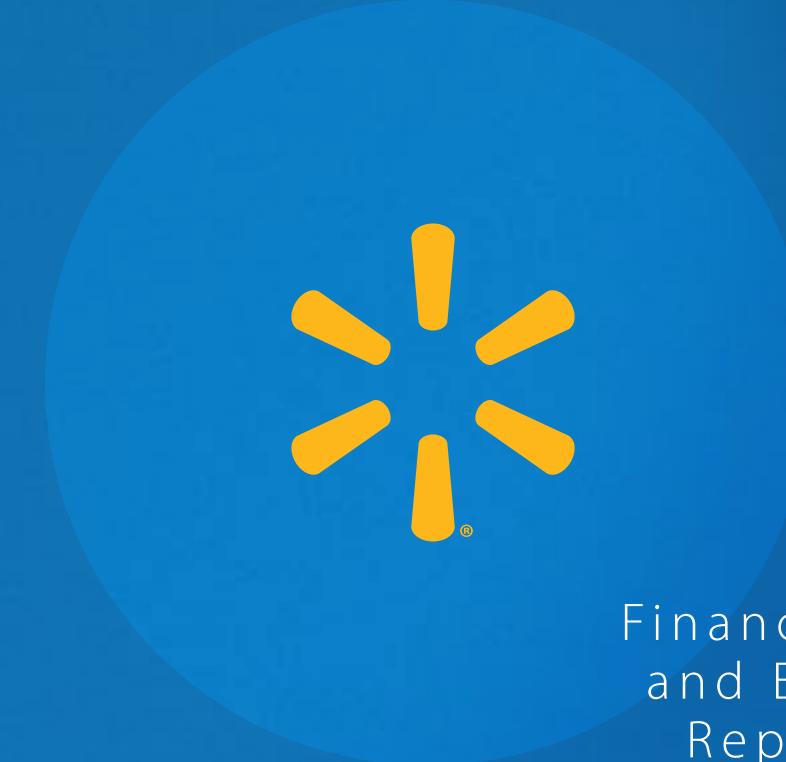


2022



Financial  
and ESG  
Report



A year of  
**STORIES**  
RESILIENCE      ACCELERATION      UNITY  
SOLIDARITY      STRATEGY  
EFFORT





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# THE PURPOSE: to help people to live better

AT WALMART DE MÉXICO Y CENTROAMÉRICA WE  
WORK EVERYDAY WITH THE PURPOSE OF  
HELPING PEOPLE SAVE MONEY AND LIVE BETTER



# MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS AND FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

GRI 102-14

**2020 was a year, unlike any other, that tested our capacity for resilience and innovation. We are honored to bear witness to the response given by our great Walmart family in Mexico and Central America, in light of the crisis caused by the pandemic. Their efforts and empathy were fundamental to get ahead more strengthened than ever.**



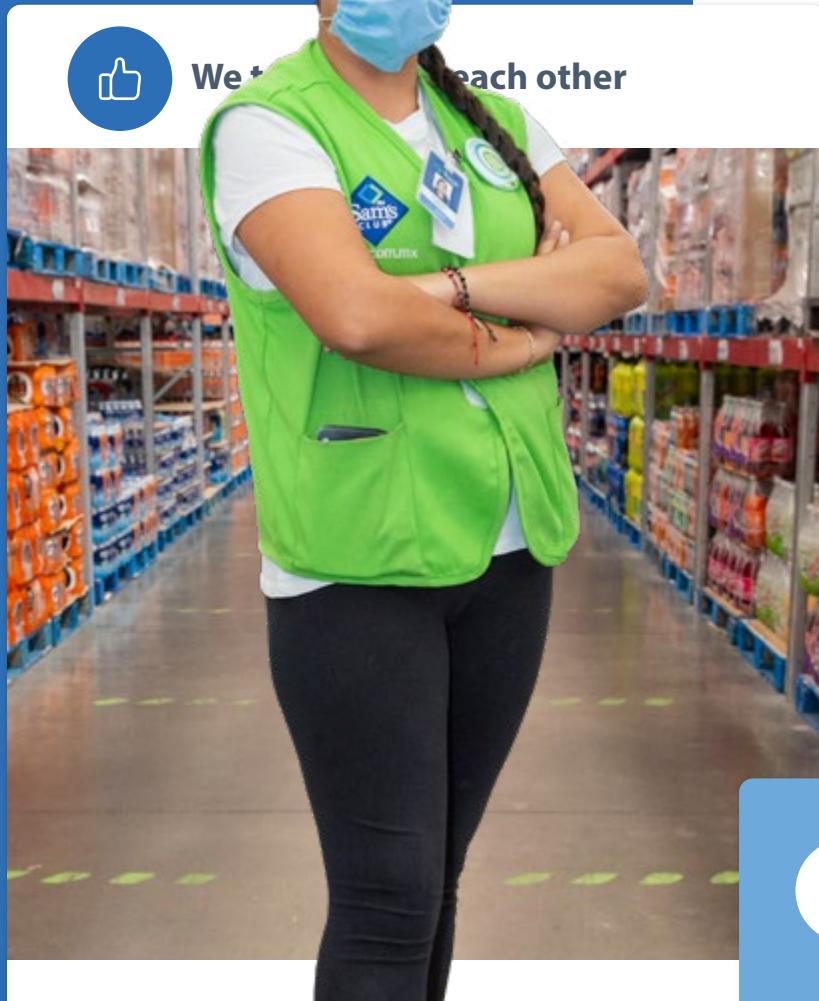
**Enrique Ostalé**

President of the Board of Directors  
Walmart de México y Centroamérica



**Guilherme Loureiro**

President and Chief Executive Officer  
Walmart de México y Centroamérica



For our company, the responsibility of maintaining an essential business in operation during a health crisis like none other, has allowed us to learn from the process, reinforce our principles, and be clear about our strategy. Based on this, we defined five priorities that guided our decisions throughout the year.

We are very proud of their efforts; [thanks to their work and dedication, today more than ever we continue delivering our purpose of helping people to live better](#). In addition to serving our customers, they managed the business effectively and we were able to progress in the implementation of our strategy. In addition to the necessary protection equipment to do their jobs, those associates considered vulnerable were granted permission for paid leave of absence; two extraordinary bonuses were given to all store, club, and DC associates; we changed the payment frequency of their salary from biweekly to weekly; and we set up a medical line to assist in the health and wellness of our associates and their families.

1

**Our first priority was to support all the associates working daily in our stores, clubs, and DCs**





Thanks to the work of our associates, we accomplished our second priority, which was to serve our customers by providing access to essential goods, in addition to committing to their health by following the recommendations made by authorities for entering our stores and clubs; installing acrylic shields at the registers; designating safe distancing in high traffic areas; and setting aside areas for delivery and pickup for vulnerable customers. We worked closely with our suppliers and partners, guaranteeing in-stock in our stores and clubs at the lowest prices possible. In conjunction with the Mexico City government, we created a basket with over 300 items at the lowest prices on the market and which we called Los Esenciales (Essentials), thus honoring our philosophy of Every Day Low Prices.

Our supply chain remained in operation non-stop. We reinforced our omnichannel infrastructure in logistics and technology so our customers would have their products in their homes, how they wanted to receive it, at the lowest possible price. We are very proud to know that our customers appreciated this effort, rewarding us with their loyalty.

2

**Our second priority was to serve our customers by providing access to essential products, keeping them safe**





3

**As our third priority, we focused on helping each other, including the communities we serve and our suppliers**

Because of the health crisis, we donated 130 million pesos to finance the COVID-19 temporary unit, which provides medical attention to health sector patients in Mexico City. We also donated over 250 tons of food for more than 22,800 senior-citizen packers.

The complications of the pandemic also affected our small farmers, and therefore we decided to provide support by reducing payment terms to seven days and extending our factoring program at competitive rates. We waived rent payments for our small tenants and we worked with them in employing their personnel during demand peaks.



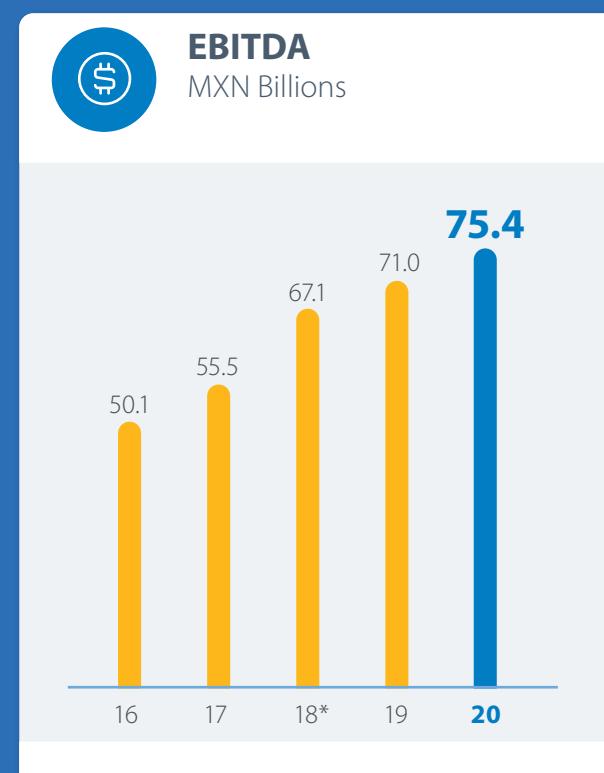
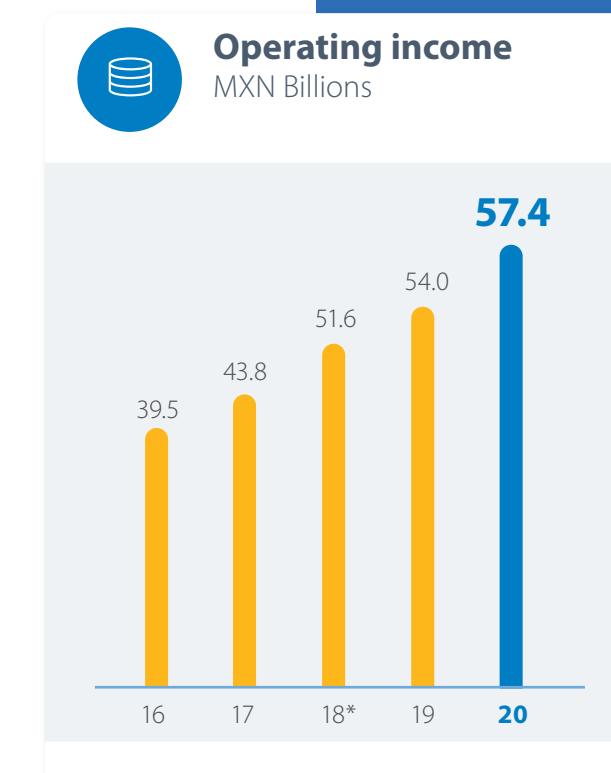
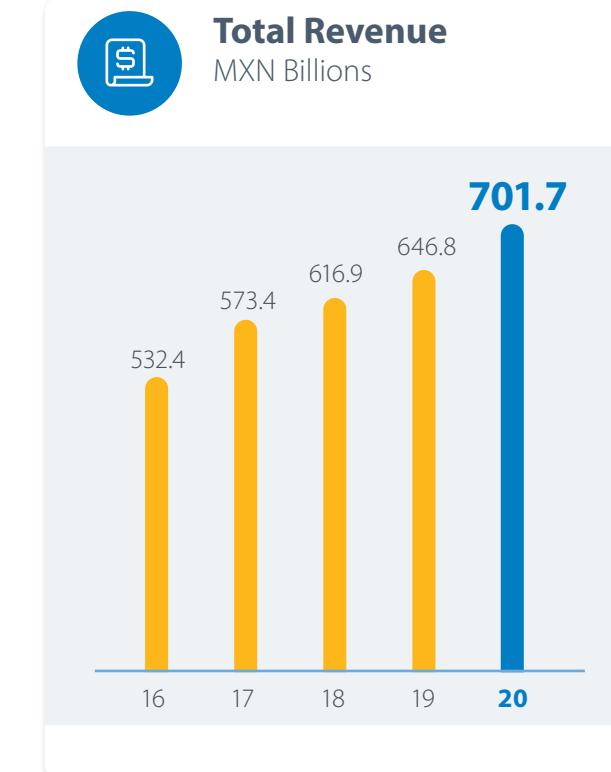
4

## Our fourth priority was to manage the short term effectively, financially and operationally

We always balance the short and long terms in our investments; the resources invested in our omnichannel business enabled us to immediately provide an essential service to our customers throughout the crisis, while building long-term capabilities and infrastructure, and continuing to create value for our different stakeholders.

Our performance has been consistent; our same-store sales growth continued to be our main growth driver. In addition, we managed to accelerate the contribution of eCommerce to total sales growth. [At a consolidated level, excluding one-time effects, our results were positive](#). Revenue amounted to 701.7 billion pesos, an 8.5% increase over last year. SG&A grew 9.3%, representing 14.7% of total revenue, quite similar to 2019 levels, thanks to our operating discipline and in spite of high expenses incurred due to the pandemic. Operating income grew 9.7%. EBITDA totaled 77.2 billion pesos, a margin of 11.0%, remaining in double digits like in 2019.

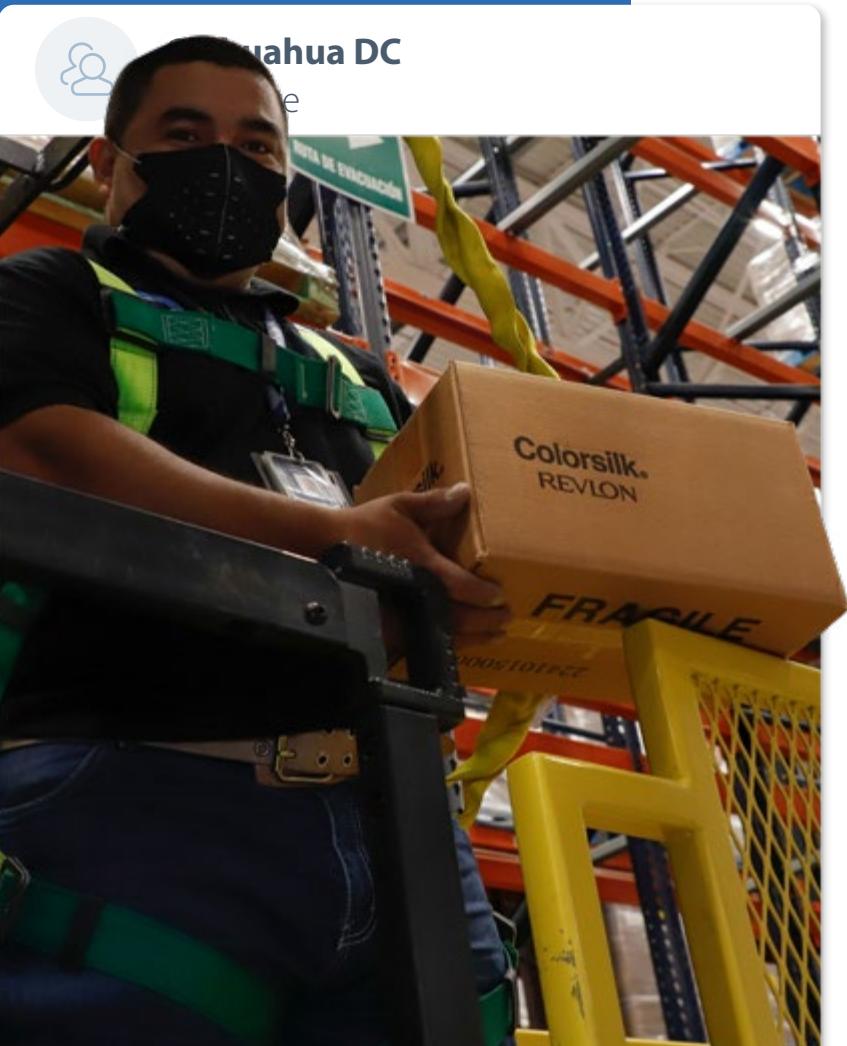
\* To improve visibility of our business performance, we are including a retroactive estimate of the effect that the implementation of IFRS 16 would have had on 2018 financial results. These pro-forma figures are not audited, but are based on audited results reported in 2018 and were adjusted with our best estimates to show the effects related to the adoption of IFRS 16. It is important to point out that all references to the previous year's results are based on pro-forma figures for 2018.





5

## The fifth priority was to drive our strategy, even amid times of crisis



Our results allowed us to have the resources for innovation and investment. Therefore we did not delay our growth and we invested in technology and infrastructure, enabling us to continue building the future because we believe in the long term potential of the region.

Once restrictions for construction were lifted by the authorities, we resumed our growth plan for new stores at an even faster pace. This effort to maintain our strategy, allowed for a 1.5% contribution to total sales by the new stores.

We expanded our logistics network with an eCommerce Fulfillment Center in Estado de Mexico, and we opened two new omnichannel DCs, one in the city of Merida, and another one in Chihuahua, permitting us to broaden our coverage nationwide, supplying more units of all our formats. Moreover, we laid the first stone of the Villahermosa and Mexicali DCs, to continue developing our logistics strength.

We launched the Bodega websites for both our extended catalog and for Despensa a tu casa (Grocery Home Shopping), as well as enabling the On Demand service in 101 Bodega stores and 164 Sam's Club units that had not been planned for that year. Thanks to the progress achieved, we were able to rapidly and efficiently serve thousands of families in communities that benefited from our presence so they could remain safe without leaving home. Maintaining the strategic approach for expansion and omnichannel capabilities.

In Central America we opened 19 stores throughout the region, representing an additional 17,538 m<sup>2</sup> of sales floor. We developed and launched an online shopping platform, with which we enabled 200 stores to cover 60% of the territory with the presence of our Bodega, Supermarket, and Walmart formats in five countries, offering home delivery and pickup services. Also, we implemented the first store with a self-checkout system in the region, that is, Walmart Heredia Este, where our customers can enjoy a renewed shopping experience.

The year 2020 was also a year of innovation. We continue to work focused on our customers and on enhancing their experience. We welcomed Walmart Express, a format with efficient assortment, low prices, and a more robust omnichannel value proposition. Our prepaid mobile phone service was launched in Mexico, called BAIT, (Bodega Aurrera Internet and Telephone) which offers an affordable and inclusive mobile connectivity service in support of Mexican families.



At Walmart de México y Centroamérica, each year we challenge ourselves to take better decisions and to [create Shared Value for our stakeholders](#). We firmly believe that as a successful company we go a step beyond; our long-term objective is to improve the systems on which we rely, such as developing the labor force or supply chains. This is not only to generate the trust of our customers, but also to improve supply security, product and service quality, efficient cost and expense management, generate new sources of revenue, and attract and retain the best talent. In reinforcing these systems, we move forward towards being a responsible company while also maximizing the value of our business.

We continue working each day to improve our [Associate Value Proposition](#), which we call PRODI, an acronym that describes the five promises encompassed, and which represents all the benefits of working in Walmart. We have evolved the way in which training takes place, by changing our offering from live to digital.

We have made considerable progress in our Diversity and Inclusion strategy, through which we promote equality among our associates, offering them safe workplaces, respecting them, and accompanying them along their path to development in the company. We were given recognition as an inclusive company with the *Éntrale* award, and Human Rights Campaign certified us for the fourth consecutive year as a company that promotes diversity and LGBT+ community inclusion in the workplace.



**Thanks to technology and different tools, we have been able to offer great learning opportunities to our associates, in whom we have invested 7.6 million hours of training**



## **Currently, 80% of our stores in Mexico are supplied with renewable energy and we reduced our emissions by 2.8%, as compared to last year**

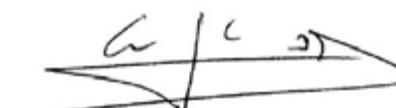
This year we focused on the here and now, without overlooking our responsibility to sustainability, our communities, and the planet. Stemming from the urgent need to act in light of the climate change crisis, [this year we assumed the commitment of becoming a regenerative company by 2040.](#)

Also, in Mexico, we achieved that 75% of our waste was no longer sent to landfills and we installed 12 permanent recycling centers as part of our Reciclamanía Evoluciona initiative.

We are moving towards being a Net-zero emissions company, placing environmental protection and restoration at the center, understanding its importance for ecosystems and biodiversity. We are convinced our role is key to achieving a sustainable future.

Throughout the years we have continued proving we are a resilient company, capable of innovating, executing, and delivering results. We have laid the foundations for a solid company that is ready for the future.

**Thank you for your interest in our company.**



**Enrique Ostalé**

President of the Board of Directors  
Walmart de México y Centroamérica



**Guilherme Loureiro**

President and Chief Executive Officer  
Walmart de México y Centroamérica



### Economic and Financial <sup>1</sup>

**701.7 billion**

revenue +8.5% Gr.\*

**10.7%**

EBITDA margin +6.2% Gr.\*

**64.8 billion**

cash generation +1.62% Gr.\*

**16.7 billion**

invested in high return projects



Download all  
our 2020  
figures here



### Omnichannel <sup>2</sup>

**171%**

eCommerce sales growth

**164%**

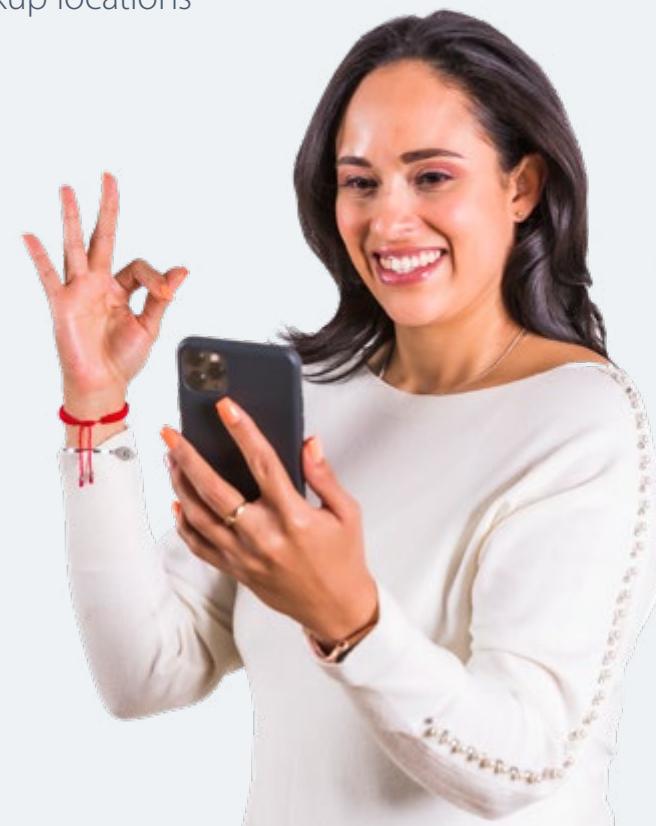
GMV growth

**586** stores

offering On Demand (same-day delivery)

**1,349**

pickup locations



**41,186**

suppliers in the region

**93%**

of goods sold in Mexico

are purchased in the country

**88%**

of goods sold in Central America

are purchased in the region

**1,770 million**

pesos channeled through social impact programs <sup>1</sup>



### Environment

**71.5%**

progress in our zero waste goal <sup>1</sup>

**3,443**

products with improvements

to reduce their environmental impact <sup>2</sup>

**80%**

of our stores are supplied with renewable energy <sup>2</sup>

**63%**

of energy consumption

is supplied from renewable sources <sup>1</sup>



### Corporate Governance

**-15%** associates

accidents in Mexico

**+116,000** training hours

on our Statement of Ethics <sup>1</sup>

**-22%** associates

accidents in Central America

**50%**

board members are independent



# OUR HISTORY

Running our business for more than 60 years, has taught us how to achieve results, even in challenging situations.

**1959**

Superama starts operations



**1977**

Cifra starts trading on the Mexican Stock Exchange



**1993**

Walmart Supercenter starts operations



**1964**

Vips Restaurants start operations

**1970**

Bodega Aurrera & Suburbia start operations

**1991**

Joint venture between Cifra and Wal-Mart Stores, Inc.

