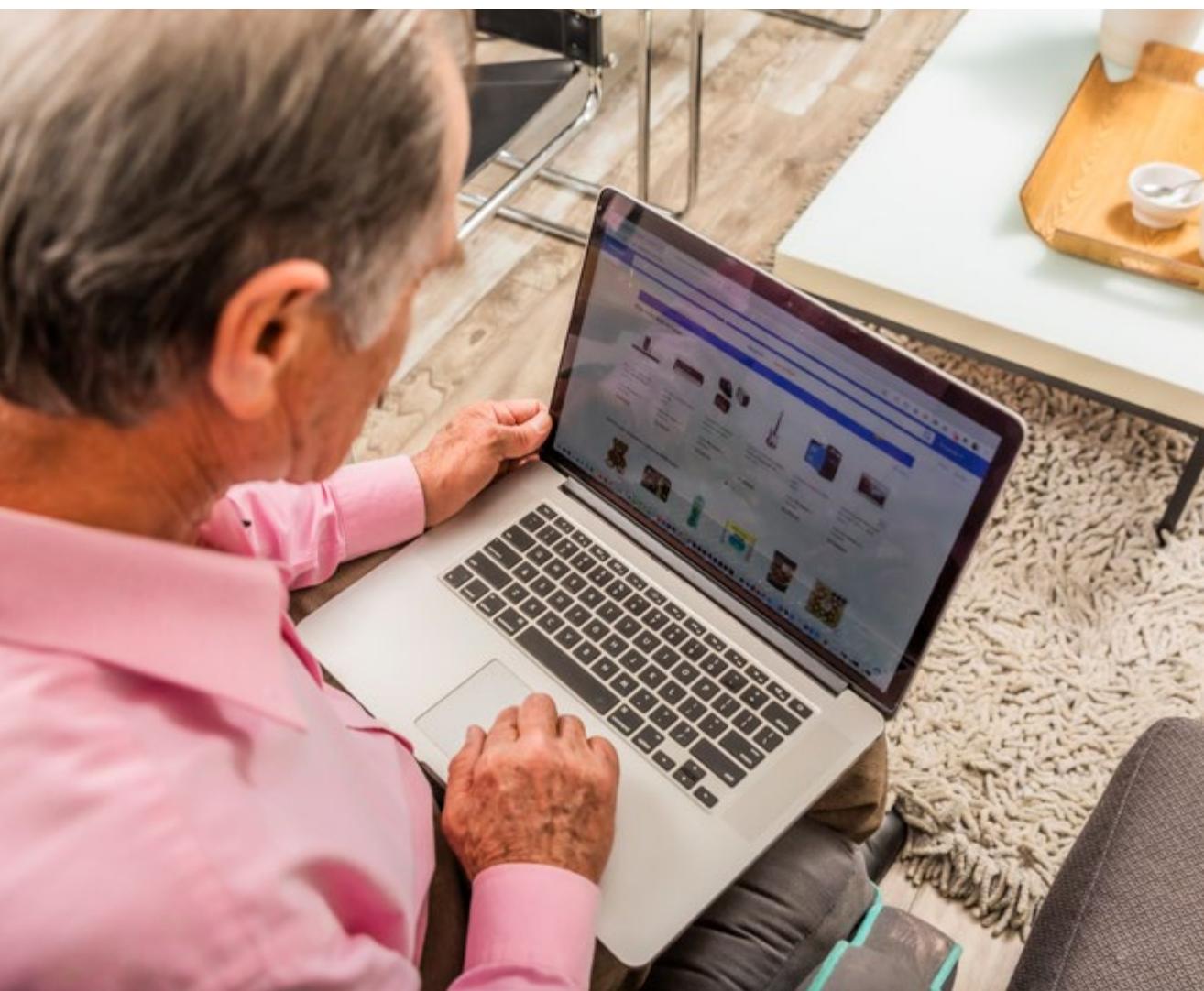
SAFEGUARDING HEALTH AND SAFETY IN ECOMMERCE

In conjunction with other sector companies and related associations, [we helped create the “Guidelines for preparing, buying, and delivering e-commerce orders during the COVID-19 pandemic in Mexico.”](#) These guidelines seek to ensure the proper safety measures needed in the different stages of online orders, to safeguard the health of all involved and maintain the confidence of consumers wishing to use these services.