First Sam's Club in Mexico

**1997**

Wal-Mart Stores, Inc. acquires majority position in Cifra – Tender offer on the MSE

**1999**

Introduction of Every Day Low Prices



**1958**

Aurrera starts operations

**2020**



**2014**

Walmart de México y Centroamérica sells its restaurant division to Alsea



**2015**

Walmart de México y Centroamérica sells its bank to Inbursa



**2017**

Walmart de México y Centroamérica sells Suburbia to Liverpool

**2013**

Walmart.com.mx launches General Merchandise



**2010**

Walmart de México acquires 100% of Walmart Centroamérica



**2008**

Bodega Aurrera Express expansion

**2005**

License issued to operate a bank in Mexico

**2007**

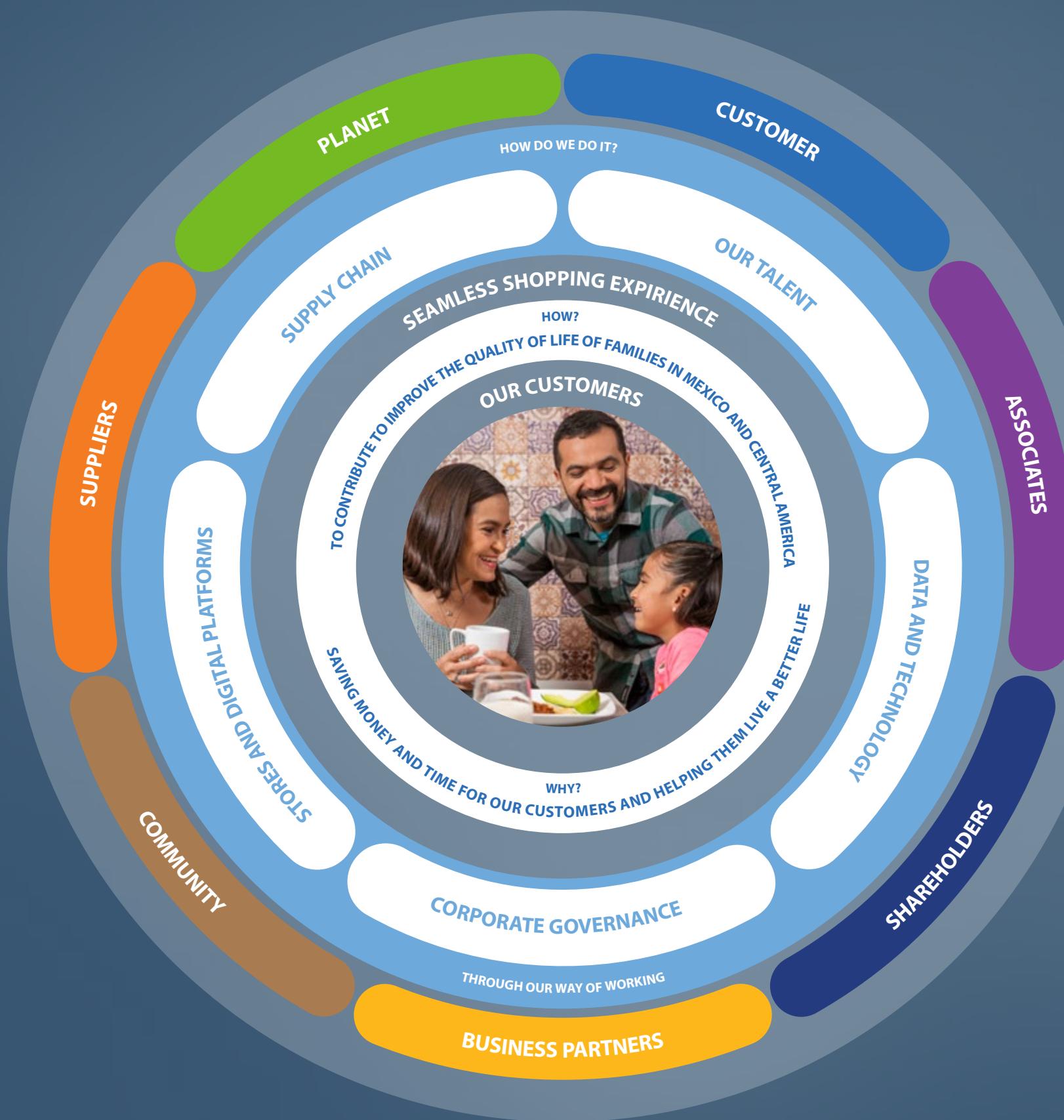
Mi Bodega starts operations

**2004**

Superama.com.mx Online grocery sales



Wal-Mart Stores, Inc. acquires 33% of the shares of CARHCO (Central American Retail Holding Company)



# BUSINESS MODEL

**Our customers are always at the center of all our decisions, which is why we aim to provide a seamless shopping experience. We built the capabilities needed to deliver value to all our stakeholders.**



**Customer-centric:** We place our customers at the center of our decisions with the purpose of helping them save money and live better.



**Seamless shopping experience:** Our customers can shop in our stores or via our digital platforms, easily, without friction and with the same benefits.



**Capabilities:** The key resources that distinguish us, enabling us to fulfill our customer value proposition and deliver value to our stakeholders.



**Our way of working:** The transformation in how we work is related to an ongoing process of evolution towards being an agile organization.



**Stakeholders:** We seek to consistently deliver value to our customers, associates, shareholders, communities, partners, suppliers and the planet.



## OUR CAPABILITIES

### 1 STORES AND DIGITAL PLATFORMS

Throughout the years we have been able to delight different customer segments with our service in the 685 cities where we operate, adapting our offering to customer lifestyles and expectations, and expanding our assortment to favor those customers who are most price sensitive.

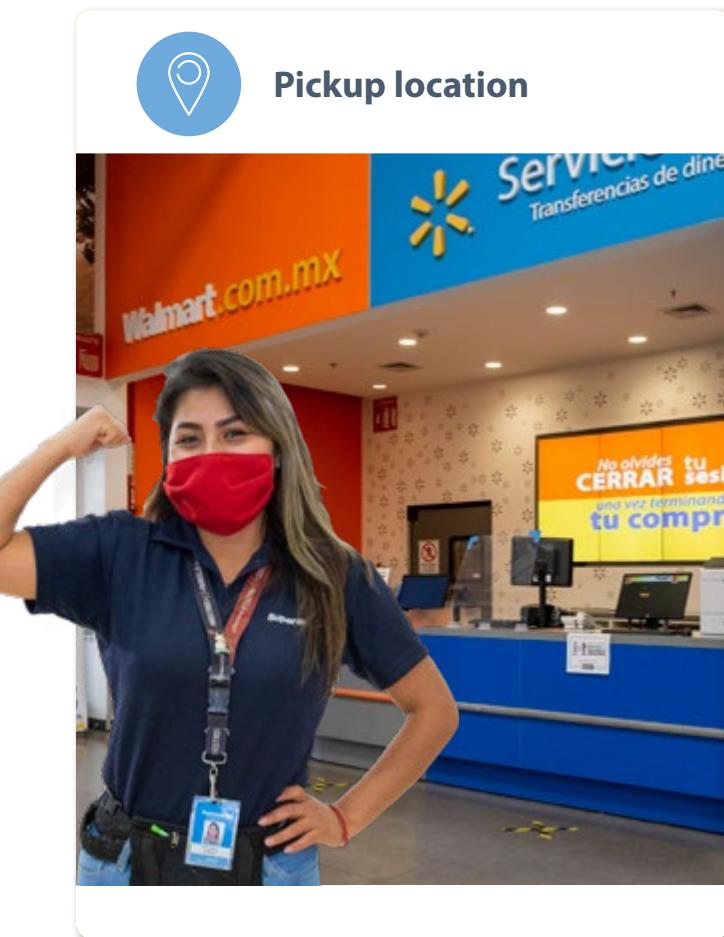
We have evolved the shopping experience for our customers by combining solutions in our brick-and-mortar stores and digital platforms, with a robust omnichannel proposal and the commitment of maintaining our Every Day Low Prices.

#### OMNICHANNEL STORE

In our omnichannel stores, we combine the benefits of the brick-and-mortar store with the advantages of our digital platforms. Within the stores, our customers can do online shopping through kiosks and extended catalog screens, with the option of paying online, at the checkouts or, in the case of On Demand purchases, paying upon order delivery. In addition, they can choose to receive merchandise via store pickup -either at the module or in their car- or via home delivery.

Our omnichannel strategy allows us to leverage our broad coverage via stores, by equipping them with digital capabilities.

In Mexico, 85% of the population in major cities lives within 10 minutes of one of our stores.



**586**

On Demand stores in Mexico



**1,131**

kiosks in Mexico

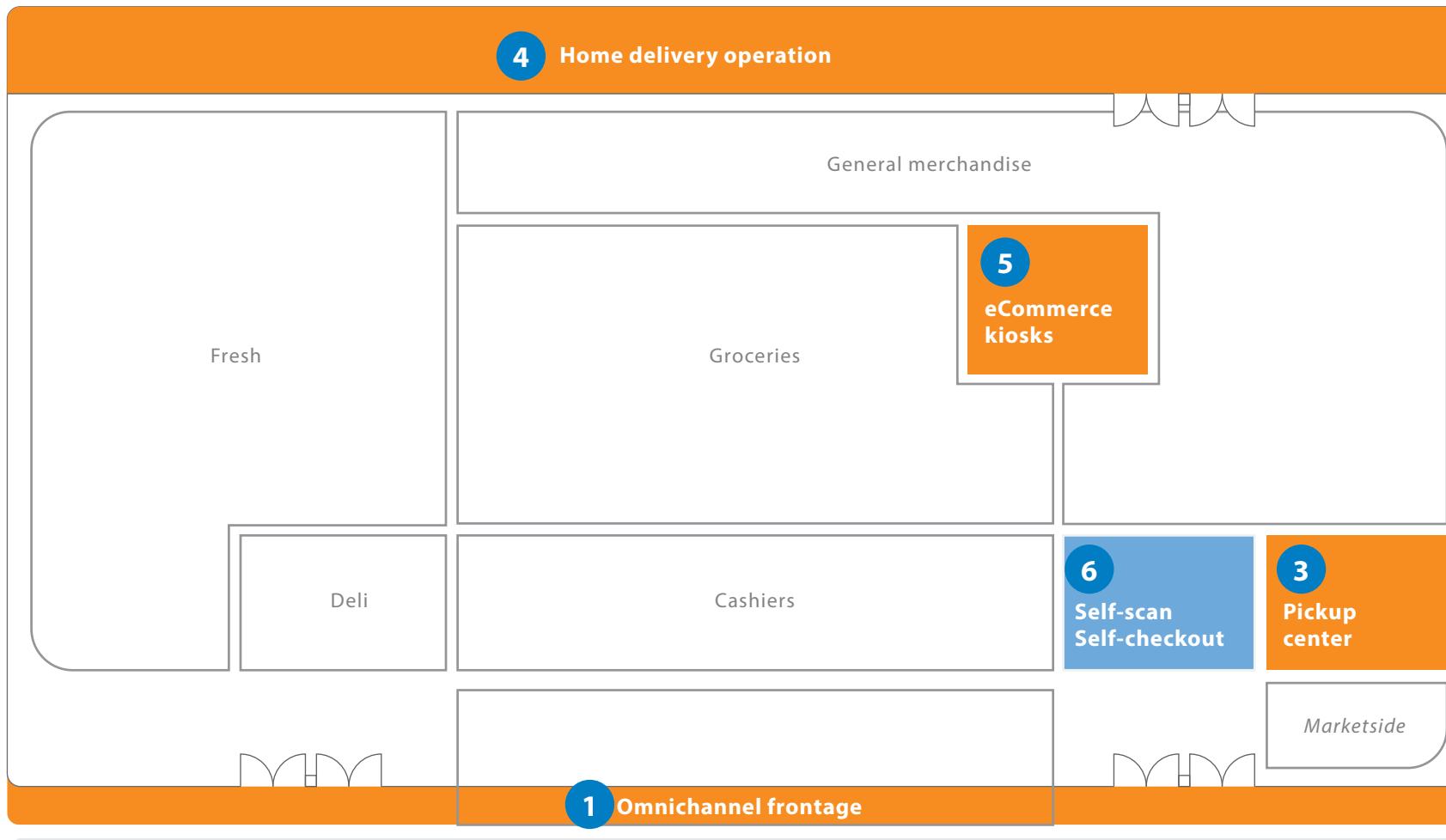


**1,349**

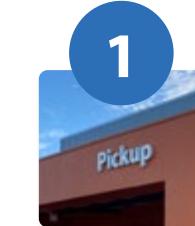
Pickup locations in Mexico



## Store with omnichannel capabilities



We enhanced shopping experience  
offering 5 omnichannel capabilities



### 1 Omnichannel frontage

Easily identifies our omnichannel stores.



**4**

### Home delivery operation

We strengthened our operation and redesign last mile to accelerate our home deliveries.



### 2 Drive thru pickup

Digitally buy and pickup without leaving your car.



**5**

### eCommerce Kiosks

Extended catalogue offering a wide variety of products with the best prices.



### 3 Pickup center

Pick up your online or call center shopping.



**6**

### Digital Transformation

Streamline the payment of products directly and safely, through self-checkout or self-scan.



## SOLID DIGITAL OFFERINGS

We improve and extend our platform offerings to make the lives of our customers and members easier, through On Demand service that provides the possibility of delivering over 52,000 products the same day in any of our business formats. Likewise, we have an extended catalog through Marketplace, with over 1,000 sellers offering a variety of products at the best prices.

In Central America, we developed and launched an online shopping platform, offering an extended assortment from our catalog, so we enabled it with omnichannel home-delivery and pickup capabilities from more than 200 stores. This covers 60% of the territory in five countries, for our Bodega, Supermarket and Walmart formats.



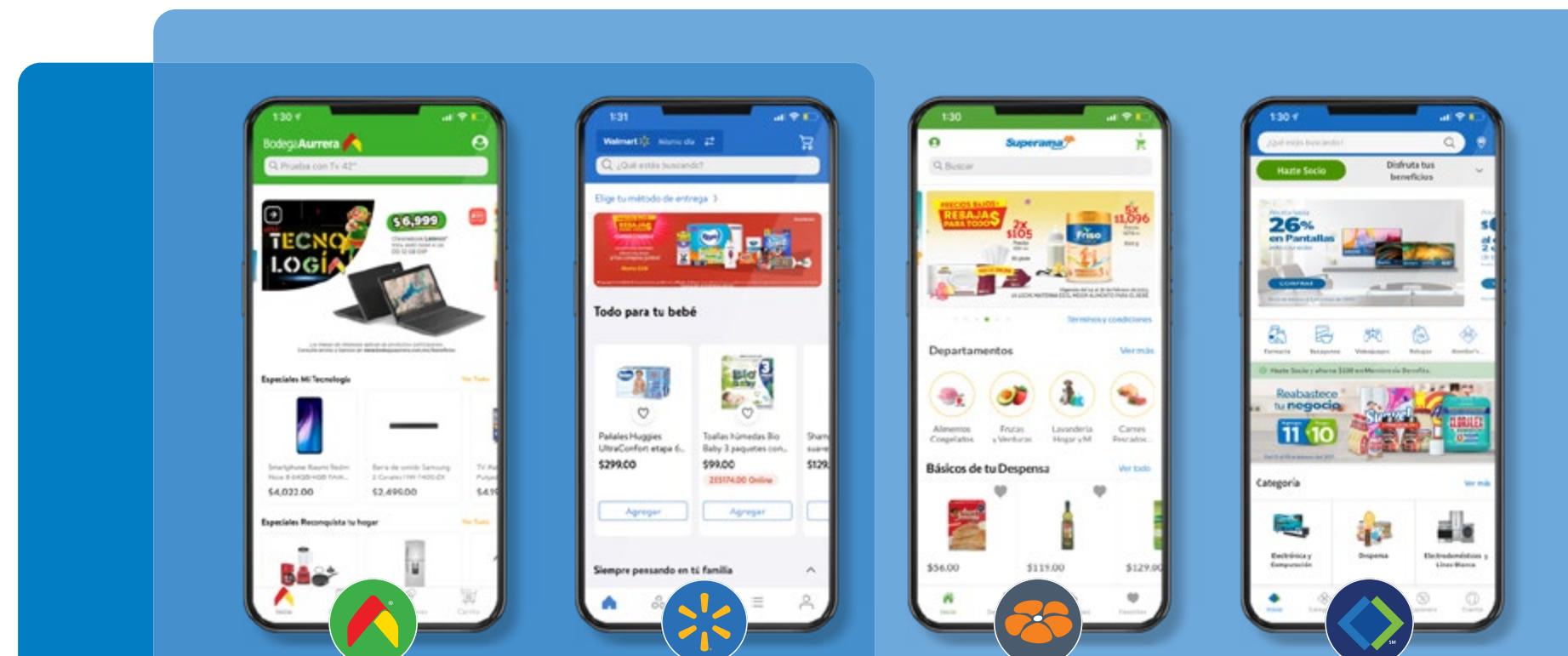
### Extended assortment:

- Bodega Aurrera en línea
- Walmart.com.mx



### On Demand:

- Superama.com.mx
- Despensa.bodegaaurrera.com.mx
- Walmart.com.mx
- Sams.com.mx
- Centroamerica.walmart.com



The purchase channel through WhatsApp that started for Superama is currently enabled for On Demand and extended assortment.

## 2 SUPPLY CHAIN

### LOGISTICS NETWORK

- 31 Distribution Centers, 19 in Mexico and 12 in Central America
- We traveled over 306 million kilometers to keep our promise of same-day delivery

We currently have **the most robust omnichannel logistics network in the country**. In keeping with the decision to continue with our investments, not delay our growth, and continue reinforcing our logistics infrastructure, we opened three DCs in 2020.

During March, we opened one Fulfillment Center, in Estado de Mexico, to supply all our stores nationwide, thereby creating 350 jobs. This DC will be the spearhead for eCommerce platforms in the center of the country, supplying 22 states throughout Mexico and focusing primarily on the Center and Southeast regions.



In September we opened two omnichannel DCs; one in Merida, Yucatan, to supply the whole country, focusing on the Center and Southeast, creating over 725 direct jobs; and another in Chihuahua, serving 58 units from different formats in NW Mexico, creating over 777 direct jobs.

In continuing with our growth plans, this year we began construction of two new distribution centers:

- **DC Villahermosa for Fresh**, located in the municipality of Cunduacán, Tabasco. It will supply seven states, and serve more than 500 stores from all our formats.
- **DC Mexicali, in Baja California**. Its doors open in 2021, thus strengthening our logistics network in the states of Baja California and Sonora, supplying stores from Bodega Aurrera and Walmart.



## In a year where digital purchases became increasingly prevalent, we emphasized eCommerce logistics to reinforce our strategy and design initiatives with digital specialization

We have built the supply chain that is supporting the business of the future. Efforts in previous years to reinforce our omnichannel capabilities have enabled us to successfully overcome the difficulties caused by the health emergency, leveraging the infrastructure built in a better way.

We have risen to the challenge of providing merchandise to our stores, thus improving productivity. [We reinvented the last mile by processing merchandise in less than 24 hours](#). We managed a 50% reduction in the time that supplier transportation remains at the DCs. We are also reducing the time the transportation is at the store, making the merchandise flow more efficient.

We have adopted digitalization in our way of working. For operations visits, a traditional plan with which we personally tour the DC, this year we made virtual tours for the first time. This allows for more detailed overseeing of DC operations, and the possibility of involving more company areas so they can join the initiatives being implemented and strengthen operations through collective expertise.

To continue maintaining high service levels, we invested in enhanced collection terminals and tracking systems to obtain information on real time location and delivery of merchandise.

We continued developing future leaders in logistics; in Mexico, we promoted 1,497 associates and trained more than 19,000. In Central America, we offered the Business Project Management course for training in process management methodologies. In addition, we established a strategic alliance with Franklin Covey, who provided training in Six Critical Leadership Practices for logistics manager development.

Despite having solid logistics operations, we continue working on being the spearhead in supply chains. Solutions have been developed through innovative technological platforms like Blockchain and the Internet-of-Things, both of which are important concepts being developed to operate the DCs of the future and, in this way, increase our business potential in the following years.



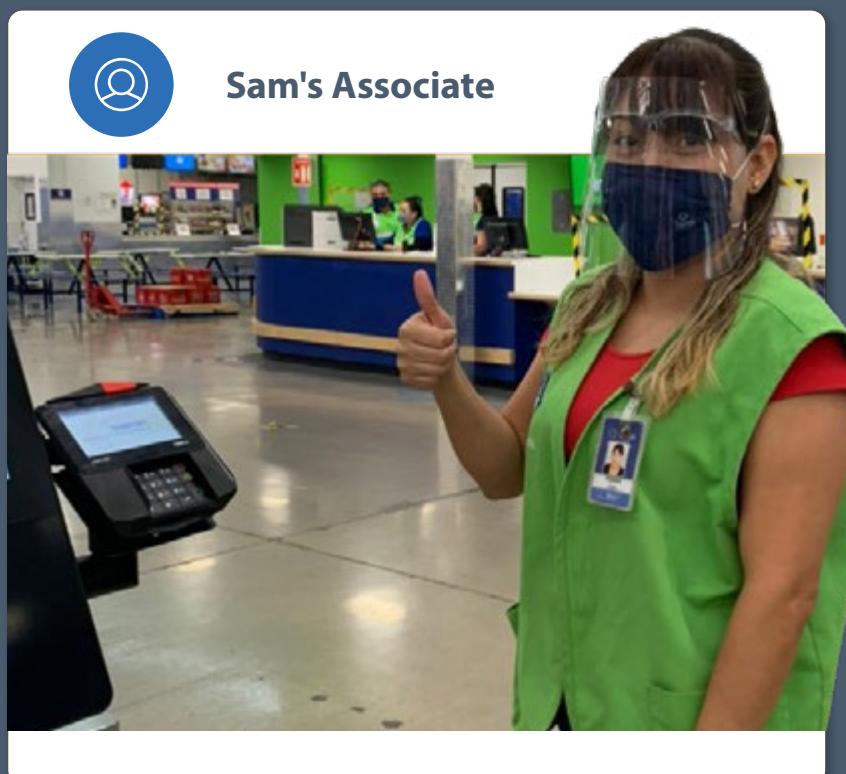
### 3 OUR TALENT

One of our priorities and the most important pillar of our business model are our associates. They are at the center of our decisions and every day we make sure to meet our Associate Value Proposition. As part of this proposition, we offer the benefits of working with a purpose, where there are everyday challenges that enable everyone to fulfill their dreams and enjoy what they do in an inclusive and diverse work ethic. At Walmart de México y Centroamérica, our associates can be 100% themselves.

Within our company, associates have the possibility of developing their skills, growing and being successful with the certainty that there is no wage difference due to gender, age, religion, sexual preference or political ideology.

Training is constantly offered through different programs based on individual needs detection. This year, before the pandemic, we offered training via virtual means, providing the tools needed for personal and professional growth.

In Mexico, we designed training programs that focus on our leadership cross training, agility, and functional-technical aspects. In Central America, the Operations Academy was launched seeking the development of our store associates, with the intention of reinforcing the frontend, backstore, fresh, and groceries. In addition, we supplied training to strengthen leadership, managerial, and project management skills, among others.



**Our company is firmly committed to the personal and professional well-being of our associates; we work and strive to offer a work-life balance for our great family**



## 4 DATA AND TECHNOLOGY

We make use of technological tools and processes to convert data into information, based on which we have made the decisions that guided several aspects of our business this year.

Our data and customer intelligence office has created an impact on our operation and led to creating solutions to continue building the Walmart of the future.

**Our customers are at the center of our decisions and our efforts are aimed at offering an innovative shopping experience to keep their preference and our leadership position**

This year, seeking to adapt to the situation caused by COVID-19, we rely increasingly more on data to understand the changes in our customers' habits and the new national and international norms; the change in customer spending; the impact it has on the average ticket; and the purchasing dynamic by geographic region, commercial division, and format.

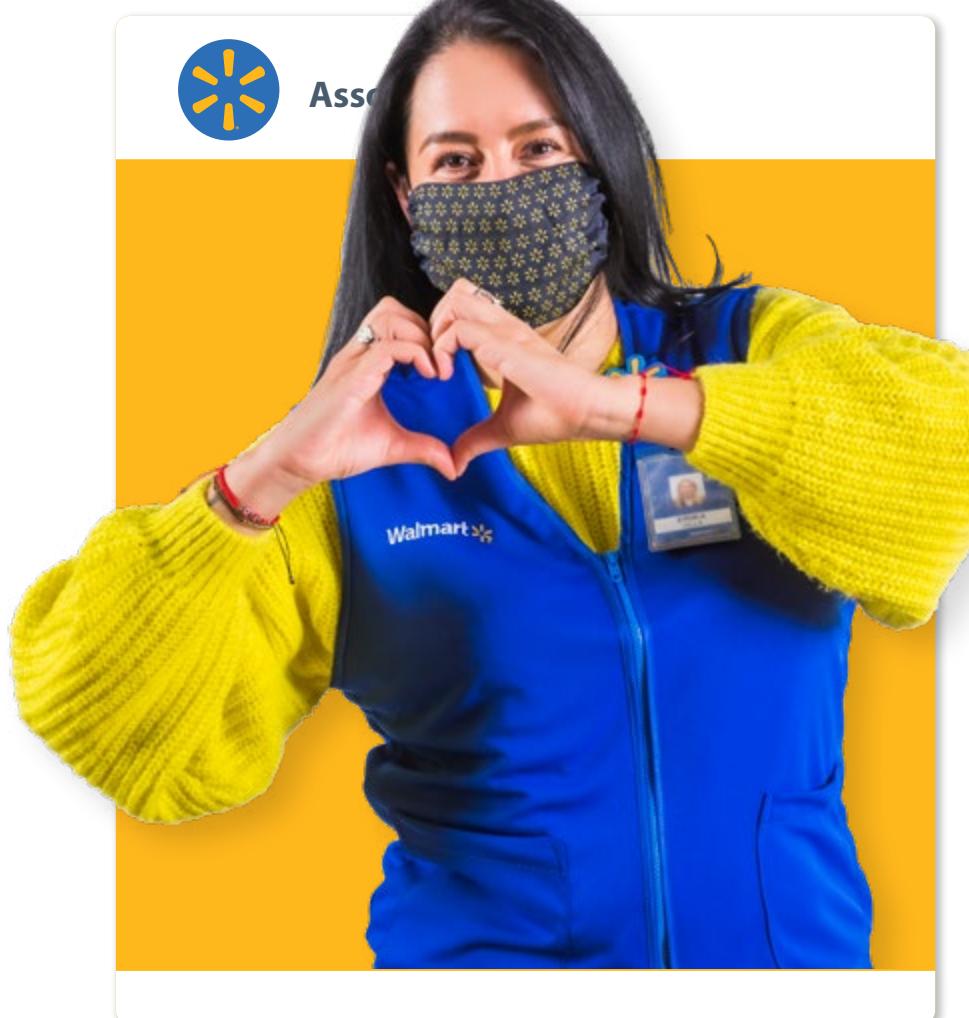
These contributions allowed us to assess our present, providing us with a useful tool and information to act in consequence, and execute models that allow for reacting and planning the short and mid-terms.

This is why [we developed our own predictive model](#) based on available information, projecting possible scenarios of the epidemiological stages for the second, third, and fourth quarter in 2020, and the possible impact on the business and our commercial campaigns.

The results were a guide during the first months of the pandemic. This data was employed by the commercial offerings team to update their third and fourth quarter planning, being ahead of the Holiday season, of toy sales, and of the Fin Irresistible (Irresistible Weekend).

Moreover, this implied that logistics and merchandising decisions would be made in line with having sufficient inventory to meet eCommerce-based shopping levels.





# SHARED VALUE: OUR ESG APPROACH

(Environmental, Social and Governance)

Walmart's purpose is to save people money to help them live better. We help families find solutions that make their busy lives easier by providing them convenient access to affordable food items and other products around the world, while also generating economic opportunities and seeking to improve social and environmental sustainability to strengthen local communities.



**Despite having been a year full of challenges, we maintained our responsibility to sustainability, our communities, and the planet. We aspire to create Shared Value.**



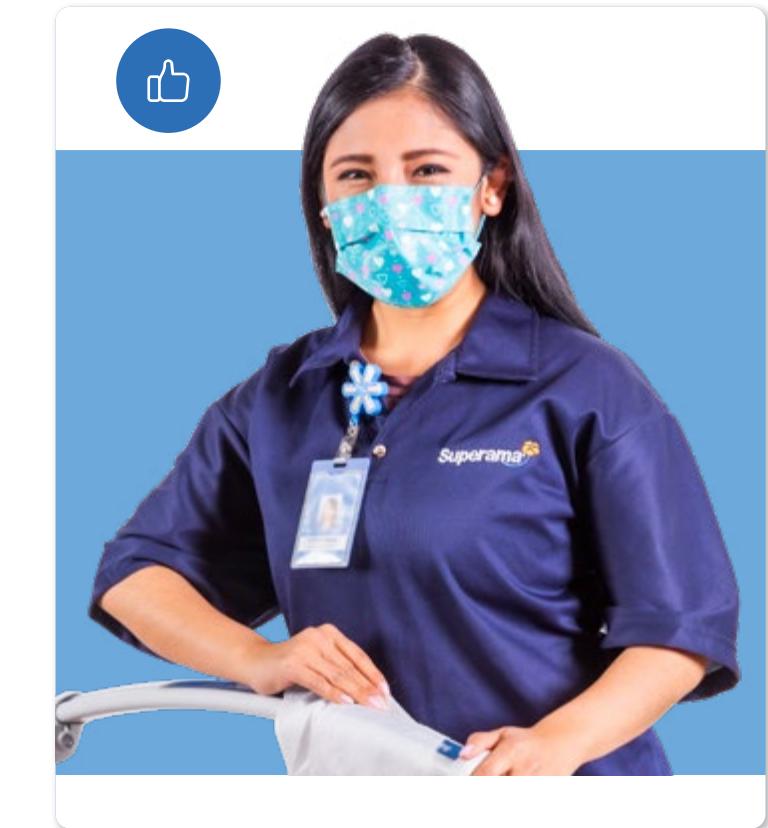
## Generating Shared Value for our stakeholders

GRI 102-40, 102-42, 102-43, 102-48

The value of our business increases as we approach important needs for society and in this way we contribute to society's transformation.

For Walmart de México y Centroamérica, Shared Value implies creating economic, environmental and social value for all our stakeholders. This creation of value increases company competitiveness, while also contributing to improve the social and economic conditions for those with whom we relate.

To achieve this virtuous cycle between Walmart and our stakeholders, we have the firm commitment of our leaders to develop competencies and new forms of expertise, maintaining continuous dialog with our stakeholders and always taking their needs into account.



### Customers

Convenient access to affordable, trustable and sustainable products and services



### Shareholders

Superior long-term returns through financial and ESG leadership



### Suppliers

Access to markets and ability to accelerate supply chain sustainability



### Associates

Opportunity for good jobs and growth



### Communities

Resources to build stronger, more inclusive communities



### Planet

Leadership on renewable energy, waste and sustainability



### Business partners

Strategic alliances for strengthening ecosystems



## Every day we make an effort to:



**Act responsibly**, guaranteeing the execution, sustainability and efficiency of our operations and value chain



**Deliver value** to our suppliers and associates and to reinforce relations with civic groups



**Ensure environmental protection** as a foundation of the business; we fully understand that the future of our company is closely tied to the future of the planet



**Increase our customer loyalty**, offering them quality and innovative products at low prices



**Make long-term investments**, benefitting both our communities and our shareholders



## Customers

**6 million**

customers served daily<sup>1</sup>

**586** stores offering same-day delivery in Mexico

**+170** bps improvement NPS<sup>2</sup>



## Communities

**+34,400**

tons of food donated<sup>1</sup>

**+50** bps increase in price gap in Mexico

**130 million** pesos for COVID-19 **Temporary Unit<sup>2</sup>**



## Shareholders

**30.9 billion**

pesos returned in dividends

**6** years outpacing the market growth in Mexico

**12%** stock price appreciation during the last two years



## Associates<sup>1</sup>

**11,500**

women promoted

**+4,400**

associates with disabilities  
+193% vs 2019

**38%**

executive positions filled by women



## Suppliers<sup>2</sup>

**+420**

entrepreneurs developed with Walmart Reemprende Digital

**92%**

of our self-service suppliers are SMEs<sup>2</sup>

**418 million**

pesos in purchases from small farmers



## Planet

**75.7%**

progress in the Zero Waste goal in Mexico

**12**

recycling centers installed in Mexico

**93%**

of palm oil comes from certified sustainable sources



## Business Partners

**100%**

rent payment waived for two months for 56% of tenant base (micro and small) in Mexico

**7-day**

payment term for our micro and small suppliers

**COVID-19**

we were involved in the creation of Guide for order purchases and deliveries during the pandemic in Mexico



# SHARED VALUE MODEL

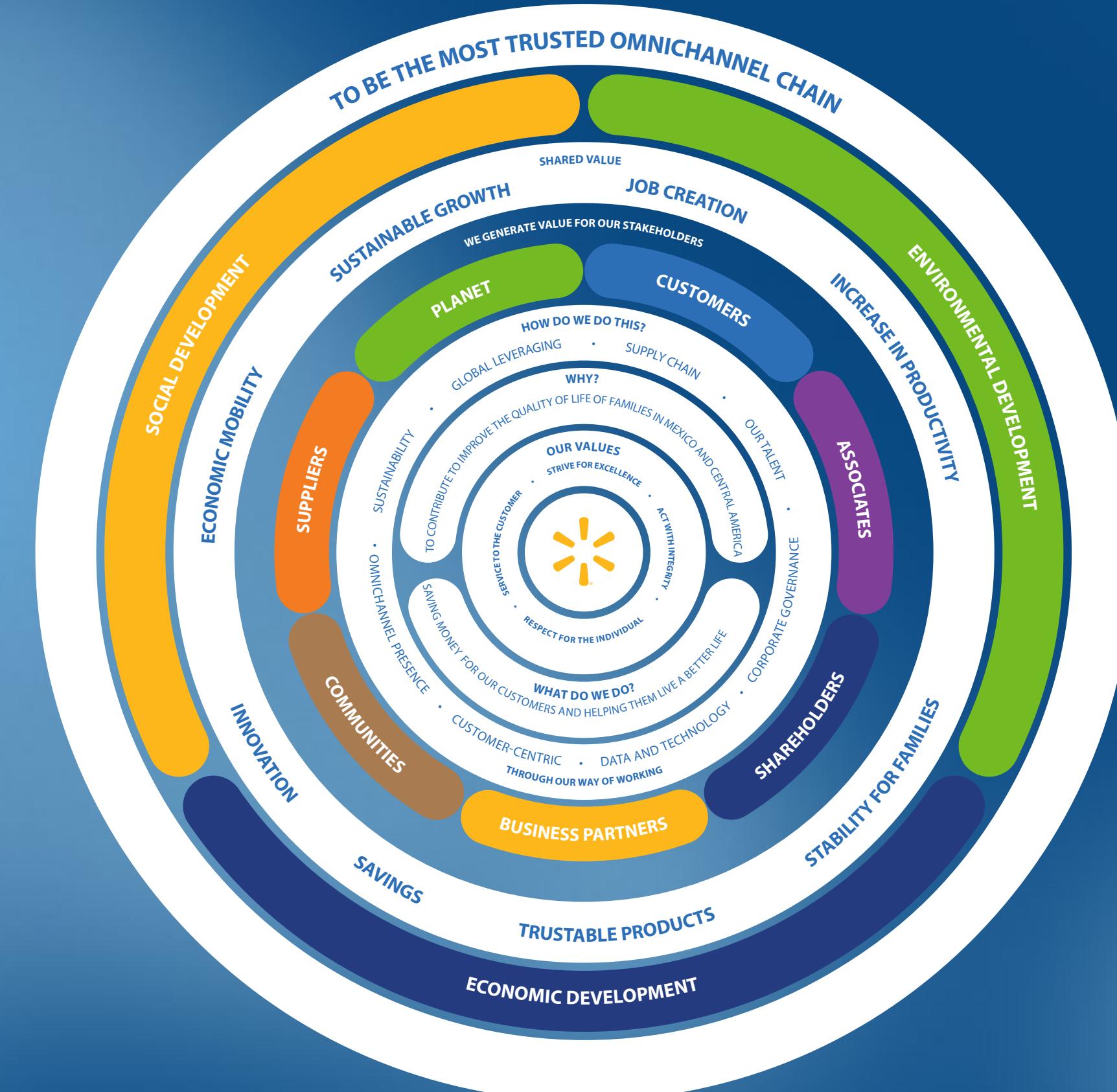
As a company with 231,271 associates, over 2 billion customers, 41,186 suppliers, and present in 685 cities throughout the region, we can and must contribute significantly to sustainable development, therefore our reason for believing in our Shared Value approach.

Our company is based on values and is led ethically, and our decisions and leadership are always guided by our principles.

Our actions are in line with our purpose of saving our customers time and money to help them live better, with the vision of contributing towards improving the quality of life of the families in the region. This is achieved by our way of working, in conjunction with our stakeholders.

Together we generate Shared Value for society and the planet to increase the potential of economic, environmental and social value.

Building this virtuous cycle leads us to being the most reliable omnichannel of which all of us can be very proud.





# ESG PRIORITIES

GRI 102-14

In maximizing Shared Value, our goal is not only to lead a profitable omnichannel business, but to also perform large scale and long-lasting enhancements to the most outstanding ecosystems of our business.

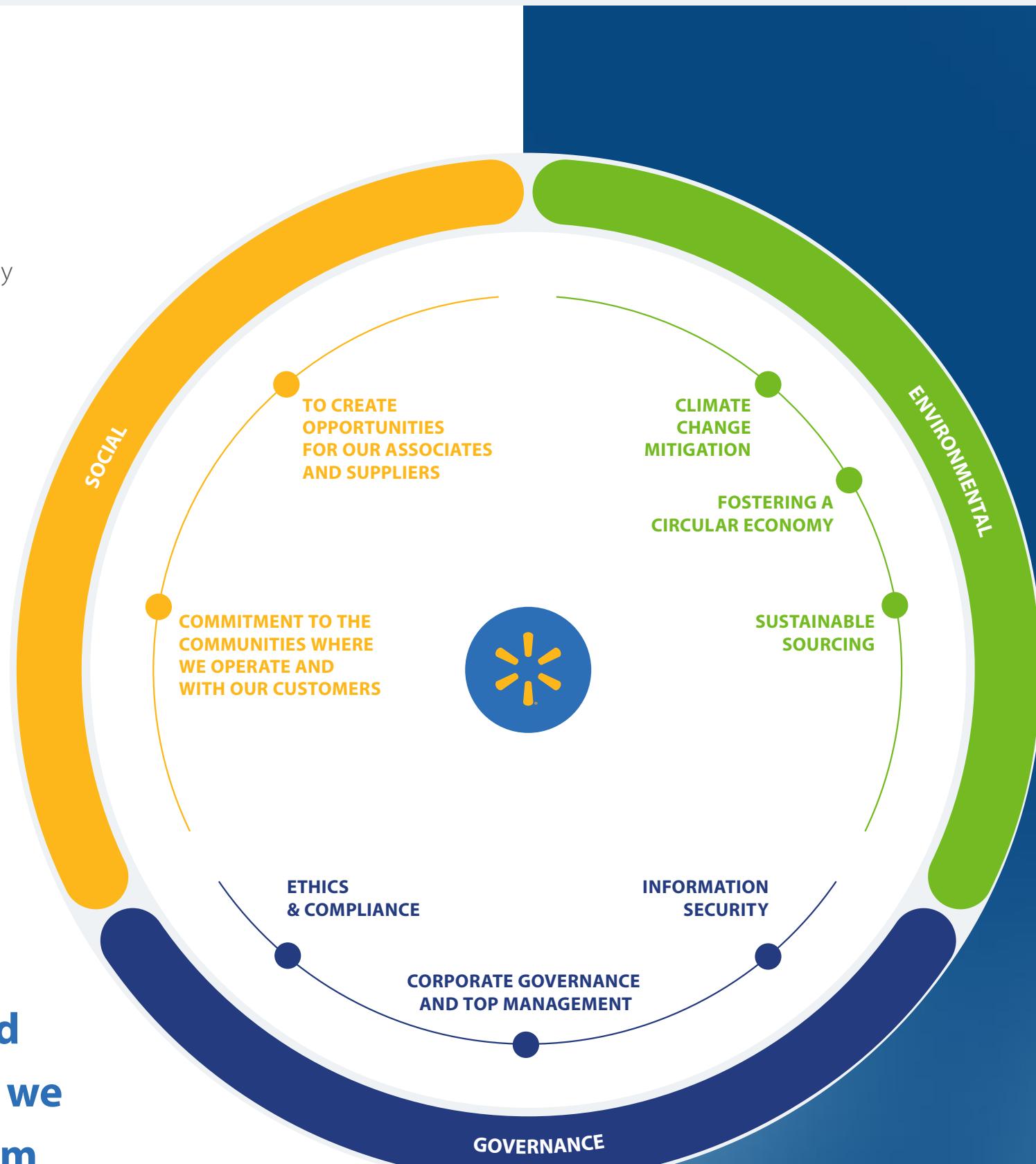
We have the unique ability of making a difference through our strengths, with an important role played by all our associates in the region; our supplier relations; our expertise in food, food products and other categories; our units; our responsibility to the environment; and our logistics and technological capacities.

We determine our ESG priorities in terms of the importance each subject has for our company purpose, the categories we manage, and our key markets, in addition to the capability our company has to effect change and underscore the right measure of importance of each subject for our customers and stakeholders.

These priorities are founded on valuable information supplied by our stakeholders. In 2018, we performed our Materiality Analysis, whose results help in:

- 1** Identifying subjects of priority for the company
- 2** Identifying subjects of importance for each of our stakeholder groups
- 3** Identifying risks and opportunities
- 4** Defining and implementing action plans that lead to enhancing our performance

**In light of the changes produced by the pandemic, we decided to perform a new materiality analysis for 2021**





GRI 102-46, 102-47

**In line with our strategic approach and those subjects considered essential for our stakeholders, we have defined three strategic pillars for our company. We update our strategy through continuous improvement process and inform all our shareholder of our commitments, progress, and challenges:**





## We implement different measures and tools to move forward in the process of incorporating our ESG priorities in our operation:



Approaches for the responsible management of the company and for acting with integrity, including our ESG approach, our Statement of Ethics, and our corporate governance and compliance structures.



Principle, commitments and positions: These offer guidance to all and ensure both compliance with the law as well as adherence to standards overcoming these guidelines. An example is our Human Rights Declaration. We are committed to full compliance with internationally-recognized human rights, not only within our own operations, but also throughout our entire value chain.



Guidelines such as the 10 principles of the UN Global Compact, and the Sustainable Development Objectives.



Sustainable Indexes: These independent evaluations by third parties are an important source of motivation, and they serve as management tools while also helping us to identify our progress and our areas of potential improvement.



Definition of ESG goals for the main areas of the company.



# ESG MANAGEMENT

GRI 102-19, 102-20

Our ESG management has the goal of systematically integrating sustainability into our business, efficiently taking into account the reciprocal effects among economic, environmental and social aspects, always oriented towards solutions.



GRI 102-22,405-1  
SASB CG-EC-330A.3, CG-MR-330A.1

## CORPORATE RESPONSIBILITY COMMITTEE

Our business strategy is aligned with our ESG priorities. To accomplish this, we have a Corporate Responsibility Committee that is overseen by our CEO and comprised by top executives in each of the areas of the company.



**The Committee  
meets four  
times a year  
57% of  
members  
are women**

### Members



**Chairman**

CEO



**Members**

Corporate Affairs,  
Central America  
Audit  
Real Estate  
Merchandising  
eCommerce  
Compliance  
Finance and Investor  
Relations  
Legal, Central America  
Legal and Corporate  
Affairs, Mexico  
Operations  
Human Resources  
Digital Transformation  
Corporate Affairs  
and Sustainability,  
International



GRI 102-29, 102-30, 102-31

**Among the primary functions of the Committee is to define the long-term ESG strategy for the company, adjust operating and decision-making processes, and develop action plans for each essential matter**

**Primary responsibilities of Corporate Responsibility Committee:**



Making sure of the solid integration of sustainable development into company strategy



Supporting the consolidation of structural changes, and establishing action plans, indicators, policies, and procedures



Leading the company towards national and international trends aimed at maintaining our leadership position



Assessing the effectiveness of Corporate Responsibility initiatives and the implementation progress



Analyzing risks and internally identifying opportunities that arise so as to improve our performance



Establishing a long-term vision and strategic priorities that are based on what is best for our customers, business, and society

## ESG TEAM

We conduct ongoing work aimed at ensuring that each operation, each product, and each service generates value for all our stakeholders. There is a team of experts fully dedicated to finding strengths and opportunities in the company in ESG-related subjects, and to coordinating plans, objectives, and indicators that, together with the Corporate Responsibility Committee, help to enhance performance.

This ESG-focused team reports to the EVP and Chief Legal and Institutional Affairs Officer for México and Central America, who in turn reports to the CEO of our company.





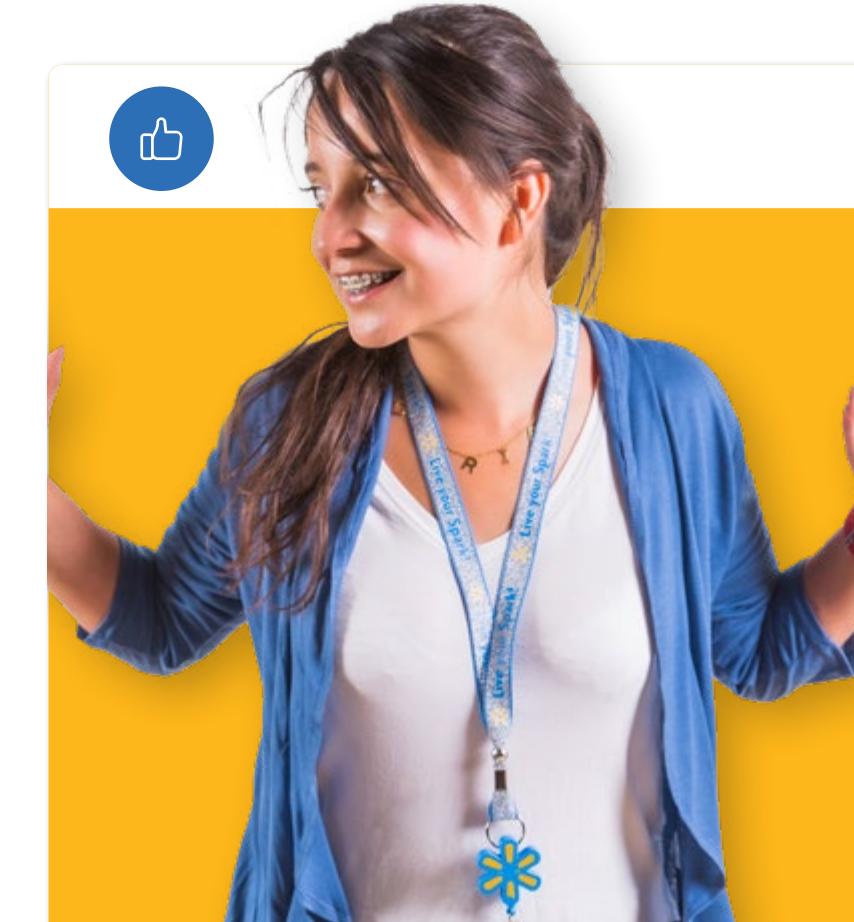
GRI 102-12

## WE SUPPORT



## UN GLOBAL COMPACT

We are signatories of the UN Global Compact since 2019, fully incorporating sustainability into our business strategy. Moreover, it provides us with the proper framework to reinforce our long-term commitment to commercial, responsible, and ethical practices.



**We work to reinforce our commitment to responsible operation, in keeping with the 10 principles of the UN Global Compact, and to making strategic decisions towards achieving the UN Sustainable Development Goals (SDGs)**



# CONTRIBUTING TO THE UN SDGs

GRI 102-12

Our Shared Value strategy is in response to the global challenges affecting our business and our stakeholders from inequality and human rights to climate change and food waste.

At Walmart de México y Centroamérica we contribute -in different ways and to different extents- to meeting all SDGs. In line with the UN Global Compact, in 2019 we identified our five priority SDGs through a joint process with the members of the Corporate Responsibility Committee and research on the industry at local, regional, and global levels.

In light of Agenda 2030, as of 2020 we have incorporated indicators with historical data on each of the SDGs, with the purpose of reporting our progress annually and detecting where the major expectations, risks and opportunities for the company lie, also including areas where we are achieving a more significant contribution.