Among these best practices, which we have followed closely, are:

- Reinforcing and supervising general cleanliness compliance on a frequency basis
- The creation of continuous disinfection plans in high-traffic areas
- Daily disinfection of items such as shopping carts, helmets, forklifts, tools, valves and handles, and the interior of vehicles used to handle and deliver goods
- Ensure minimum contact possible with doorknobs, gates, locks, bannisters, and doors not essential to completing the delivery



Aware of the importance of [protecting vulnerable people](#) regarding [COVID-19](#) and who need to shop without leaving home, we offer a broad home-delivery schedule via our eCommerce platforms for our different formats. It allows customers to fill their carts with the products of their choice, and once they have provided the correct address and the pickup choice, they choose the date and time, with a special time available for “groups at risk”, which is the first available hour for each day.

With this effort we benefit vulnerable groups such as seniors, pregnant women, people with disabilities, health-sector workers, and people with comorbidities such as autoimmune, heart, renal, liver, blood, or metabolic diseases, as indicated by the Federal Secretary of Health.



GUARANTEEING SUPPLY WITH EVERY DAY LOW PRICES

In light of the urgent need for products at the onset of the pandemic, we worked tirelessly [to guarantee sufficient supply for our customers](#), of goods like toilet paper, beans, rice, milk, perishables, staple goods and household cleaning products, among others. This way we assured our customers that our stores would always have whatever they need for themselves and for their families.

More than ever before, we honor our philosophy of Every Day Low Prices. We work together with our suppliers and business partners to contain product prices to help families with their household budgets, especially for those products that are in greatest demand during this health crisis, placing [greater emphasis on staple products of primary need](#) in each and every country where we operate.

Considering the economic difficulties many families are facing, together with the Mexico City Government [we created a program comprising over 300 items](#), which we called *Los Esenciales* (Essentials), ranging from food products to those used in household cleaning, offering them at the lowest prices on the market and with the promise of maintaining said prices unchanged for 60 days. In the beginning, this program was meant for products sold in our Bodega Aurrera stores in the Greater Mexico City area, for the aforementioned period. However, due to greater acceptance and the economic benefits produced, the program was extended to the entire year and in all our self-service formats. In addition to this campaign, in support of students throughout Mexico [we launched Essential Back-to-School Products](#), to maintain low prices for 60 basic items found on school lists, sold in our more than 2,000 Bodega Aurrera units nationwide for over a month and a half. Through our joint efforts with suppliers and authorities, we were able to provide another way to maintain our promise of Every Day Low Prices, benefiting our customers and their families during these times of greatest need.

This pandemic has changed many habits for everyone, from the way we relate to each other, to the way we work and how we shop. By placing the customer at the center of all our decisions, we have better understood the new "normal" for families, and we have undertaken measures that better meet their new needs.



In serving these changes, at Bodega Aurrera we have reinforced the Morralla (Loose Change) campaign, which offers a series of products valued at 5 pesos and above, including Our Brands. Through this, we increased the number of items sold while enabling our customer to obtain high-quality goods at affordable prices

Another strategy we implemented was the *Cañonazos* campaign, aimed at driving higher volume products, with top-selling brands and products offered at the best possible price-value ratio, thus increasing the sale potential.



3

HELPING EACH OTHER, INCLUDING THE COMMUNITIES WE SERVE AND OUR SUPPLIERS

Our company is committed to the communities we serve, fully knowing that solidarity is required now more than ever before. Thanks to this commitment, a positive impact has been achieved on the lives of our associates, suppliers, and communities, in addition to being an ally with the government in favor of society.



WE ARE A PEOPLE COMPANY, IN SERVICE TO ALL PEOPLE

Facing a crisis such as the current one, where our communities rely on our help and support, we donated 130 million pesos to help finance the COVID-19 Temporary Unit set up in the Citibanamex Convention Center that assists patients requiring oxygen therapy; intermediate care; areas for physicians and for laboratory work; and the transfer of patients requiring intensive care services.



The purpose of this solidarity was to combine logistics and physical infrastructure of the CIE (Interamerican Entertainment Corporation); CODERE (Citibanamex Center); and other alliances, with the experience and prestige of institutions such as the Carlos Slim Foundation, to plan, build, and enable a Temporary Unit operated by the National Autonomous University (UNAM) and the Mexico City Government. Said unit has served 6,592 patients, of which slightly more than 88% have been discharged and sent home.