**Click here to obtain further information on our contribution to the SDGs and the results we have achieved from 2017 - 2020 [click here.](#)**



## 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

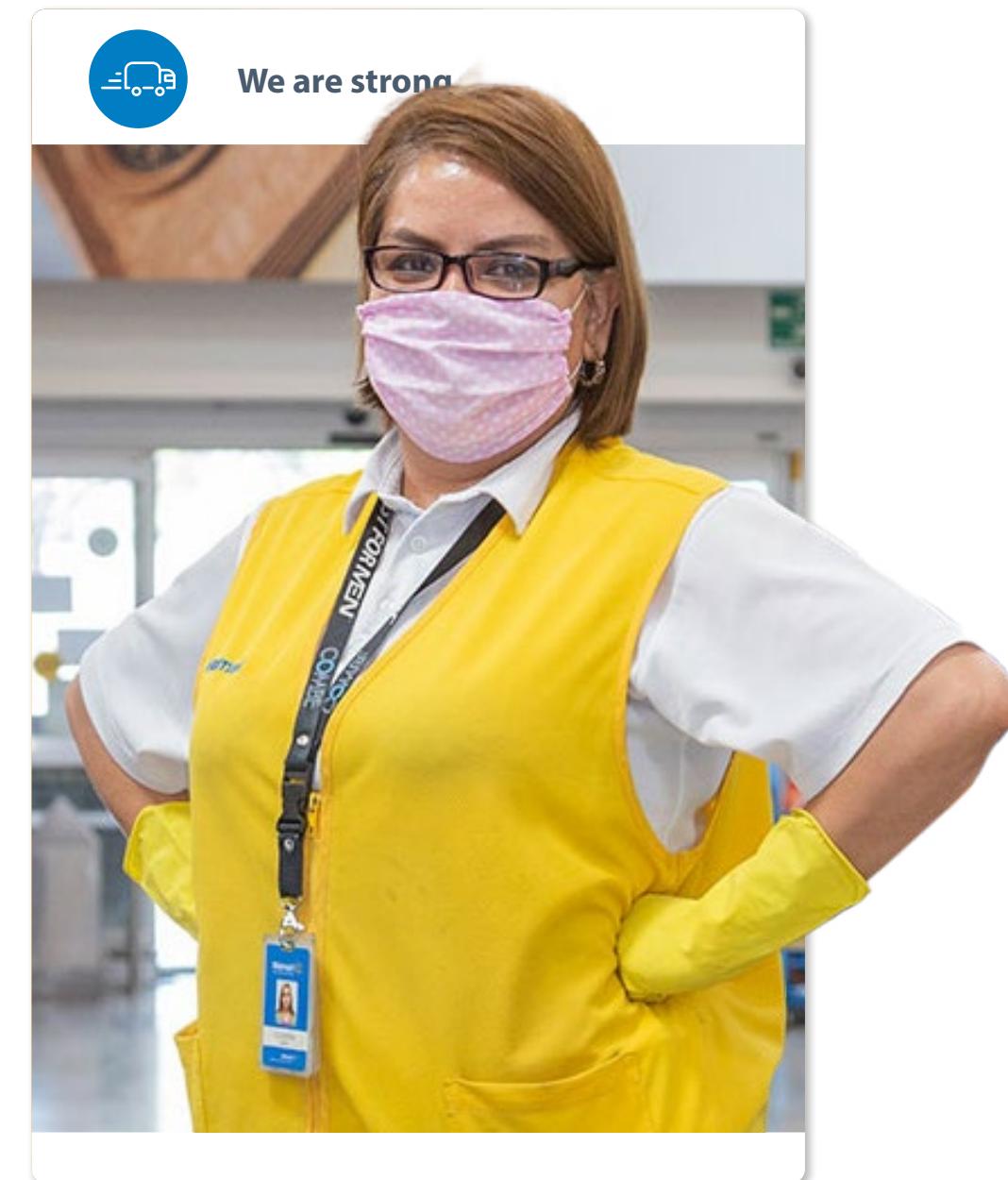
In order to take care of vulnerable population, [more than 23,000 associates](#) were granted permission to be absent with pay, including pregnant women and associates over 60 years of age, working in our stores, clubs, distribution centers and corporate offices; these leaves were initially for 14 days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

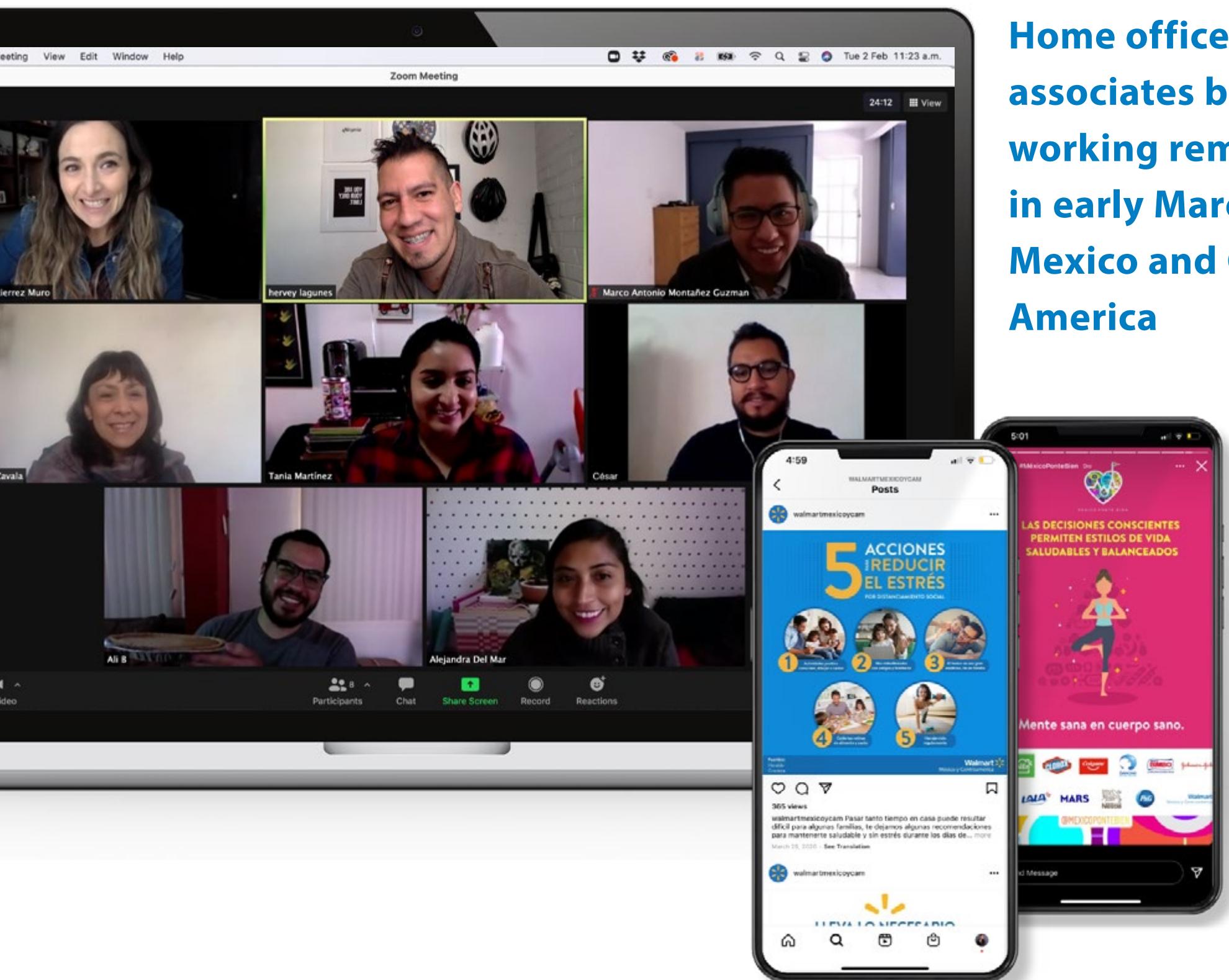


**We created 225 protocols for safe behavior and support material so our associates could become familiarized with the proper use of facemasks and all health-protection measures needed to prevent contagion**

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



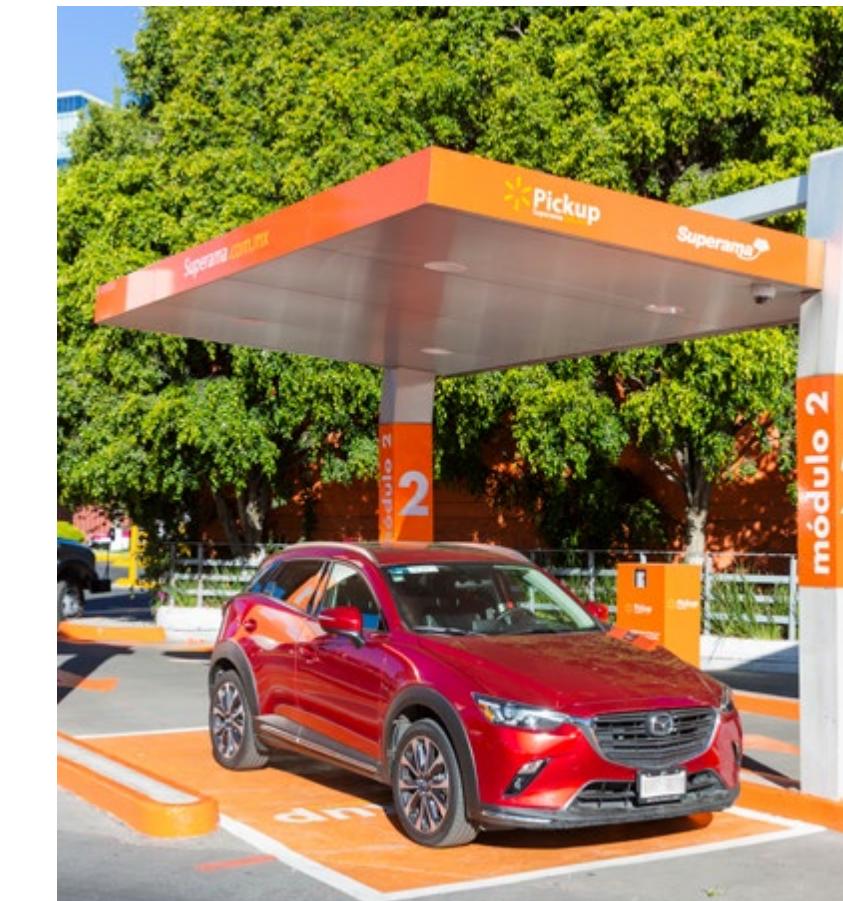
## SAFEGUARDING HEALTH AND SAFETY IN ECOMMERCE

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.





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.

**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**

## 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.

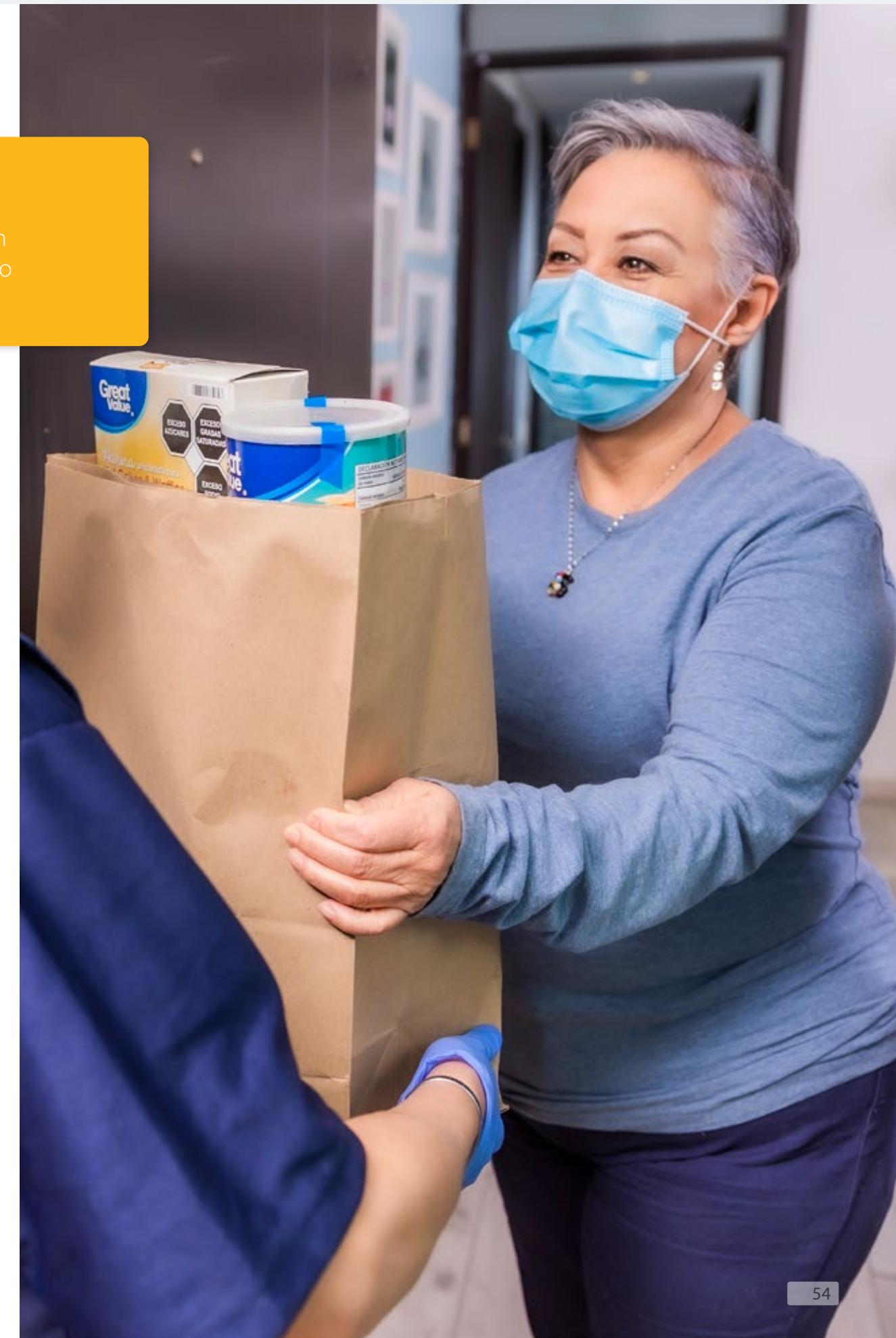
Our performance has been consistent and our same-store sales growth continues to be the driving force for our primary growth. In Mexico, eCommerce contribution to total sales growth increased 2.5 times vs. 2019. In addition, our Gross Merchandise Value grew 164%.

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**

# THE CHALLENGE:

## being close despite the distance

THIS YEAR SIGNIFICANTLY ACCELERATED ADOPTION OF PICKUP AND HOME DELIVERY SERVICES IN ALL OUR FORMATS. THE INVESTMENTS WE MADE IN THE PAST AND THE OPERATING MODEL WE DEVELOPED ENABLED US TO RESPOND QUICKLY AND PROVIDE ESSENTIAL SERVICES TO OUR CUSTOMERS IN THIS NEW NORMAL





## INNOVATING INSIDE AND OUTSIDE THE STORE

In our history we have constantly worked to strengthen and innovate our logistics infrastructure, stores, and digital platforms, and in recent years we have transformed our way of working to become an agile organization, designing end-to-end solutions, and making decisions based on data.

**Thanks to this, our customers can choose among different shopping channels and different ways to receive their products, always with the best prices**

# TRANSFORMING TO OFFER THE BEST EXPERIENCE

This new way of working, more than a direction, provides a vision. Today our associates have [an agile mindset that centers on four pillars](#): knowing, empowering, sharing, and recognizing. Always with the strategy as the North Star, that guides our decisions.

When we design a solution, our learning cycles are faster, allowing us to efficiently evaluate and restate solutions. This year our decisions and leadership were guided by our transformation, through the execution of several action plans to maintain a solid position in the market, preparing us to operate the business of the future.

The talent of our associates and the efficient use of technology has led us to build a solid and more efficient omnichannel business. We have leveraged the power of collective expertise and the international experience that offers us the capability of our scale.

Driven by one of our strengths, which we call "Powered by Walmart", we have tested technologies and processes that have proven successful in other markets of our business. In this way, we have managed to reduce implementation times and the use of capital thanks to the best practices and expertise tested in other countries where Walmart operates.

Thanks to the evolution of our operation and [to the constant effort to innovate](#) in every aspect of our business, we have been able to respond successfully to the challenges caused by market disruption.



**Our transformation is related to a process of constant evolution. This year, the maturity achieved by our teams is reflected in our performance and results**

# EVOLVING OUR ECOMMERCE

We are encouraged to see the potential we have in the omnichannel space due to the accelerated evolution of the market

The evolution of our eCommerce platforms has entailed 15 years of constant efforts and innovation. With the commitment of our value proposition of **Every Day Low Prices** and a high service level, we continue investing to maintain our leadership position, the loyalty of our customers, and the confidence of those who experience online shopping for the first time.



**2005**  
Superama a domicilio

**2013**  
**walmart.com.mx**  
General Merchandise

MP: Marketplace  
GM: General Merchandise  
GMV: Gross Merchandise Value

**2014**  
walmart.com.mx  
Grocery Home Shopping  
**60** stores with home delivery

**2015**  
**154** Stores with home delivery  
**100%** kiosks in Walmart  
superama.com.mx  
Apps Walmart GM & On Demand

**2016**  
sams.com.mx update  
Kiosks in Bodega Aurrera  
Home delivery in **38** cities and **26** states  
Pickup Superama & Walmart

**2017**  
Apps Update  
Marketplace  
**340** kiosks (Walmart & Bodega Aurrera)  
**200** sellers in MP

**2018**  
Win in On Demand  
Bodega Aurrera's App  
**560** kiosks (Walmart & Bodega Aurrera)  
**650** stores with Pickup  
**+1,000** sellers in MP

**2019**  
GM App update  
Guadalajara & Monterrey DCs  
**560** kiosks (Walmart & Bodega Aurrera)  
**+600** stores with Pickup  
**+1,000** sellers in MP

**2020**  
**All our formats have digital platforms, On Demand capabilities and same-day delivery**  
**We opened a fulfillment center for eCommerce and our first two omnichannel DCs**

## EXTENDING OUR CAPABILITIES

SASB CG-EC-000.B, CG-EC-000.C, CG-EC-000.A

Without a doubt, the greatest disruption experienced this year was in the omnichannel business as a result of changes in customer behavior caused by the health contingency. Within this context, [we adapted and quickly expanded](#) to serve a growing demand for purchases made through digital channels.

We managed to enable the On Demand service in 63 Walmart and Superama stores, of which 35 were enabled in under 72 hours. Nine of these, were in cities where we had no previous presence. We have a total of 321 stores with On Demand operation: 228 Walmart units and 93 Superama stores, plus Walmart Express.

At the beginning of the health crisis, Bodega Aurrera did not have the infrastructure necessary to support the *Despensa a tu Casa* (Grocery Home Shopping) operation. However, during the year, we enabled the service in 101 units, positioning our value proposition in 18 states in Mexico. For Sam's Club, we enabled all 164 clubs with On Demand capabilities, an initiative that has been well received by our members.

We innovate and invest in technology to improve productivity and [make our associates' work easier](#) through the use of tools and platforms, thus solving service issues and enhancing the shopping experience for our customers..

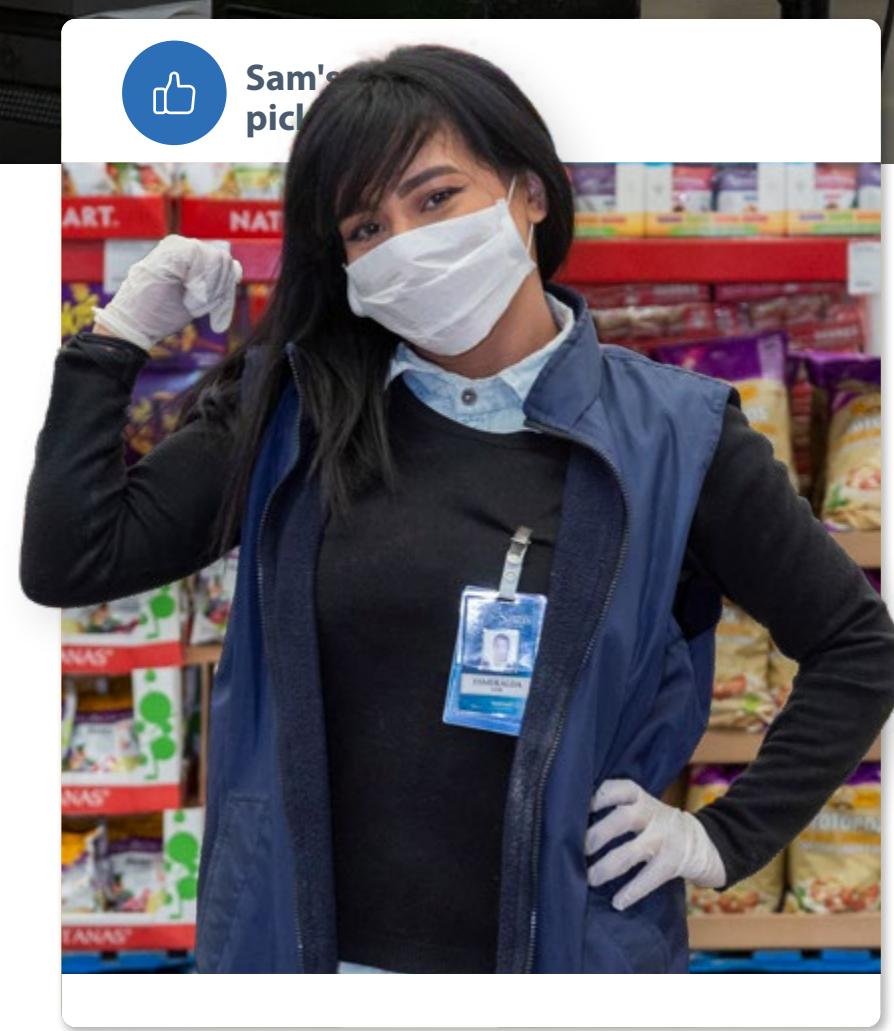


**In Mexico, we now have 586 stores that offer On Demand home delivery**





**With such a challenging year, we are proud of being able to respond quickly to the situation and continued to innovate in order to evolve shopping experience of our customers and members**



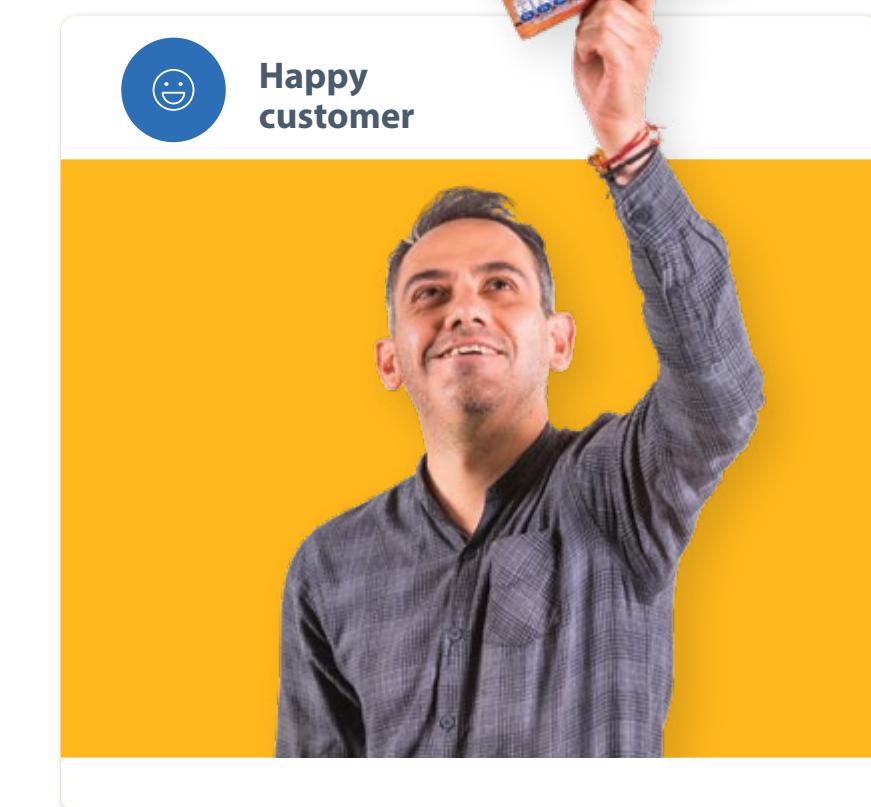
Throughout the year, we developed more than 10 applications that have helped us to know, evaluate, and improve our internal production, distribution, service, customer service, and even safety processes. Among them is Sam's Club Ticket Audit, which enables us to verify the purchase ticket without friction for our members, reducing shrink and waiting time due to verifications when leaving the Club.

We have also implemented more than 20 new functions at Flex POS, our system for managing the point of sale, allowing us to have more options like self-scanning, self-checkout, and financial services. The purpose is to adapt to new regulations, build new business opportunities, and digitalize processes.

## ENHANCING OUR HOME DELIVERY

To support the demand for home delivery, [we doubled last-mile delivery capabilities](#) during pandemic peaks, and we increased the number of pickers by 2.5 times, as compared to those we had prior to the contingency. Likewise, we implemented a crowdsourcing model, which provides service to 28 stores, giving us the opportunity to serve more customers.

Having a reinforced picking team allowed us to innovate to speed up the work, and so order collection tasks in stores could be done more efficiently. This is how we developed multi-picking, where our pickers are organized by specific area and collect products in the same area but for different customers. This way, we generated specialization, we improved the selection quality of fresh, and we reduced delivery time.



**Thanks to our discipline, work, and investments, we were able to adapt to our customers and members' needs, and to extended our same-day home delivery to all of our formats**



We took solid steps in our omnichannel strategy, now we can deliver more than 52,000 products the same day

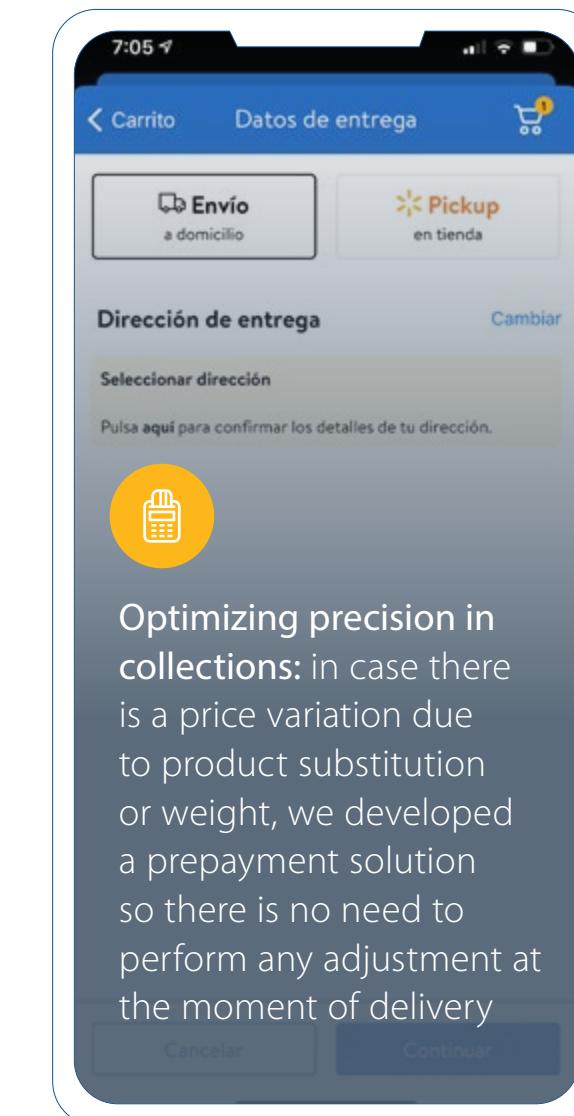
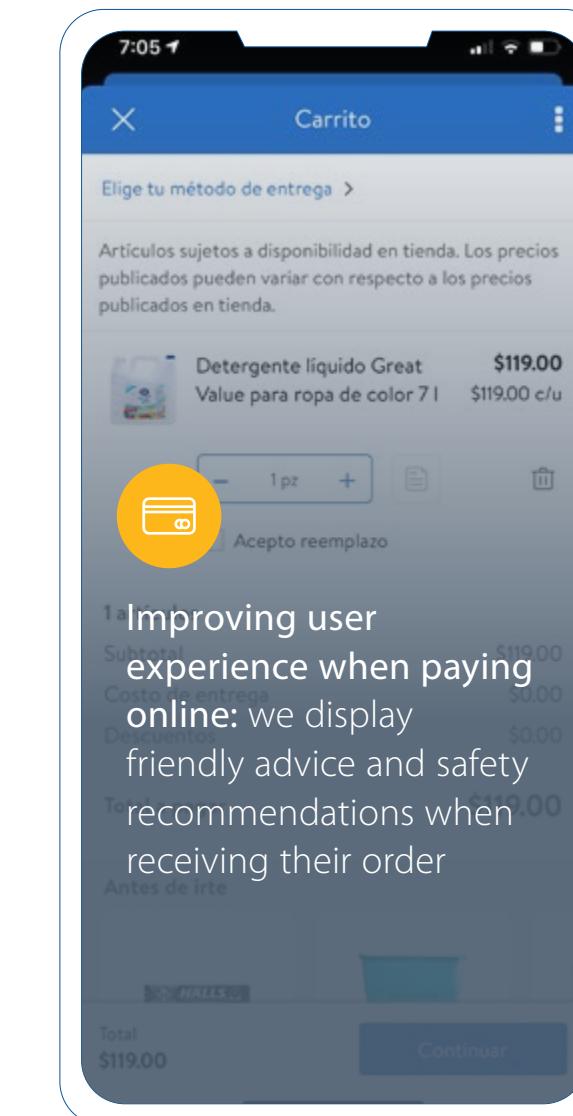
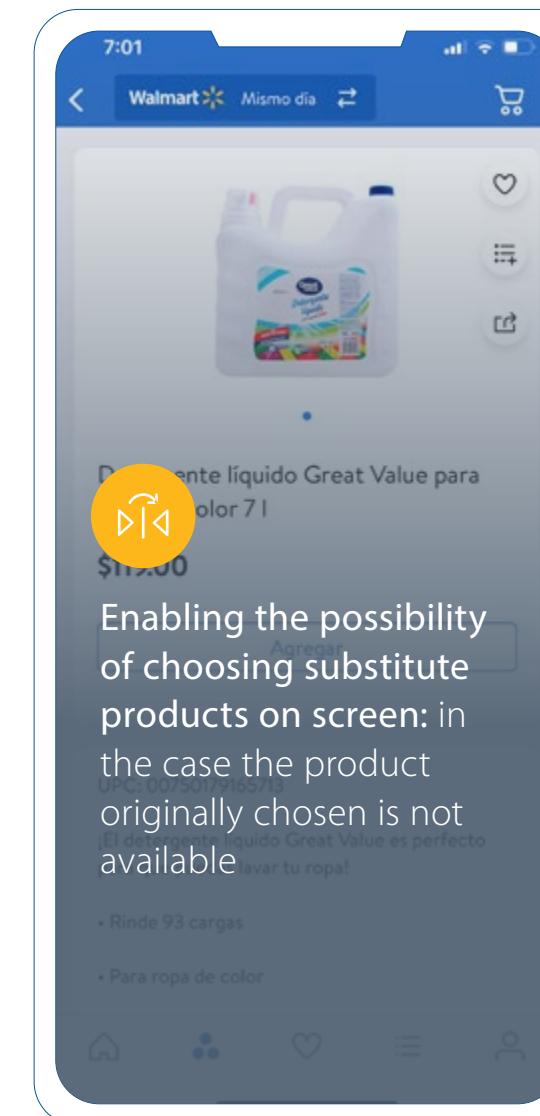
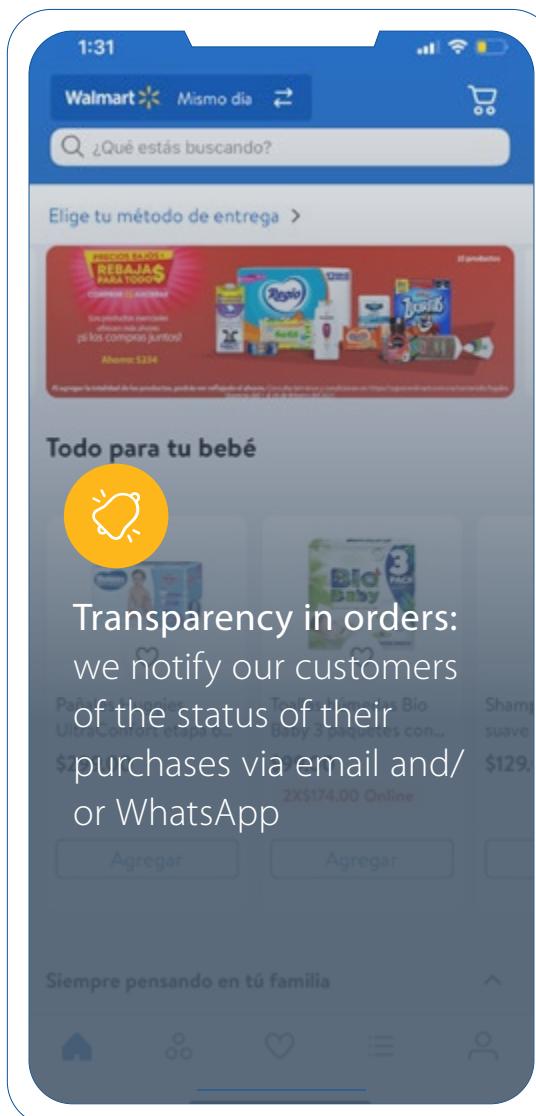


## DIGITAL SHOPPING EXPERIENCE

Developing a successful strategy in the omnichannel business brought about an important differentiator this year. Our vision "Powered by Walmart" has allowed us to learn quickly from adversity and to respond faster to the emergency.

With measures like these, we kept our four formats within the top five in customer preference and loyalty, measured through NPS.

**We executed work plans to offer our customers a new and better seamless shopping experience through the following actions:**





## IN-STORE SHOPPING EXPERIENCE

Shopping habits are evolving faster than ever. At Walmart, we continue to grow and implement technological innovations to improve the shopping experience.

We expanded our self-checkout service in all our formats, which has become even more important due to social distancing measures. Bodega Aurrera is currently the format where this service has gained more traction. In Walmart and Superama stores, this year we added the service to a total of 38 new stores, 34 in Walmart and four in Superama stores. Currently, 22% of all transactions of enabled stores consist of self-checkout operations.

Sam's Club was the first membership club to feature self-checkout services. We also developed 80 new functionalities and improvements for the point of sale.

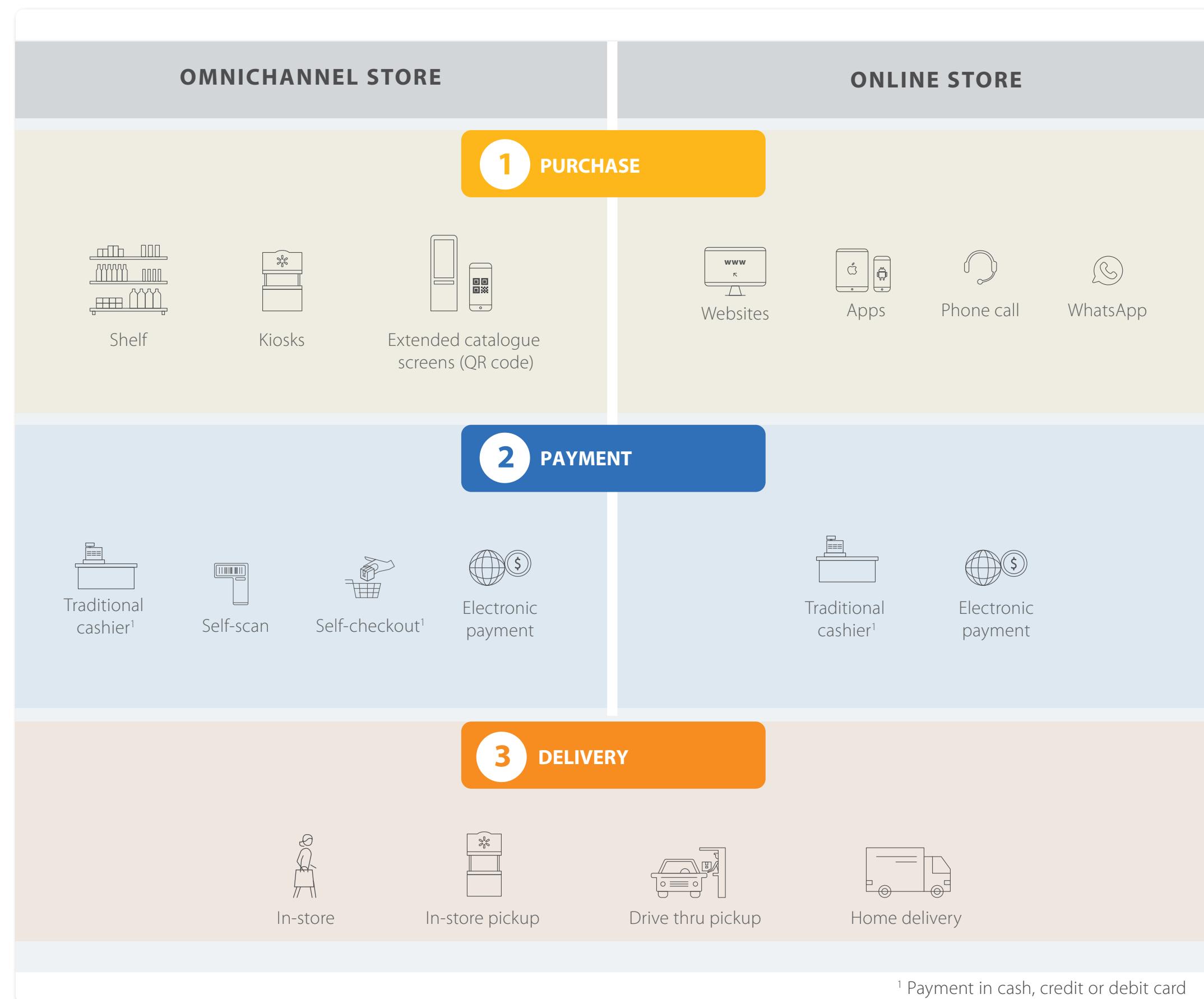
At Walmart Heredia Este in Costa Rica, we implemented the self-checkout system in our first store in the region, where our customers have enjoyed a renewed shopping experience, featuring less customer-service time and greater autonomy, maintaining public health protocols.

## OMNICHANNEL EXPERIENCE

We offer a complete shopping experience that allows customers to shop either in our stores or through our websites, apps, and even messaging services such as WhatsApp. They can also use different means of payment and choose different delivery options in an easy and integrated manner, enjoying the same benefits with a seamless experience.



**Transforming experience in stores and digital platforms**





## INNOVATING TO ADD VALUE



**Our continued transformation efforts include innovations with integrated concepts adding value to our proposition, which allows us to ensure the positive use of our scale to contribute to the care and well-being of families and communities in the region**

## WALMART EXPRESS



**Customers today are looking to enjoy a practical and safe shopping experience, among other things, when shopping at a supermarket, tailored to their new lifestyle and needs, with an omnichannel offer that brings them closer to quality products at low prices**

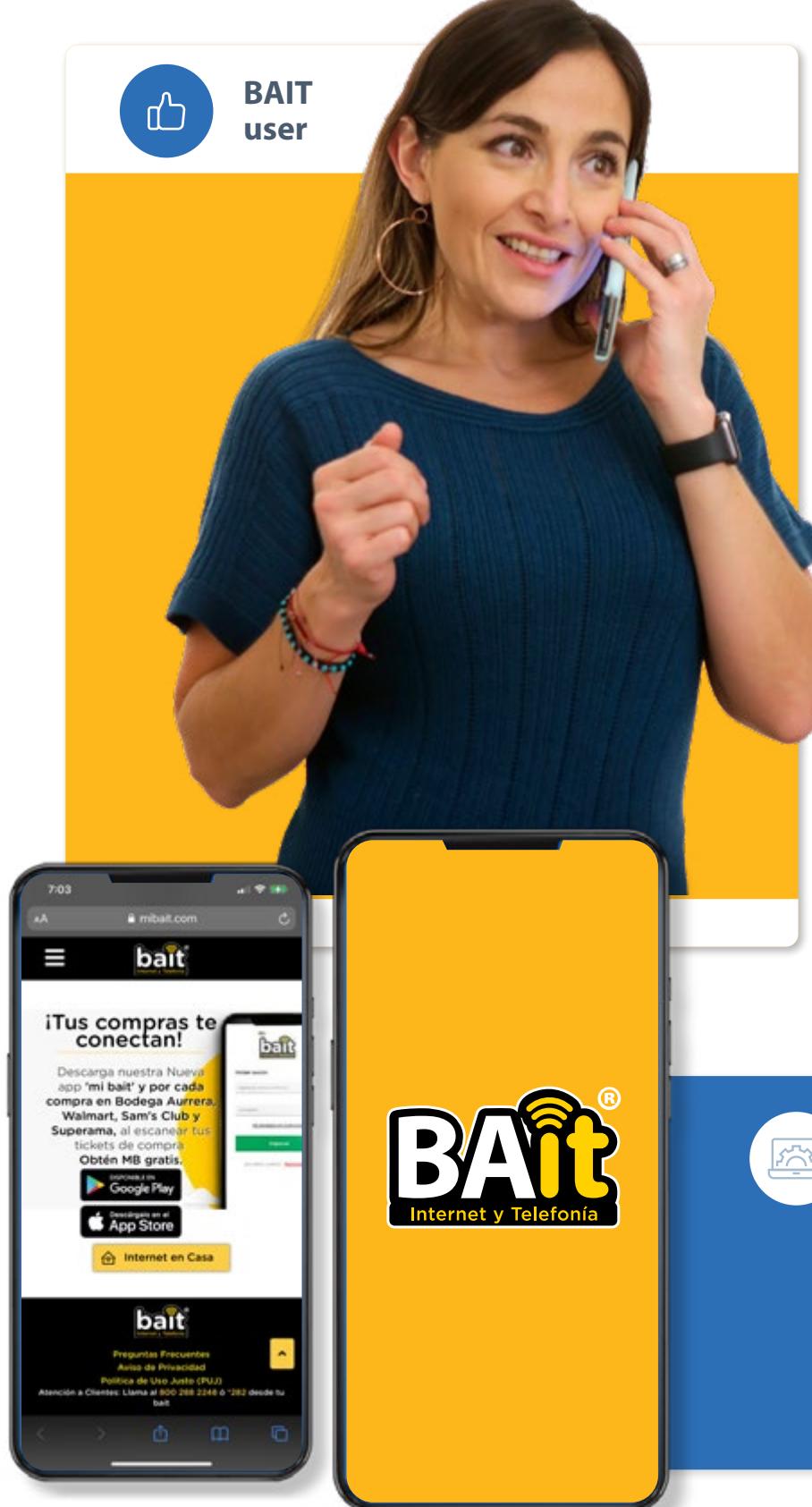
In response to current customers' needs, this year, we welcomed Walmart Express, a new format offering:

- **Proximity and safety:** Close and modern stores, with spaces designed for customers to shop in a safe and pleasant environment
- **Price and quality:** Access to fresh and quality products, added to our commitment to Every Day Low Price
- **Agility:** Featuring multiple access points offering the best shopping experience, either in-person or online shopping and apps, service via WhatsApp, home deliveries, or pickup services from the comfort of your car

Our new format will include two growth lines: the gradual conversion of Superama stores to this new format and the potential to build new stores in more locations. The main pillars of Walmart Express are to maintain the proximity and convenience featured by Superama, the quality, and freshness of its perishables, as well as the low-price offer found in Walmart stores.

Following the launch of this new concept in Mexico, Walmart and Walmart Express operations will share best practices, both in stores and online, where investments in on-demand technology will connect directly to a more robust omnichannel value proposition.





## BAIT (BODEGA AURRERA INTERNET AND TELEPHONY)

As we constantly evolve and go from being a store business to an omnichannel business, we identified that there are natural adjacencies to our omni business that will allow us to solve customer pain points while generating new revenue streams. With this vision, this year, we launched BAIT, our mobile connectivity service offering prepaid mobile phone service, inclusive and affordable for Mexican families.

This new proposition, driven by the best-prepaid offer in Mexico, consists of unlimited connectivity, data, voice and SMS for only MXN 50 per week or for MXN 200 per month, offering great domestic and international coverage. Customers can purchase this offer at our Bodega, Mi Bodega, and Walmart formats.

BAIT's greatest differentiator, is the mobile phone plan's alignment with the Company's constant pursuit of innovation. We are committed to offering an inclusive and affordable service to ensure that the population living in remote areas has access to Internet and can live a better life. It also offers an unprecedented value proposition in the market, called "Tus compras te conectan" (Your Purchases Connect You), in which our customers obtain free megabytes to stay connected with their loved ones upon making a purchase and scanning their receipt.

To support Mexican families, BAIT offered 30 days of free unlimited connectivity during the months of June and July 2020, with the purchase of a SIM card for MXN 20.

We are investing and developing the leading retail ecosystem in Mexico, which will be one of the main engines driving our growth



## MONEY CENTERS

Aware of our customers' new challenges and needs due to the changes generated by the pandemic, we focus on accelerating the implementation of new financial products and services. We seek to maximize the savings of time and money for families in a safe environment, where they can carry out different financial transactions, all in one place.

In Costa Rica, we strengthened the service payment offer with the launch of Money Centers in our Walmart and MásxMenos stores.

The objective is to offer optimal customer service with the required bio-safety measures and the ease of paying for a wide variety of services such as electricity, water, telephone, Internet, car registration, municipal taxes, tuition fees, and loans, among others.

The year 2020 left us with the experience acquired and important achievements, and an outlook for [growth and innovation](#) in the financial services sector within the retail industry.



**In Central America, 2020 was a year of innovation and growth in financial products and services**

# CAMPAIGNS AND COMMUNICATION WITH OUR CUSTOMERS

Today, remote communication has become part of the new normal; shopping, learning, work, and more are some of the daily activities that have migrated to virtual spaces. [In our Company, digitization has become part of our new normality](#), and although the adoption and transition were not easy, we have transformed the traditional form of contact into a more dynamic and far-reaching digital form, integrating an increasing number of business areas, and listening to and learning from our customers.

Our vision to grow new store openings was challenged with the travel restrictions imposed on our supervision and construction plans. This challenge gave us the opportunity to innovate by using available technologies. We use drones to monitor construction sites remotely with walkthroughs conducted via virtual tours. This allowed us to resume our growth plan at a faster pace once the authorities lifted restrictions.

We used these means and other video conferencing platforms, we held live sessions to learn about their needs first-hand and receive their feedback about our service during the contingency.

Thanks to this communication, we understood our customers' new need to purchase products in larger sizes to optimize spending and consumption because the entire family stayed at home most of the day during the pandemic. This allowed us to work [hand-in-hand with our customers and suppliers](#) to tailor our commercial and communication propositions by making changes to assortment and marketing.



**For Bodega Aurrera, communication with our more than eight million followers on social media flowed in an extraordinary way**



Also, and in order to create new experiences with our customers and differentiate ourselves from the competition, we held more than ten virtual concerts to position our main seasonal events, such as Hot Sale and *Fin Irresistible*, as well as the launches of the Bodega Aurrera online website, Grocery Home Shopping, and BAIT. With these events, [we reached](#) more than 20 million people.

At Sam's Club, we decided to center our efforts on our eCommerce sales strategy by reinforcing investments to drive traffic to our website and app through channels such as Facebook and Google, capitalizing on new shopping opportunities for the Hot Sale event, which we held together with the AMVO (Mexican Association of Online Sales) and the Open House, this year. This strategy, which we started after the health contingency began, allowed us to strengthen our customer and members' loyalty.



 **This strategy, which we started after the health contingency began, allowed us to strengthen our customers and members' loyalty**

At Superama, we held the annual Masters of the Grill event adapted to digital platforms. This workshop brought together different chefs and cooks who taught our audience of thousands of customers how to prepare the meat and grill like a pro, thus continuing to connect with our customers who are taking care of their health.



# THE KEY: having the best team

2020 IS PROOF THAT WE HAVE A VERY CAPABLE AND COMMITTED TEAM THAT RISES TO ANY CHALLENGE. WE ARE PROUD OF THEM AND WANT TO BE THE BEST PLACE TO BE YOURSELF, GROW, AND BELONG

GRI 102-8



# ASSOCIATE VALUE PROPOSITION

GRI 401: 103-1, 103-2

Our associates are our priority, and we take them into account in all our decisions. We work every day on improving our value **proposition for our associates**, **what we call PRODI**, the letters of which describe the five promises that encompass and represent the benefits of working in Walmart.



P

This is the place where we have a **Purpose**, where we care for the quality of life of all families in Mexico and Central America.

R

Where every day we have a **Challenge** and reinvent ourselves.

O

Where we find great **Opportunities**, having more than a job we have a dream.

D

This is the place where we **Enjoy** what we do every day.

I

This is the place where **Inclusion** and **Diversity** are part of our culture, letting you be yourself 100%.