Likewise, the Walmart Mexico Foundation, in conjunction with the Mexican Center for Philanthropy, developed the Mexican Pantry Fund to collect funds and assist families who have lost their sources of income to the pandemic. This alliance has helped 7,273 families put food on their tables during the pandemic with the use of assistance cards provided, redeemable at all our Walmart Supercenter, Bodega Aurrera, and Superama units.



26.3 millions

amount collected



7,273

families benefited



40,165

pantries delivered

We appreciate the tremendous work done by thousands of professionals every day, saving lives and helping society to continue in operation

One form of recognition for physicians, nurses, and other health-sector workers; firefighters, police, and members of the army, navy, and civil protection has been the 10%-discount offered in pharmacy products sold in all our business units. In addition, Sam's Club opened its doors to these people throughout the pandemic so they could shop without a membership in any of the 164 clubs nationwide, only having to produce proof of identification from their place of work.





All these efforts stemmed from joint cooperation, proving once again that by working together during difficult times we can make a difference in the lives of many people

In Central America, we supported the different agencies of the region by donating 7.4 million pesos in groceries, personal hygiene products, cleaning materials, and biosafety items, thereby benefiting more than 328,900 people.

Moreover, we set up the Friendly Hands program in Costa Rica, Guatemala and El Salvador. Collection centers were set up in our stores so customers deposit donations of staple products, which would then be delivered to assistance authorities. These authorities would then, in turn, distribute said donations among the affected population. Through this program, we were able to donate 1,422 kilos of products. In Costa Rica we also donated a in the Santa Ana DC, to the Emergency Commission for use as a storage area for health crisis supplies.

WORKING AS A TEAM WITH OUR SUPPLIERS AND BUSINESS PARTNERS

In Mexico and Central America we have 41,186 suppliers, of which a large percent are SMEs, who faced many difficulties during this pandemic to stay in operation. We created the Support Plan for Micro and Small Enterprises with the purpose of contributing towards and driving their growth.



The support granted through this plan includes:



The Funding Program through factoring at competitive rates, through which our suppliers can convert accounts receivable into cash immediately. This program is aimed to meet their needs for working capital, providing them with greater liquidity and providing support so they may meet their obligations and production cycles. In addition, these suppliers can rely on prepayment of invoice amounts, whenever needed.



We reduced payment terms for micro and small enterprises who are suppliers of goods and services for our company, indefinitely.



We waived two months of rent for micro and small tenants who lease space within our stores, or neighboring the same.



Moreover, we used the idle capacity of our business partners and hired thousands of people to be able to face and complete order deliveries as soon as possible, while also generating jobs.

In order to promote digitization of SMEs, at the end of the year we launched Walmart Digital Entrepreneurship, a digital training program designed for entrepreneurs who were affected by the pandemic and therefore needed help in facing this crisis. This program was made possible through an alliance with the Walmart Mexico Foundation and the ProEmpleo Productivo Foundation; thereby we contributed to reactivate the nation's economy.



TODAY MORE THAN EVER, WE LIVE BY OUR PHILOSOPHY OF EVERY DAY LOW PRICES

This year, honoring our philosophy of Every Day Low Prices (EDLP) was challenging. With the sudden increase in demand for certain items at the beginning of the health crisis, we had to react immediately so this would not become an increase in prices, which would directly affect our customers.

As a result, we needed to adjust our operation to accelerate the supply chain at a rate we were not expecting. We implemented end-to-end strategies and updated our commercial planning, considerably reinforcing the internal organization and our relationship with our business partners. This in turn enabled merchandise delivery to our DCs and, quite extraordinarily, some suppliers delivered products directly to the store, thus necessitating an adjustment to the product catalog.

This joint work with our suppliers and business partners enabled us to create an agreement for price containment for those products most needed by society and which would favor economic stability for our customers.

Thanks to the sum of these efforts, we were able to expand our price gap by 50 basis points.

The pandemic has obligated many people to be overly cautious with the family budget. In context, Our Brands products were strongly preferred by our customers because of price competitiveness and quality, becoming an ally for household budgets.

4

MANAGING THE SHORT TERM EFFECTIVELY, FINANCIALLY AND OPERATIONALLY



PRODUCTIVITY ENHANCEMENT

We are a company that continuously works to improve its value proposition in terms of prices, service, and assortment. Improvement in operation processes as well as the implementation of technology and digitization to strengthen our omnichannel strategy, were all factors that allowed us to enhance productivity and leverage costs through initiatives that enabled access to customer-centric products.