Este  
es el  
lugar

# OUR TALENT

GRI 203-2, 401-1, 102-8



**231,271**

associates

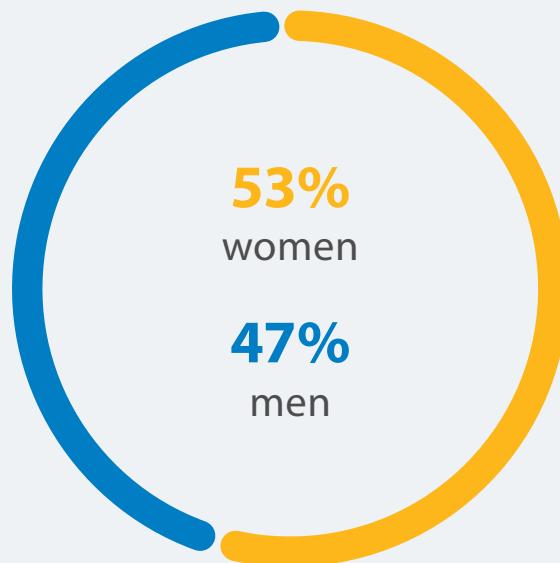


**4,571**

jobs generated



Total associates  
by gender





GRI 102-7,,405-1  
SASB CG-EC-330A.3, CG-MR-330A.1



Women



Men



Total associates by age range

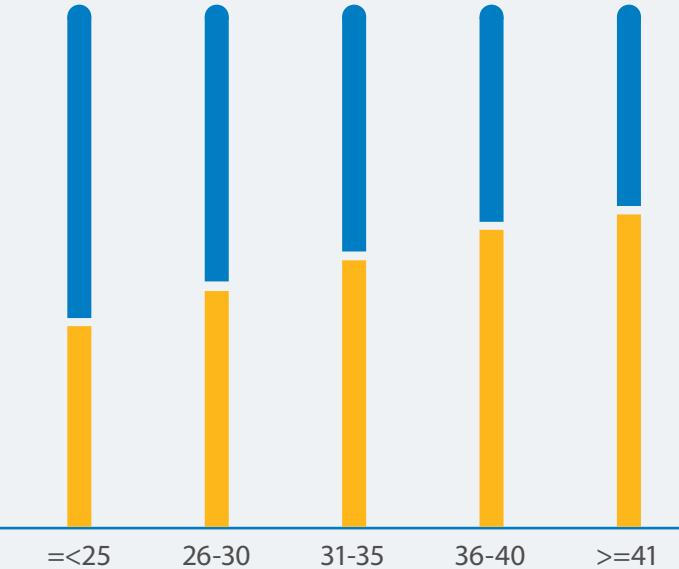
59%  
41%

52%  
48%

46%  
54%

40%  
60%

37%  
63%



Associates by age  
Mexico

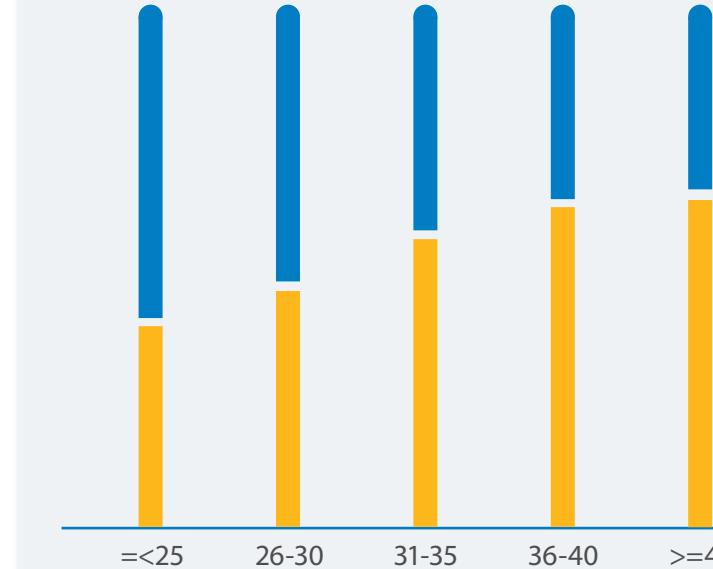
59%  
41%

50%  
50%

43%  
57%

38%  
62%

36%  
64%



Associates by age  
Central America

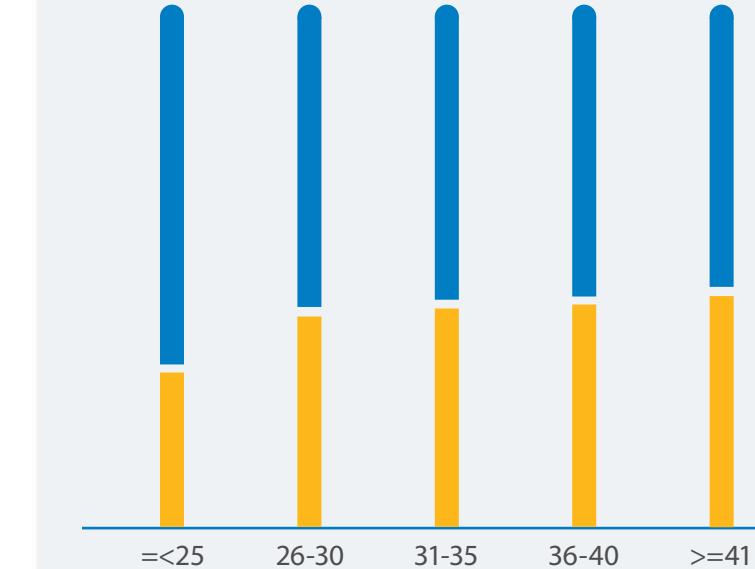
63%  
37%

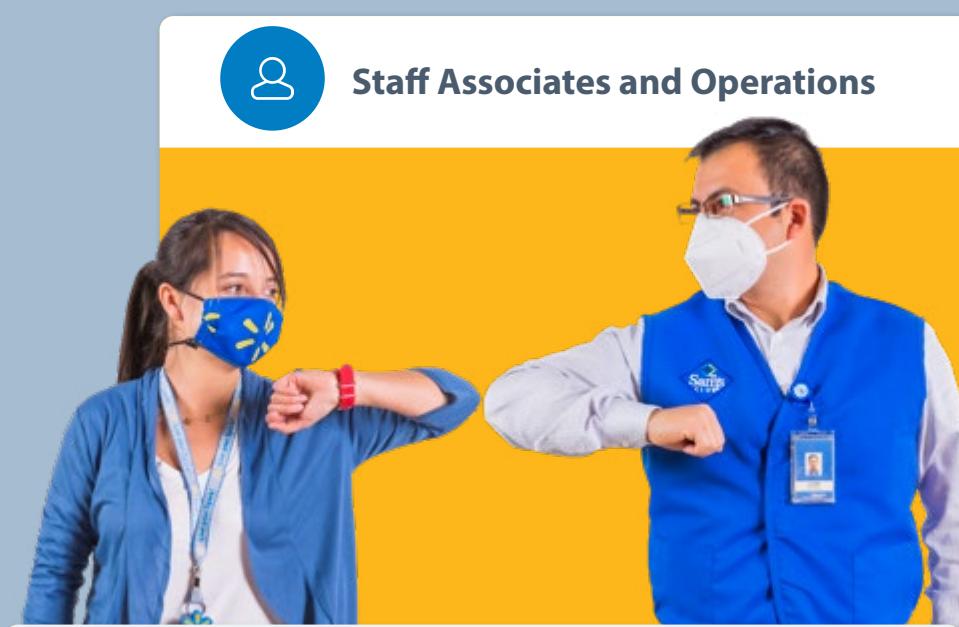
58%  
42%

55%  
45%

52%  
48%

51%  
49%





Operations and staff associates in Mexico and Central America

**10,342**  
staff

**220,929**  
operations



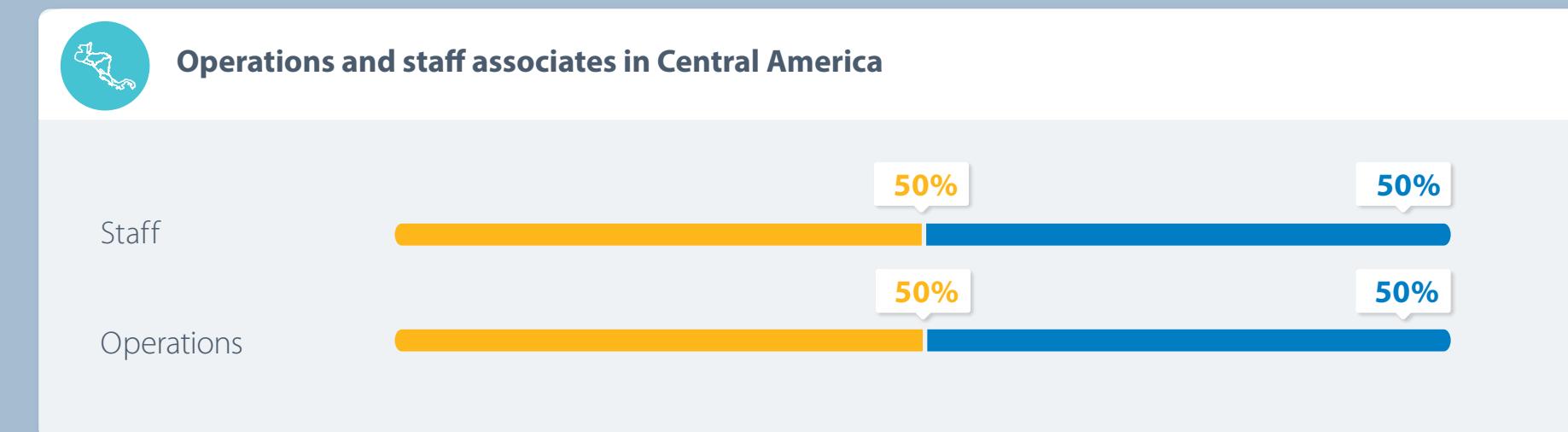
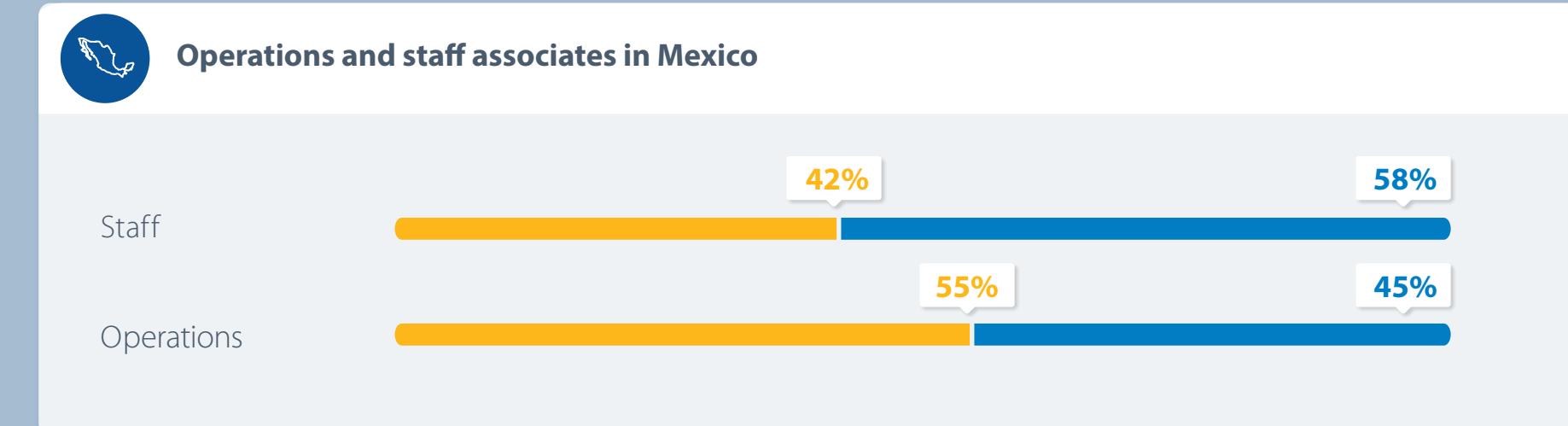
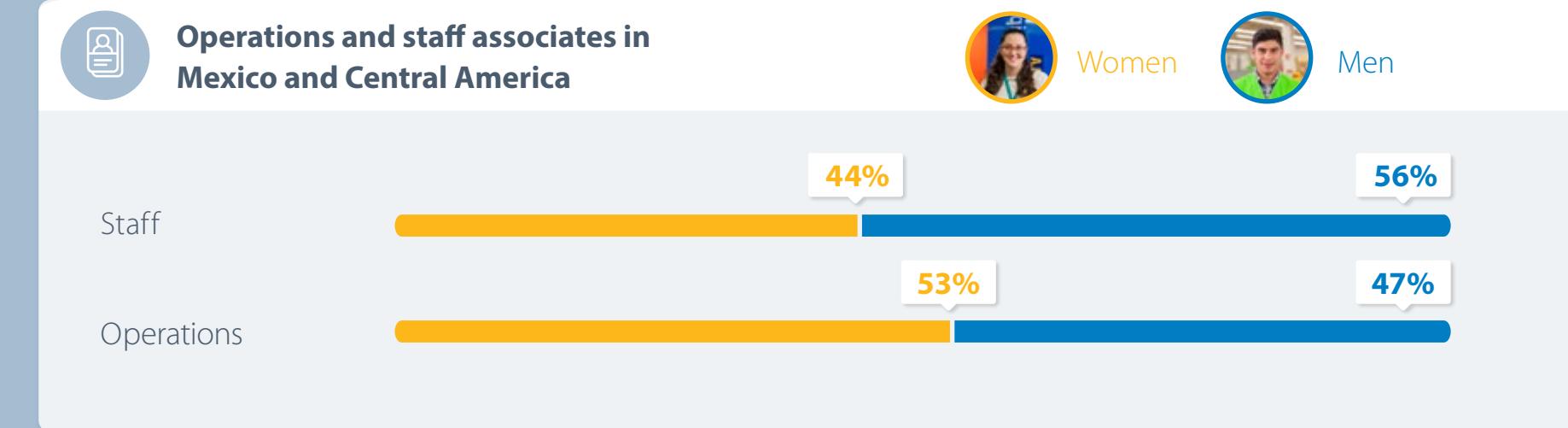
**8,060**  
total staff associates Mexico

**2,282**  
total staff associates Central America



**185,507**  
total operations associates Mexico

**35,422**  
total operations associates Central America





# MEXICO

GRI 102-8 SASB CG-EC-330A.4.

**193,567**

associates



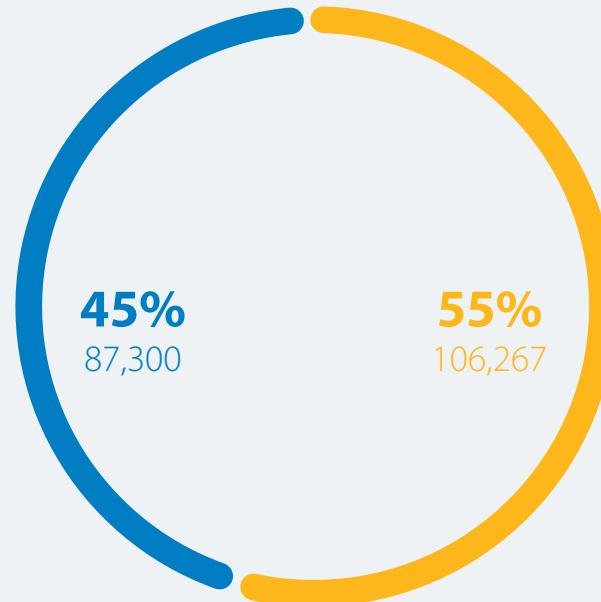
## Associates by gender



Women



Men



## Associates by level and type of contract

Non executives

**190,488**

55%

45%

Executives

**3,079**

37%

63%

Permanent

**171,823**

56%

44%

Part time

**9,657**

65%

35%

Full time

**162,166**

55%

45%

Temporary

**21,744**

47%

53%

Part time

**1,486**

53%

47%

Full time

**20,258**

47%

53%

# CENTRAL AMERICA

GRI 102-8 SASB CG-EC-330A.4.



**37,704**

associates



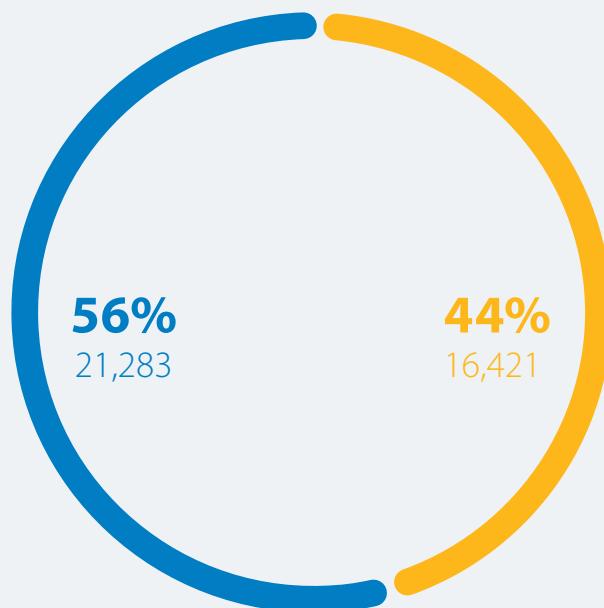
## Associates by gender



Women



Men



## Associates by level and type of contract

Non executives

**37,263**

44%

56%

Executives

**441**

38%

62%

Permanent

**36,622**

43%

57%

Part time

**4,168**

58%

42%

Full time

**32,454**

42%

58%

Temporary

**1,082**

48%

52%

Part time

**506**

58%

42%

Full time

**576**

40%

60%



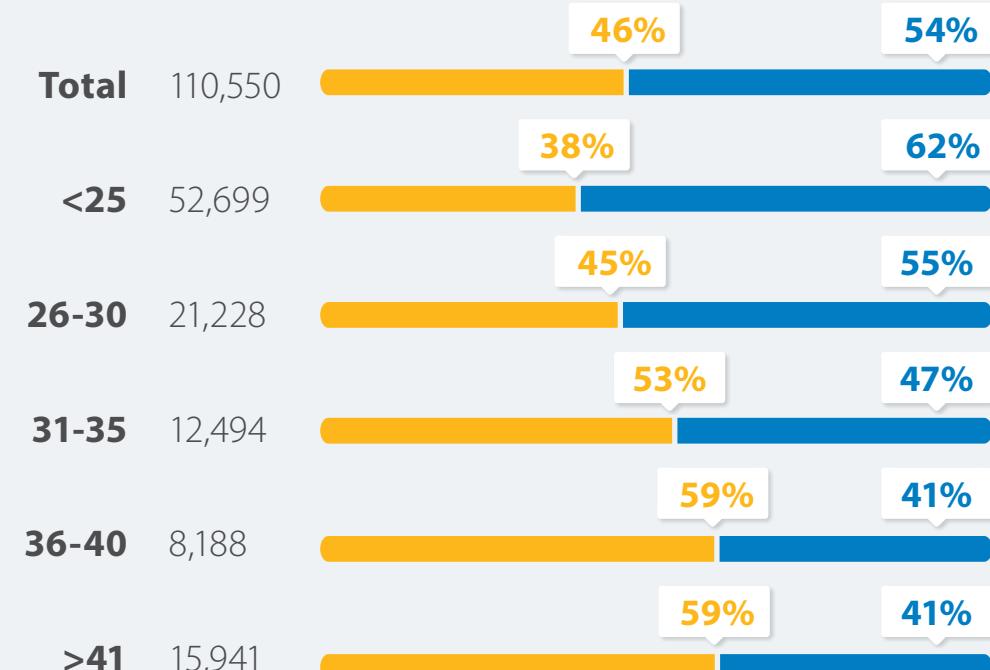
GRI 401-1  
SASB CG-MR-310A.2  
SASB CG-EC-330A.2



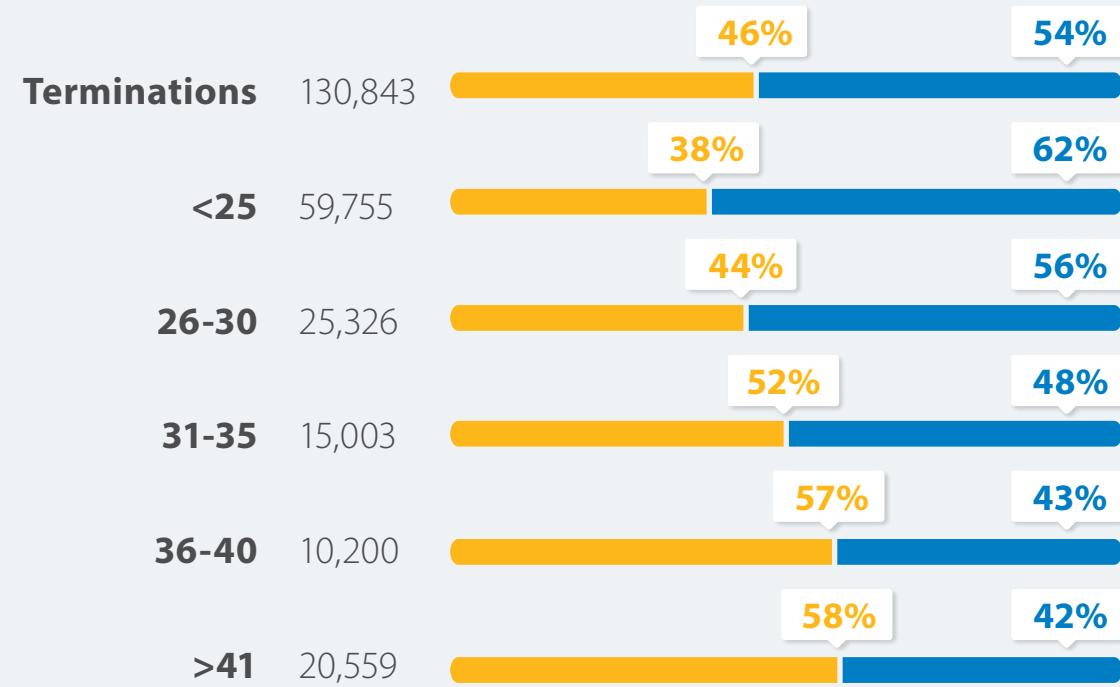
### New associates

Mexico

#### Women

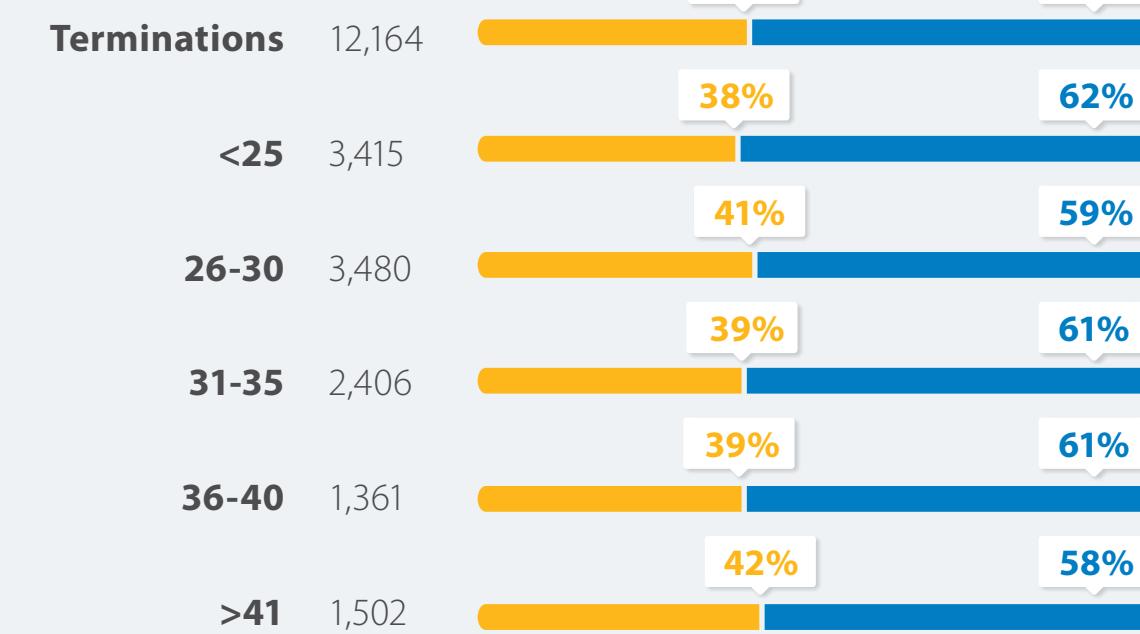
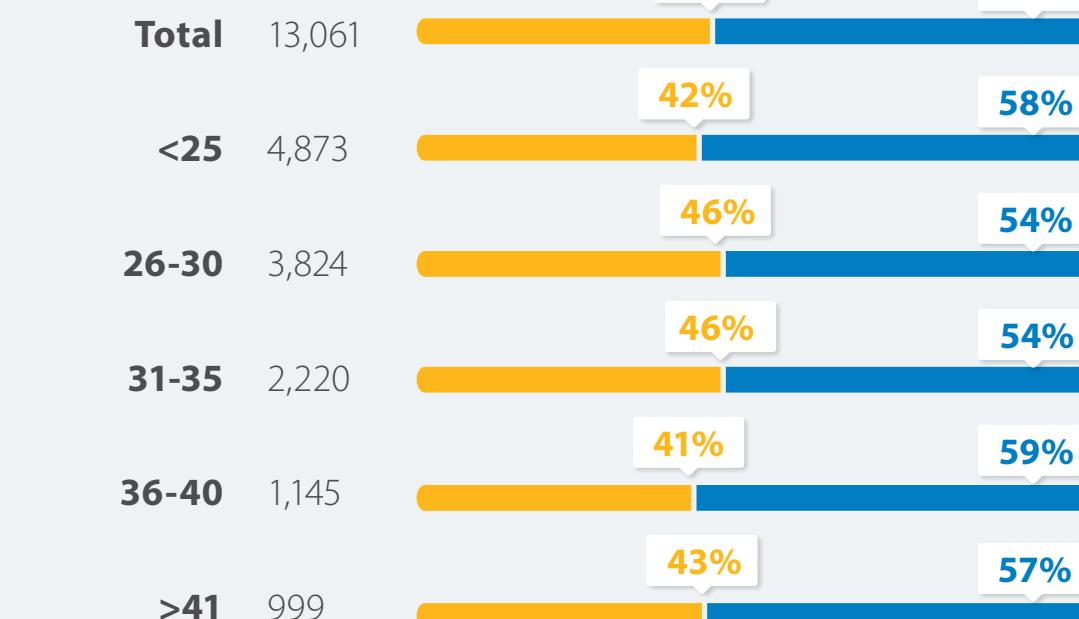


#### Men



### New associates

Central America



# DEVELOPING OUR TALENT

GRI 404: 103-1, 103-2, 103-3,  
404-1, 404-2



We offer a wide variety of career opportunities. Our associates are given the possibility of growing and being successful within the company; consequently, we have different training programs designed according to personal and collective needs detection and with the purpose of providing the tools needed for professional and personal development.



**In 2020, we conducted profound modifications to how training was implemented by changing all our in-person courses to digital**



**Associate training****22,115**

promotions

**43.7**

million pesos invested in training

**7.5**

million hours of training

GRI 404-1

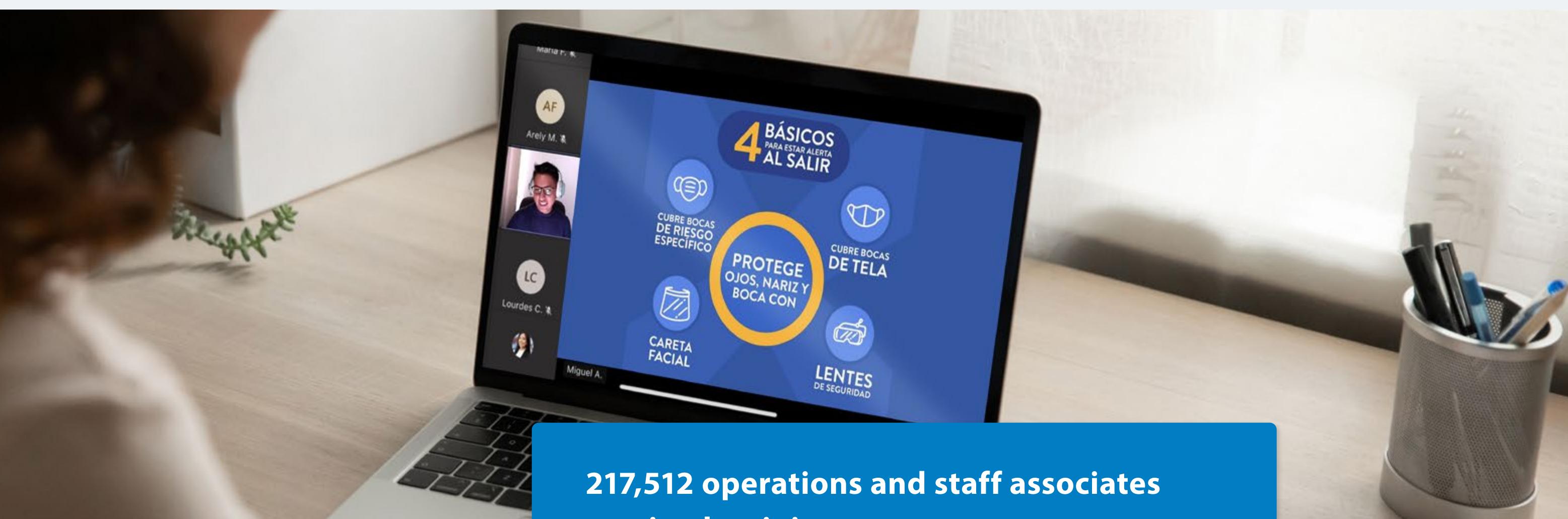
**34.67**average training hours  
per associate**Training hours per level**

Level	Mexico		Central America	
	Man hours	Hours per associate	Man hours	Hours per associate
VP	249	8.9	14	3.4
Directors	2,241	17.5	274	8.8
Asst. Directors (Squad Leads)	8,818	21.1	480	7.8
Managers	73,947	27.9	4,188	10.2
Asst. Managers	584,020	56.4	11,693	12.4
Dept. Managers	565,006	22.0	24,279	10.7
Frontline associates	6,038,031	27.1	244,157	6.4



**Thanks to technology and different tools, we have been able to offer great learning opportunities to all our associates**





**217,512 operations and staff associates received training**

## MEXICO

**During 2020, strategies were designed for digital training, focusing on transversal programs such as leadership, agility, and functional techniques**



### Learning Experience Platform (LXP)

A new training platform whereby our associates may use any company or personal device to log on, enabling us to cover priority issues stemming from the contingency and prevention measures regarding COVID-19. By means of this platform 146,613 operations and staff associates received training.



### Onboarding Program for Self-Service Management

Through the use of four segments introduction, support, function, and feedback this program allows Walmart to welcome new associates and those promoted to Manager and Asst. Director; it covers key points of supervision required to correctly perform in their new position, enabling them to easily adapt to their new roles within the company.



### DAR Contingency (Discover and Learn Retail)

This training is aimed at newly-hired frontline associates who joined the company for the contingency period. It trains them in fundamental subjects regarding their duties on the sales floor and the front-end in Sam's, Bodega, Mi Bodega, Bodega Aurrera Express, Superama and Supercenter. A total of 74,770 associates received this training.



### Total Loss

Training for Asst. Managers in Perishables, for Supercenter, Bodega, Mi Bodega and Superama, with the purpose of providing them with the tools needed to identify key actions within the merchandise flow process.



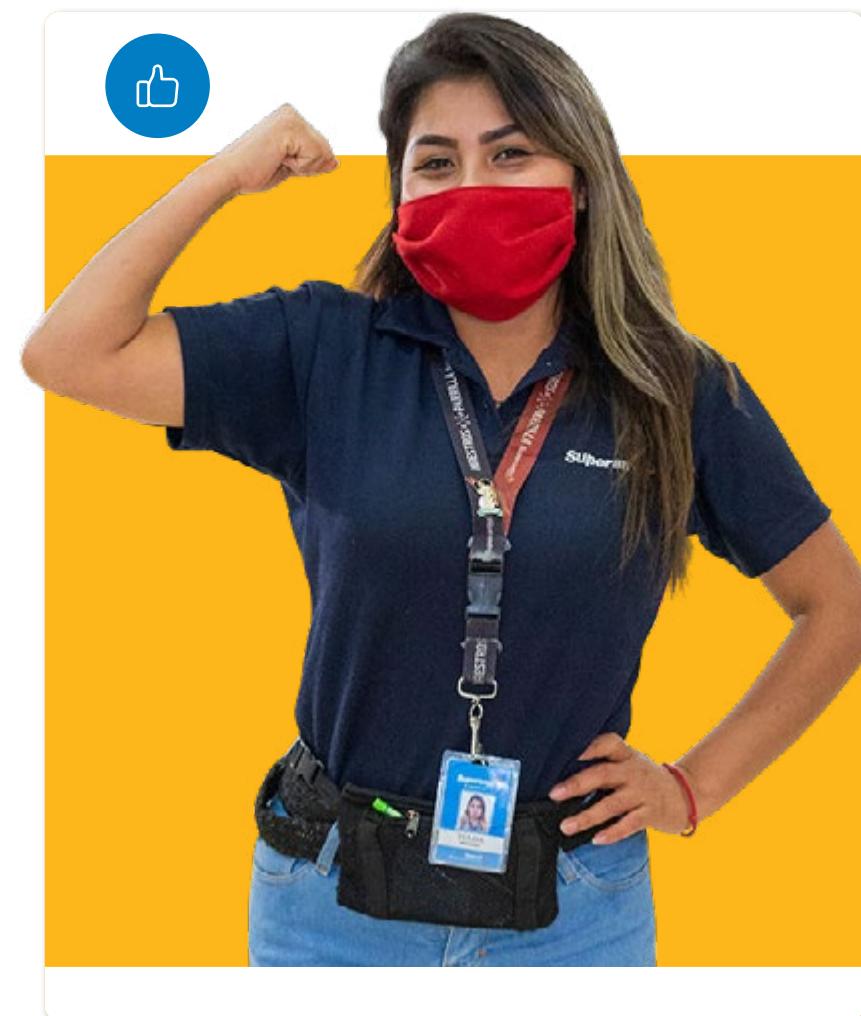
### Management Certification

Training aimed at improving key business indicators by reinforcing essential processes and by implementing an instore action plan for Supercenter, Bodega, Mi Bodega, Superama and Bodega Aurrera Express managers.



### CER Program for Fresh at Sam's Club (Consistency, Excellence, and Results)

The program was created to develop technical skills among our associates, thereby producing positive indicators for the business, allowing them to better manage sales, margins and shrink, as well as supervision and execution for the leaders.



### SmartForecasting

A training programs for Replenishment, whose purpose is to reduce costs through improved sales forecasts, thus ensuring we are always the first choice for our customers.



### Replenishment Trainees

Replenishment training in all processes involve in their role at Walmart, and also to cover all vacancies.



### Self-service Trainee Program

This program has the purpose of providing the talent needed to cover positions created as a result of company growth through new openings and promotions, and to fill vacancies that stem from the natural turnover of the position in question.



### Negotiation Development Showcase

Training for Squads Leads and Category Managers, with the purpose of reinforcing negotiation principles adapted to the new normality.



### CAT (Category Assortment Training)

A training program designed so Category Managers may become familiar with the category management process, and to reinforce their decision-making skills.



### Safety Measures for When Working With Heights

A special training course that teaches associates the primary risks associated with working with heights, and so they can properly mitigate said risks.



### Cutting and Welding

A program designed to give associates the knowledge needed regarding the primary risks inherent to cutting and welding jobs, and the primary prevention measures concerning said risks.



### Saw Operator School

The purpose is to provide associates and future saw operators the know-how needed for the processes they perform, the tools and/or formats used as part of their activities, and the safety and quality guidelines that should be fully observed at all times, with the purpose of being able to operate and resolve everyday situations related to the position.



### My Safety in 9 Steps

This provides associates the information required to identify safe practices and conditions, the safety rules to be followed in all meat plants, and the way to reduce the number of accidents in said plants, through nine steps: selecting, evaluating, guiding, joining, reinforcing, fostering, showing, updating, and standing out among the rest.

## CENTRAL AMERICA



### Operations Academy

The Operations Academy seeks to develop our store associates. With the use of technical-functional manuals, our associates are assisted with self-managing material produced under the Inverted Classroom method. Designed for front-end, backrooms, fresh and groceries, with the support of People Business Partner. Since its launch in April, 27,409 associates have been benefited.



### Evolved Leadership

A program designed for leadership development during times of crisis, and management skills for Store Managers, whereby personnel are trained in subjects such as change management, emotional intelligence, planning and prioritizing, decision making, feedback and communication, and managing teams.

## Associate development is fundamental for Walmart de México y Centroamérica





### Central OPS Academy

This provides associates with the know-how for improving their performance potential with courses such as effective presentations, design thinking, four leadership pillars, communication and influence, finance for non-finance people, and project management. In 2020, 100% of Central Ops personnel were given LinkedIn licenses to develop skills and know-how in subjects such as Agile, Kanban, and Lean Six Sigma, among others.



### Commercial Academy

A workshop for supply cells and the optimum catalog to align Replenishment and Commercial in terms of concepts and procedures that generate leveraging and collaborative work, thus fostering more efficient processes. Pharmacy school for subjects related to customer service and sales, patient plans, strategic brands and operation, which leads to enhancing our customer experience.



### Agro-industrial Development Academy

Training in the "Six Critical Practices in Leadership Development for Managers" with the purpose of providing the tools needed to lead and manage teams more efficiently.



### Safety School



### Logistics Academy

The Safety School for DCs is a virtual reality program that has allowed for a 20% reduction in accident rates in DCs.



### Safety School

We launched the Safety School, which is divided into modules and was designed and created with the cooperation of safety experts. Virtual reality technology is involved, using Oculus glasses and focusing on the utilization experience of each associate; it also provides lessons on how to act safely in all DCs.

# ASSOCIATE EVALUATION

GRI 404-3 SASB CG-EC-330A.1

Associate development is fundamental for Walmart de México y Centroamérica. We have varied tools to identify their potential and performance; we also ensure their motivation and promote their growth.

These tools enable us to implement a proper and fair compensation framework for all employee categories, and therefore we use a comprehensive approach and system to compensate 100% of our associates at all levels, through individual performance evaluations conducted each year.



**70,117**

associates evaluated in 2020



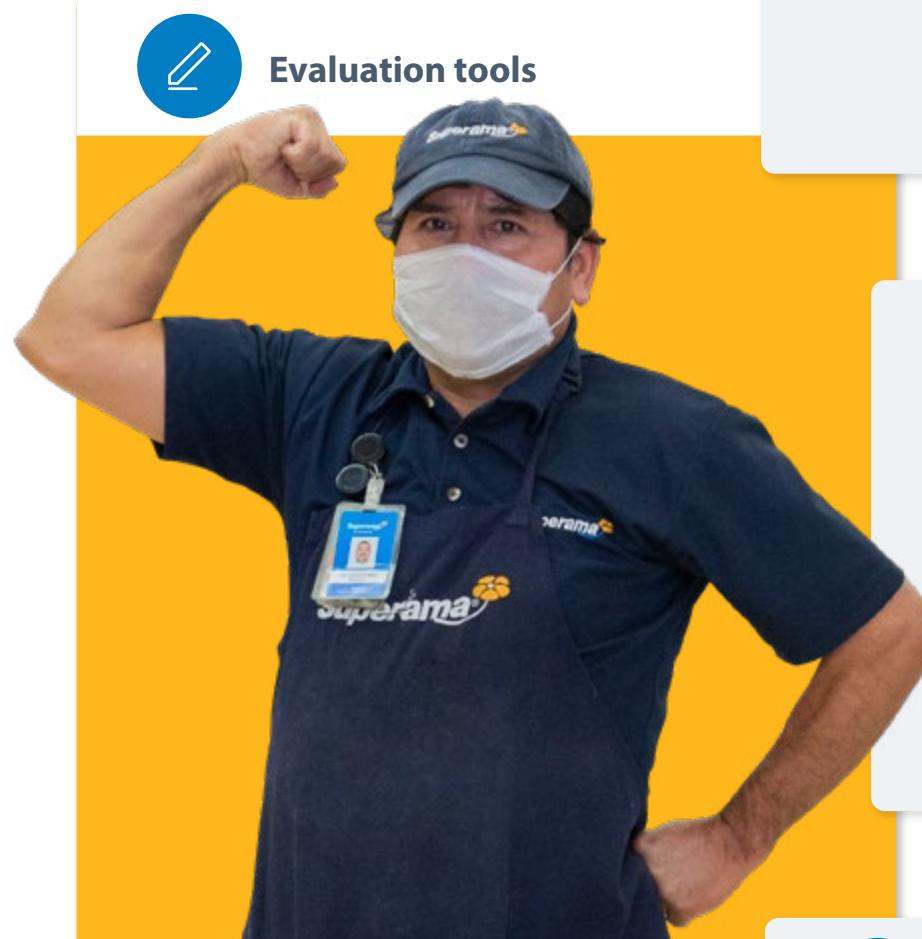
**54%**

of women evaluated



**46%**

of men evaluated



## Evaluation tools



### Annual performance evaluation:

An indication of how our associates are doing, and where improvement is needed. During the evaluation, both the immediate supervisor and the associate are clear on the extent to which the associate accomplished his/her objectives, and the performance achieved according to key competencies or behaviors.



**Calibration:** This process enables our associates to know how they are perceived within the company, and therefore learn if the necessary elements exist in order to be considered talent. The latter implies proven outstanding performance and the potential to fill positions where the tasks to be performed are more.

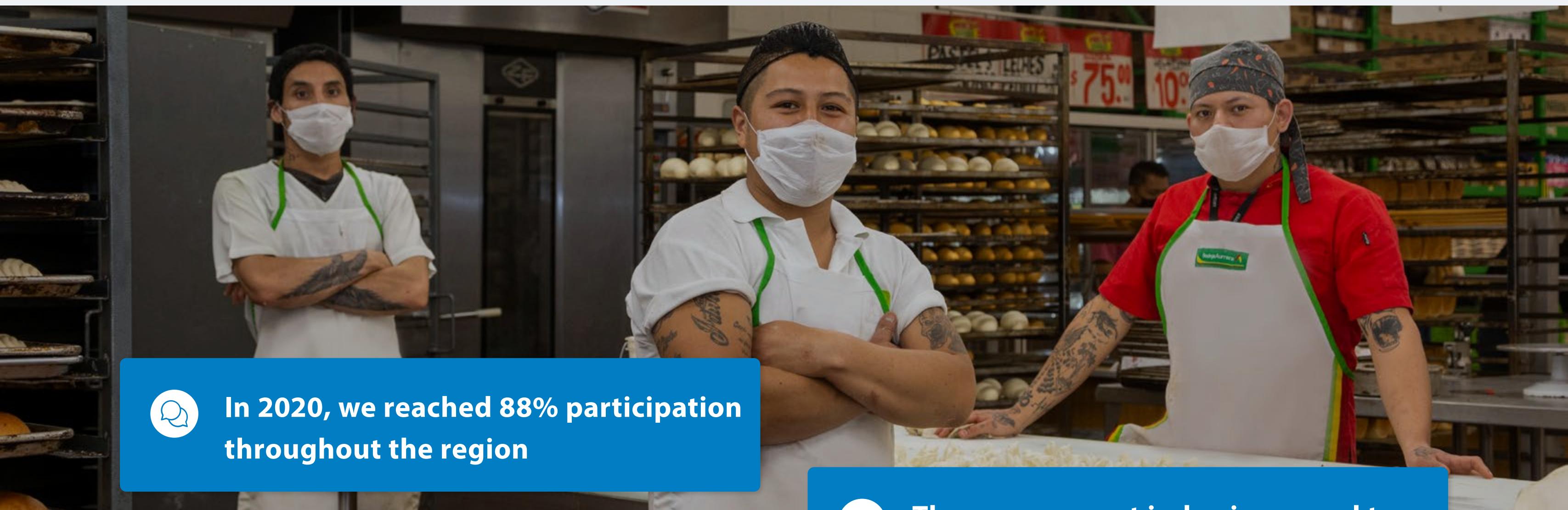


**Feedback sessions:** These are meant to make suggestions to our associates and inform them of the concerns or observations noted in their behavior, with the purpose of helping them improve their performance.



### Individual Development Plan (IDP):

This tool allows our associates to be clear on what they need to improve, and the way in which to accomplish it.



**In 2020, we reached 88% participation throughout the region**



**The engagement index increased to 80% vs 76% in 2019**

## DIALOG WITH ASSOCIATES

SASB CG-EC-330A.1

Fostering active involvement of our people is part of the success of the company. Each year we all answer an engagement survey, wherein we are able to express our opinions on what needs improving, leadership relations, how the Walmart Culture is experienced, and the basic points that build the work experience.

The survey is administered by an independent vendor who is responsible for concentrating the individual answers, which are managed confidentially and the results of which are reported at the group level.

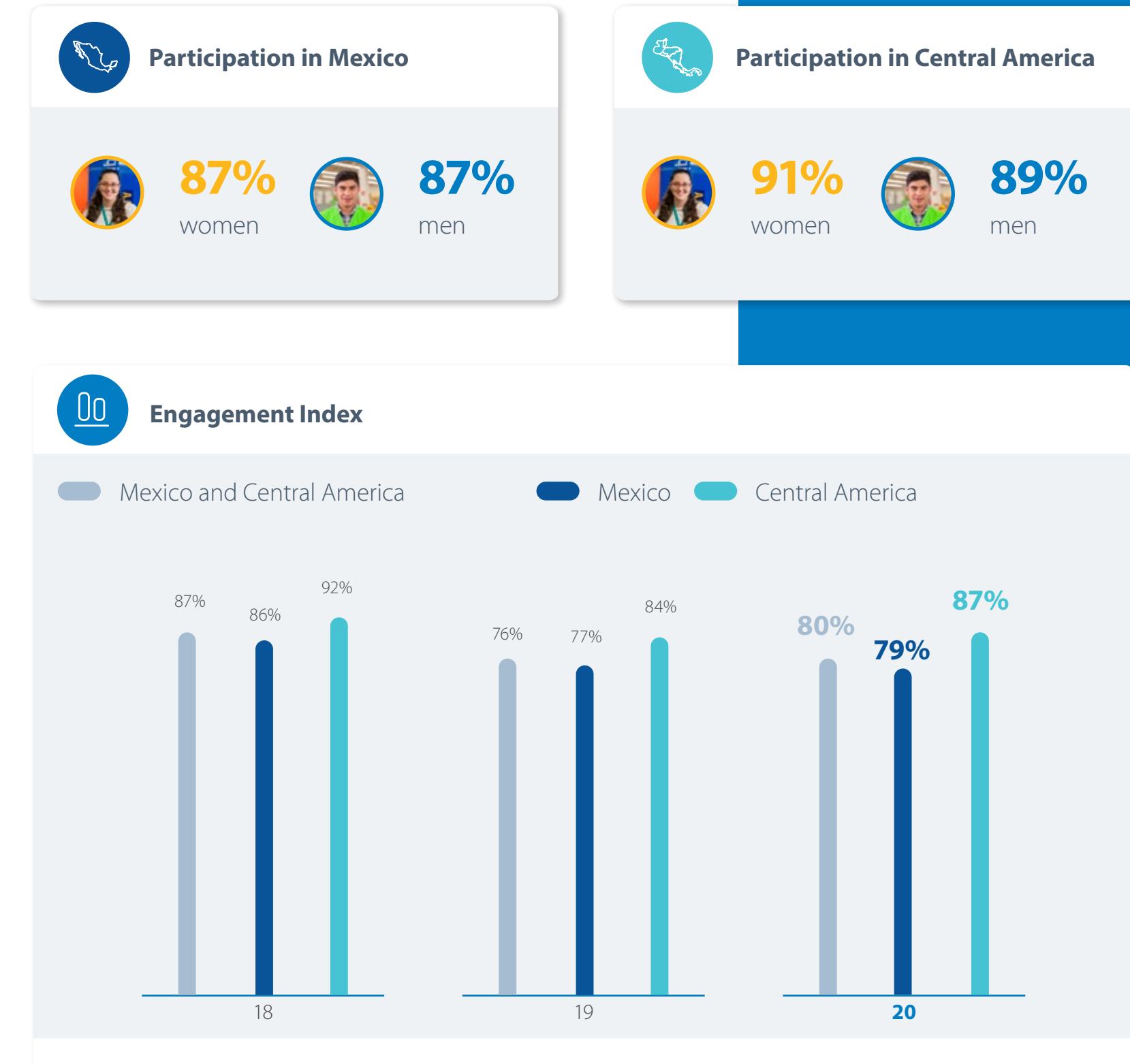
This year we were very close to our associates, which resulted in high participation as compared to last year, and which also proves the interest our associates have in expressing their opinions.



Feedback sessions follow the answering of the survey, in all areas of the company, with open and constructive dialog that contributes to building a positive work atmosphere and detecting areas of opportunity. The results of said sessions are then transformed into action plans.

Moreover, this year we conducted surveys that allowed us to know the opinions of our associates regarding different matters, such as emotional health, quality of life, and remote work. In this latter subject, the purpose was to find out if they had the necessary tools to properly perform their jobs; and to hear about their work schedules, wherein overall acceptance and recognition was expressed by our associates.

**We will continue working to promote an authentic culture of leadership and open communication, that in turn improves the work experience for those who are part of our company**





## WAGE EQUALITY

GRI 202-1, 405-2, 102-35, 102-36  
SASB FB-FR-310A.1, CG-MR-310A.1

Our [Remuneration Equality Policy](#) ensures that Walmart de México y Centroamérica does not discriminate in wages due to gender, age, religion, sexual preference, or political ideology.

We have a table that enables control; the existing differences are due to the individual performance of each associate, which is evaluated each year according to seniority in the company, and to the adherence to success factors that are expressed under the policy for A Workplace Free of Violence, Bullying, Harassment, and Discrimination. On the other hand, the wages we offer in the company comply with, and exceed the minimum wage set forth by the authorities.



### Remuneration Equality Policy

At Walmart de México y Centroamérica we are committed to equality among all our associates, with no distinction or preference of any nature, except based on achievements and performance.

As part of the commitments we have established are:

- Guaranteeing no wage differences due to gender, age, religion, sexual preference, or political ideology
- Ensuring that any differences that exist in wages are due to individual performance and the achievements of each associate, which are evaluated annually, and adherence to success factors that are expressed under corresponding company policies
- Complying with and exceeding the minimum wage set forth by the authorities
- Permanently promoting remuneration equality between men and women
- Supervising that there are efficient internal policies and procedures on remuneration equality
- Promoting strategies, programs and initiatives that help to identify, develop, and retain diverse talent, serving as an incentive for active participation at all levels in the company
- Ensuring our associates have access to social security
- Reinforcing transparency and communication when establishing and reviewing remuneration

# FREEDOM OF ASSOCIATION

GRI 102-41, 407: 103-1, 103-2, 103-3, 407-1  
SASB FB-FR-310A.2

In Mexico, we comply with Federal Labor Statutes. We have initiated a new collective bargaining system to enhance the value proposition of our associates, who have the option of choosing the union organization to which they wish to belong. Some 71% of our associates are represented by a labor union or covered by collective bargaining agreements; that is, 100% of those associates eligible, pursuant to the law. All this is reflected in our Freedom of Association Policy.



## Freedom of Association Policy

Walmart de México y Centroamérica is committed to the freedom to associate of our people. Pursuant to that established under our policy, we are committed to the following:

- Permanently guaranteeing the labor rights of our associates, so they may freely choose the union to which they wish to belong
- Ensuring that our associates may exercise their right to associate or not associate with others
- Permanently recognizing our associates' right to free association and collective bargaining
- Respecting the rights of our associates to: unionize, organize, and enter into collective bargaining, legally and peacefully, without sanctions, threats, dismissals, or interference
- Ensuring that collective bargaining covers the following: remuneration, work hours, training, professional development, flex time, and equal opportunities
- Respecting and protecting the representative of our associates
- Preventing discrimination against the representative of our associates
- Guaranteeing the effective exercising of union rights at the worksite
- Ensuring our associates' freedom to associate is respected in all company operations, through risk mapping, periodic internal audits, and internal and independent claims
- Fully complying with all laws and regulations on collective bargaining and the freedom to associate

## WORK SCHEDULES

GRI 409: 103-1, 103-2, 103-3, 409-1, 412: 103-1, 103-2, 103-3, 412-1, 412-2, 412-3

In keeping with our [Work Schedule Policy](#), our associates are guaranteed their rights, pursuant to labor legislature regarding work schedules and quality of life. The purpose is to develop a positive workplace atmosphere and to be a company that respects the rights of all employees where they work.