Thanks to our financial discipline, excluding one-time effects, we kept SG&A at levels similar to the previous year, despite high expenses incurred due to the pandemic.

We always balance out the short and long terms in our investments. [Resources invested in our omnichannel business have put us in a unique position to better serve our customers during emergencies](#), whereas our long-term vision allows us to continue building capabilities and infrastructure so we can constantly deliver positive results.

The more we grow and invest in our business, the more our financial strength increases

Focusing on understanding and attending the needs of our customers, and thus maintaining their preference, we reinforced and improved our level of service

By building greater capacity, investing, and optimizing our operation, we were able to improve the Net Promoter Score (NPS) -the indicator we use to measure customer loyalty and satisfaction- to levels surpassing those of 2019. This important achievement was possible thanks to the work of our associates, who always give their best to offer our customers an enhanced and frictionless shopping experience.

Due to the pandemic, in Central America we also needed to accelerate our omnichannel plans. [We have over 200 operating units equipped with omnichannel capabilities, where our customers have the option to pick up their products at special modules and/or receive home delivery.](#) Our customers in the region therefore obtain frictionless shopping experiences with the safety and health measures recommended for shopping in our stores.

Our performance has been consistent and our same-store sales growth continues to be the driving force for our primary growth. In Mexico, eCommerce contribution to total sales growth increased 2.5 times vs. 2019. In addition, our Gross Merchandise Value grew 164%.

Aware that our eCommerce offerings have become very appealing to our customers, they will probably continue shopping online once the health situation returns to normal. We are on the right path. We are a resilient business, capable of adjusting to situations as they appear. This fact, together with our financial strength, will allow us to continue innovating and investing, keeping us on the road to success.



2.6%

eCommerce contribution
to sales growth in Mexico



5 DRIVING OUR STRATEGY FORWARD, EVEN AMID THE CRISIS

We understand the difficult situation faced by many sectors; we put ourselves in their place and we are aware that it is a matter of interdependence -if one wins, we all do. We are proud to be able to say that, thanks to the tremendous joint efforts of our associates, suppliers, and society's cooperation, we have made great achievements in reinforcing economic activity, thus helping to improve the quality of life of Mexican and Central American families.



We continue investing despite the prevailing uncertainty. We believe in the long-term potential of the region.

**1.5%**new stores contribution
to total sales growth

INVESTING IN INFRASTRUCTURE TO CONTINUE BUILDING THE FUTURE

Ever since our arrival in the region, we have been a major driving force for the economy. The vision of our company is to invest in an infrastructure that favors not only the business, but also the growth and development of the countries where we operate.

In light of the challenging outlook, we decided to continue forward, investing in Mexico and Central America to create sources of employment, technological innovation, and opportunities for all families.

Due to the current health crisis we had to postpone building and remodeling stores because of the practical impossibility of obtaining the corresponding licenses and permits, due to social distancing measures. However, throughout the year we resumed our new-store growth plan, at an even faster pace, but always mindful of recommendations made by the authorities regarding construction; we also ensured that conditions were safe at all times. By doubling our efforts to maintain the strategy, it allowed new-store contribution to growth amounted to 1.5%.



**Bodega Aurrera
Picker**

INVESTING IN LOGISTICS AND ECOMMERCE

The exponential growth in the demand for online shopping through our eCommerce platforms were three times higher compared to 2019, which was why we strengthen our operation capacity hiring more than 2,700 pickers. In addition, following our strategy for the year, we opened three new DCs, so now our infrastructure has five operations dedicated to eCommerce; three fulfillment centers and two omnichannel DCs.

In response to market needs, in Mexico, we launched the Bodega Aurrera sites for both the extended assortment well as for On Demand service with *Despensa a tu Casa* (Grocery Home Shopping). In addition, we enabled On Demand service for 101 Bodega Aurrera stores and 164 Sam's Club units that were not scheduled for 2020. This further allowed us to quickly and efficiently reach communities that benefited from our presence, expanding our coverage in 70 cities with 586 stores offering On Demand services and more than 1,100 extended catalogue assortment kiosks.

Undoubtedly, 2020 was a year to display our resilience and ability to innovate, making it possible to deliver favorable results.

We feel fortunate to operate a business that allows us to remain close to our customers during the moments when they need us the most, and to be able to learn from them every day