### Work Schedule Policy

We establish work hours that contribute to the quality of life within the company, and to a positive workplace atmosphere. With this in mind, through our policy we commit to the following:

- Respecting our associates' breaks and work schedules
- Ensuring payment of overtime to our associates
- Conducting ongoing campaigns in all units to ensure overtime payment, thus guaranteeing proper compensation measures
- Developing ongoing campaigns in all units that promote respect for breaks and work schedules, and which avoid and prevent harassment
- Establishing special work schedules for students
- Designating fixed work schedules during breast-feeding periods
- Providing fixed work hours for single mothers or fathers
- Creating flextime work weeks for staff associates, to reduce work hours on Fridays
- Guarantee respect for vacation and free time for our associates

# WORK-LIFE BALANCE

GRI 201-3, 403: 103-1, 103-2,  
103-3, 403-3, 403-6



It is without question that 2020 was a challenging year in that respect. We implemented different mechanisms to protect our associates, such as permanently remote work for our staff associates. The workday was scheduled in shifts and we launched campaigns promoting the respect for work schedules, ensuring meetings were short, taking breaks, and prioritizing agreements regarding workloads.

We are firmly committed to maintaining the well-being of our associates. We seek to innovate by implementing initiatives that help construct a healthy, collaborative, and flexible workplace environment.

## Benefits our associates:

- Five [breastfeeding rooms](#) at our corporate offices, for staff associates
- [25,210 flu vaccines applied](#) to our operations associates
- Platform with agreements and benefits, via app and web, for all associates nationwide, [offering from 10% to 70% discounts](#) in different categories: automotive, health and beauty, foods and beverages, electronics and technology,

entertainment, education and training, household, fashion, travel, among others.

- Team of nutritionists who provide nutrition [guidelines and care for associates](#) at corporate offices:

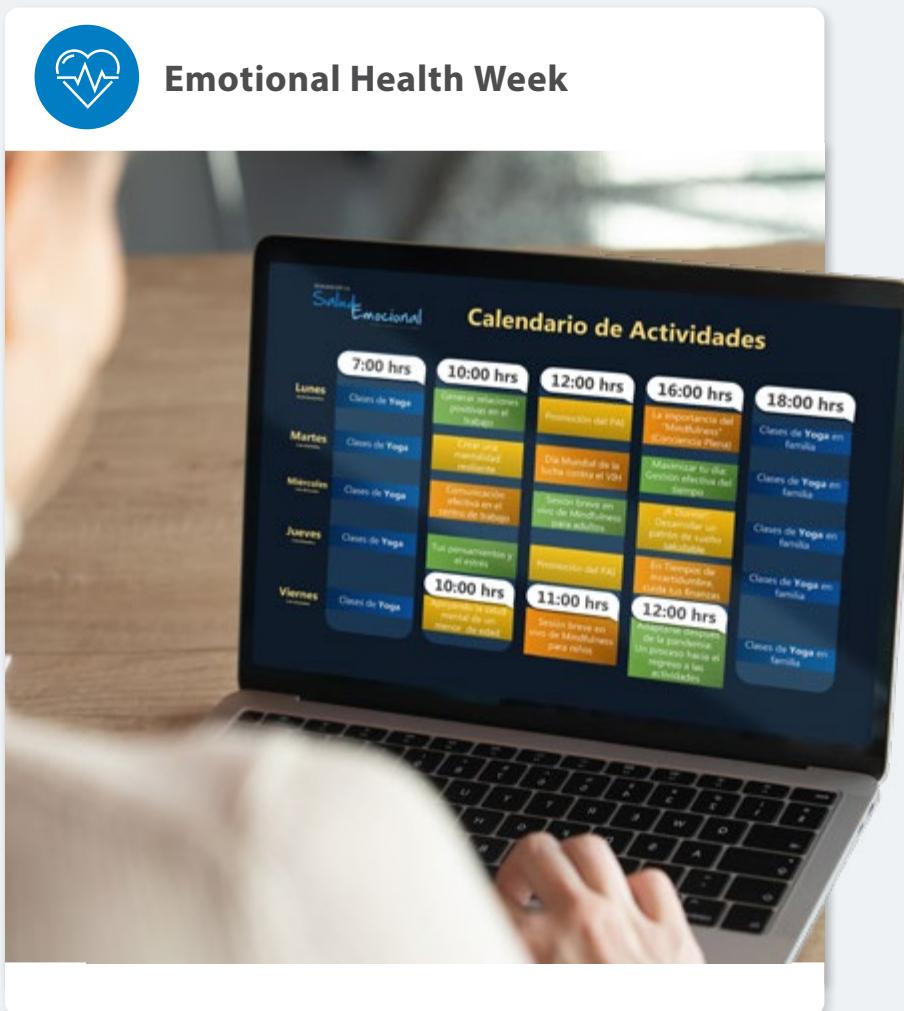
\* 2,867 plans provided

\* 981 patients



GRI 403-6





## Emotional Health Week

Do you miss your chair back at the office? was a campaign launched to improve the experience of [remote work](#), to lend our associates the ergonomic chairs they were used to using in our corporate offices so they could take them home and work more comfortably.

[Emotional Health Week](#). Through this initiative our associates were invited to attend different virtual sessions wherein they would receive the tools needed to increase their emotional well-being. Different subjects were covered, such as yoga classes with the family, effective communication and time management, stress, and achieving healthy sleep patterns, among others.

**We launched the Emotional Health Week a way to deal with stress, work productively, contribute to our community, interact with others, and simply enjoy life**



Throughout the year, communication on raising awareness and sensitivity to good nutrition was accomplished through different digital media -webinars, Workplace postcards, emails, newsletters, etc.- seeking to foster the adoption of healthy habits that benefit the health and wellness of our associates.

In Central America, with the purpose of impacting the mental and emotional health of our associates, and of providing them with the tools that allows them to enhance their quality of life while permanently doing remote work, [we put together #EstamosAquiParaTi](#), (We Are Here For You) that made four webinars available on things related to emotional management, developing lateral thinking, the power of words, and the possibility to enhance the quality of life through meditation and mindfulness.



# BENEFITS FOR OUR ASSOCIATES

GRI 201-3, 401-2, 401-3



## Mexico



Full day



Partial/temporary day



## Central America



Full day



Partial/temporary day



Granted in accordance with the law



The law does not require, but the company grants it



Granted above the requirements of the law

\* For management only

\*\* From divisional manager and up

Executive vacations	C	A
Non-Executive vacations	A	A
Days off (holidays)	C	A
Personal days	B	B
Special permission	B	C
Meal subsidy		B
Food coupons	B	
Shopping discounts	B	B
Company car for executives**	B	B
Medical check-up for executives	B	B
Life insurance	B	B
Social security expense	A	A
Major medical expense insurance	B	B
Sick leave grant	B	B
Seniority recognition	B	B
Maternity leave	C	C
Paternity leave	C	B
Christmas bonus	C	C
Vacation premium	A	A
Sunday bonus (if applicable)	A	A
Seniority bonus	A	A
Prot sharing	A	C
Nursing period	C	C
Productivity bonus	B	B
Stock-option plan*	B	B

## INTEGRAL ASSISTANCE PROGRAM (PAI)

Our associates and their families have a free hotline available for optional and confidential assistance regarding questions or concerns in subjects such as:



- Psychological counseling**
  - Personal problems
  - Depression
  - Stress
- Financial counseling**
  - Loans
  - Credit bureau
  - Savings
- Legal counseling**
  - Law
  - Regulations
  - Rights and obligations

Our associates may make use of the service from anywhere within Mexico, 24/7, via telephone, email, and/or the online site.

### Also, we performed:

- Launching the PAI's iConnectYou mobile app
- Monthly webinars/sessions offered by experts in the fields of psychology, daily life, law, finance, and health
- Informative shorts on physical, psychological and nutritional health, via Workplace
- Some 800 posters were published, and 700 badges with PAI hotlines

**This service was supplemented this year with a new channel for free medical consults for associates and direct family members, 24/7, wherein healthcare professionals provide services, consultations, and follow-up**

## FLEX TIME

GRI GRI 401-3



**Maternity and paternity leave:** The following leave time was given to associates who were going through this stage in their lives:

Maternity: 5 months

Paternity: 2 weeks



**Flextime work weeks for all staff associates:** It entails freeing up work hours on Friday afternoons by working additional hours from Monday to Friday, hence having a shorter Friday.



**Remote work:** Associate work from home one day a week, respecting and complying with normal working hours. Among the benefits are increased productivity, maximized approach to results, and promoting work-life balance.



**Post-natal leave for mothers and fathers:** This allows women to gradually return to their work schedules, within six months after giving birth. In the case of men, we offer a 6-hour flex time schedule during one month.



**Operations associates:** We offer a fixed shift during breastfeeding, schedules for students, quality-of-life transfers, fixed shifts for single parents, quarterly breaks, as well as a free weekend for unit managers and asst. managers.

**In 2020, permanent remote work was implemented for all staff associate due to the pandemics**





# DIVERSITY AND INCLUSION

GRI 405: 103-1, 103-2, 103-3, 405-1, 406: 103-1, 103-2, 103-3, 406-1  
SASB CG-EC-330A.3, CG-MR-330A.1



## Respect for the Individual is one of the basic beliefs of our company

Added to inclusion as a value proposition for our associates, we are constantly working to create safe and harassment and discrimination free environments.

We guarantee a workplace environment that is founded on tolerance and respect, where associates, suppliers and strategic partners feel free to be themselves, and where their ideas, opinions, ideas, and identities are valued so they may develop to their maximum potential.



**53%**

of our labor force are women



**3,206**

of our associates in Mexico have some sort of disability



**1,266**

of our associates in Central America have some sort of disability

## POLICIES ON DIVERSITY AND INCLUSION

We have several company policies that strictly prohibit discrimination or harassment because of individual traits such as ethnicity, nationality, skin color, culture, sex, age, disability, social strata, economic level, health, legal status, religion, physical appearance, genetic characteristics, migratory status, pregnancy, language, opinions, sexual orientation and/or preference, gender identity or manifestation, political identity or membership, marital status, family situation, family responsibilities, criminal background, or any other reason that nulls or voids recognizing or exercising one's rights and accessing equal opportunities for all.

## ADVISORY BOARDS ON DIVERSITY AND INCLUSION

We have two advisory boards for diversity and inclusion -one in Mexico and another in Central America. Having top management leaders as its members, these boards are in charge of promoting strategies, programs and initiatives that lead to identifying, developing and retaining diverse talent, to motivate participation at all levels of the company, thereby creating an inclusive work environment. Both in Mexico and Central America, we kept constant

### Board Member Objectives:



Generating a D&I strategy that is aligned with the corporate strategy



Leading initiatives meant to build inclusive opportunities and processes



Proposing and implementing programs to close gender gaps and in favor of the LGBT+ community



Ensure living by the culture of our values throughout the entire organization



Both in Mexico and Central America, we kept constant training and sensitivity programs on the importance to create safe, inclusive and discrimination-free spaces for our associates.

We organized different webinars for our staff and operations associates, for example:

- Let's talk about inclusion!
- ABC of the LGBT+ community
- Racism: a reality
- Fostering the woman you can be today
- How to be an inclusive ally?

**More than 13,000 associates from the six countries had the opportunity to learn more about our four pillars of diversity and inclusion**



**52%**of promoted associates  
were womenGRI 405-1  
SASB CG-EC-330A.3,  
CG-MR-330A.1**38%**of management positions are filled  
by women

## 1 GENDER EQUALITY



One of our fundamental priorities has been to work on gender equality. We have focused on reinforcing processes that minimize gaps, and at the same time position the Walmart Culture. We are convinced that diverse work teams generate better ideas, thereby producing better results. Consequently, we continue working on reinforcing our strategy of gender equality within the company.

### DEVELOPING FEMALE TALENT

#### Women in Retail

The program -designed for woman associates, lasting 18 months- seeks to develop and retain the best talent, thus having associates with training, commitment, and a sense of belonging. It is based on four pillars of development: experience, exposure, education, and mentoring, with the goal of reinforcing skills and competencies that allow them to increase their leadership and networking. The fourth generation is currently going through this program.

**We are the only company in the self-service sector in Mexico that has been part of the Bloomberg Gender-Equality Index for four consecutive years**

#### Female in Management and Circles of Confidence

This program is focused on developing subjects like personal leadership and self-management, talent management, change management, strategic thinking, leading transformation, persuasion, power and influence, among others.

#### Unstoppable Women

The program is for manager level women with high potential, with the purpose of reinforcing the skills and competencies for accelerated development within the organization. In 2020, 113 women enrolled in Mexico and Central America. There were 37 sessions, with four primary subjects: Developing Competencies for the Future; Servant Leadership; Networking; and Self-development.

#### Bloomberg Gender-Equality Index



For the fourth consecutive year we have been included within the Bloomberg Gender-Equality Index. It measures gender equality and recognizes companies for disseminating this subject and their commitment to the same through internal policies and statistics, and for company involvement in and support of the community.

## 2 GENDER DIVERSITY

### LGBT+ You Are Better When You Are 100% Yourself

LGBT+ Pride month is celebrated in June worldwide. Walmart de México y Centroamérica has become an important player in raising awareness, publicizing and reinforcing our position on human rights by promoting respect for all differences, including gender orientation, identity and expression, seeking to promote an atmosphere that guarantees our associates that they are in a place where you can be yourself.

Throughout the month of June, we used virtual tools that demonstrated we are allies in support of LGBT+, through webinars and online activities. Likewise, we participated in the online march for LGBT+ Pride, together with Walmart Argentina and Chile.

To better know and understand the experiences of our associates from the LGBT+ community in the company, during the 2020 Engagement Survey we included a question on demographics, where associates were asked to reply, voluntarily and anonymously, if they are part of the LGBT+ community. This enabled us to create action plans focused on the needs expressed by our associates.



For the fourth consecutive year, the Human Rights Campaign (HRC) Foundation certified us as one of the companies that promotes LGBT+ diversity and inclusion in the workplace



### 3 INCLUSION OF PERSONS WITH DISABILITIES

In recent years, we have worked on implementing inclusion programs for people with some form of disability. [We have created safe atmospheres for everyone, always valuing the most important aspect: their talent.](#)

To date, over 4,000 associates with some form of motor, auditory, visual, or intellectual disability are part of our great family, exhibiting their passion and commitment every day.

We communicate and offer training on disabilities via different media: online training, videos, and manuals on service for associates, customers, and suppliers with disabilities.



#### Éntrale Award 2020

Our commitment to employment inclusion of persons with disabilities, and the ongoing implementation and reinforcement of projects benefiting the hiring and retention of talent with disabilities, as supported in our policies, practices and programs, once again made us recipients of the [Éntrale Award 2020](#). This recognition is only given to 51 companies having outstanding results in the index on the hiring of persons with disabilities.



**4,472**

associates with some form of disability are employed by México y Centroamérica



**+193%**

vs 2019

GRI 406-1



## 4 NON-DISCRIMINATION

To continue reinforcing our position of non-discrimination, we continue generating strategies, so all our associates feel secure within the company. We initiated and educational process on racism, its consequences, and ways to prevent it. Absolutely no sexual harassment is tolerated, with absolutely no repercussions permitted for those who report it.

Our Statement of Ethics explicitly forbids any type of harassment or discrimination in the company. Due to the importance of this subject, as of 2019 we have new ethics training for all global company officers, specifically for the prevention of sexual harassment, so top management leaders may be trained in the importance of detecting, mitigating, and preventing situations like this within their work teams.

This year, COVID-19 was included within the policies on harassment and discrimination, and in this manner maintain a safe environment for all associates, or their family members, who have gotten this disease.



**We are committed to always having a workplace environment of integrity and respect, in which all of us can feel safe and free of any form of harassment**



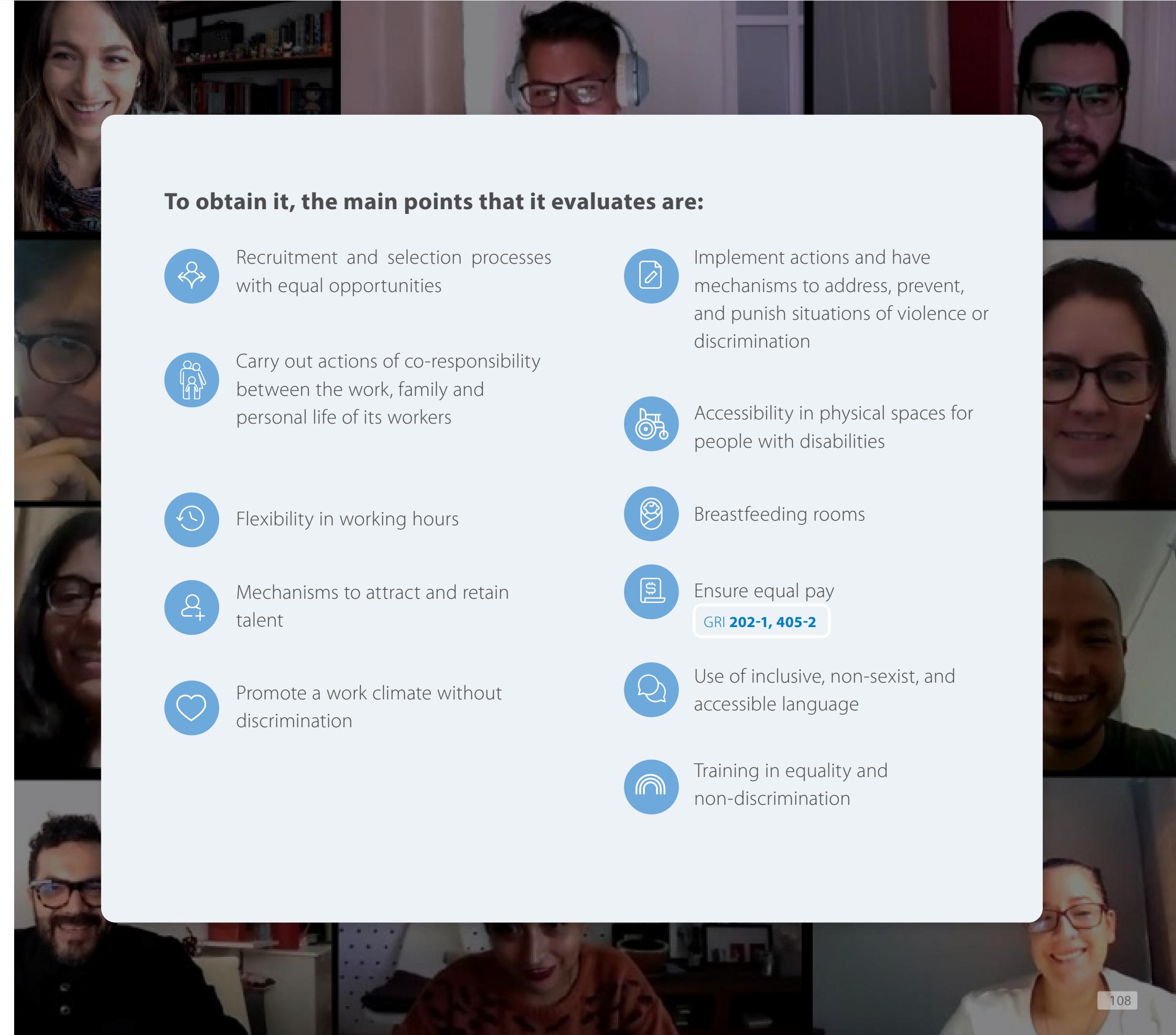
## Certification in Employment Equality and Non-Discrimination

### Bronze Certificate

We have been recertified in the Mexican Standard on Employment Equality and Non-Discrimination, because our policies and practices comply with the requirements for employment equality, non-discrimination and inclusion, as defined by the Secretary of Labor and Social Welfare, the National Women's Institute, and the National Council for the Prevention of Discrimination who promote and support this standard.



**We are the only certified retailer in Mexico**



#### To obtain it, the main points that it evaluates are:

-  Recruitment and selection processes with equal opportunities
-  Implement actions and have mechanisms to address, prevent, and punish situations of violence or discrimination
-  Carry out actions of co-responsibility between the work, family and personal life of its workers
-  Accessibility in physical spaces for people with disabilities
-  Flexibility in working hours
-  Breastfeeding rooms
-  Mechanisms to attract and retain talent
-  Ensure equal pay  
**GRI 202-1, 405-2**
-  Promote a work climate without discrimination
-  Use of inclusive, non-sexist, and accessible language
-  Training in equality and non-discrimination

# THE RESULT: | to deliver value

WE ARE VERY PROUD OF THE ACHIEVEMENTS OBTAINED IN THE YEAR, RESULT OF OUR CONSTANT IMPROVEMENT IN OPERATION AND FINANCIAL STRENGTH





## Milton Brandt

Senior Vice President  
and Chief Financial Officer  
Walmart de México y Centroamérica

# FINANCIAL VALUE

GRI 201:103-1,103-2,103-3

**2020 was undoubtedly a complicated and challenging year. At Walmart de México y Centroamérica we always strive to innovate, invest, and deliver solid results**

When we set our sights on an objective, we focus and achieve it. Despite the uncertainty that prevailed, we achieved efficiency in our operational and financial management. We established the path to continue with sales growth and continued generating returns for our shareholders; initiatives and investments were accelerated, managing expenses with discipline and without sparing expenses to protect the health and safety of our associates and customers.



## Growth by country, format and division

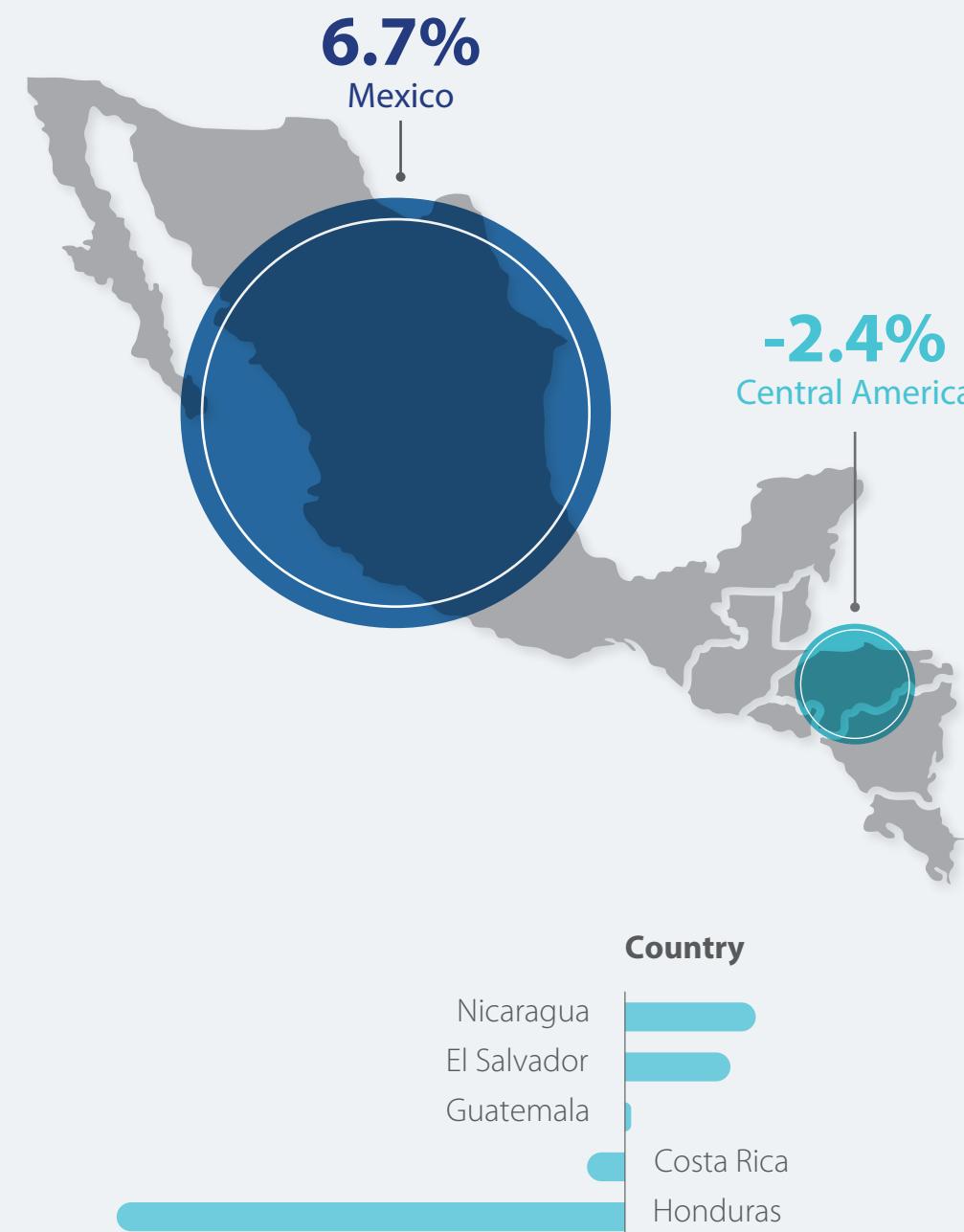
Same-store sales



Mexico



Central America



\*eCommerce sales included.

# PERFORMANCE

**Our ability to adapt and the results achieved are proof of maturity and adoption of our transformation**

We continue growing our sales and operating with financial discipline, despite working amidst an environment of high expenses. Excluding one-time effects, we grew operating income and maintained a double-digit EBITDA margin. We were able to refocus our investment in omnichannel projects to reach more Mexican families, and to continue preparing our business for the future.



**For the sixth consecutive year, we outpaced the self-service and clubs market, as measured by ANTAD (the Mexican retail association)**



## MEXICO

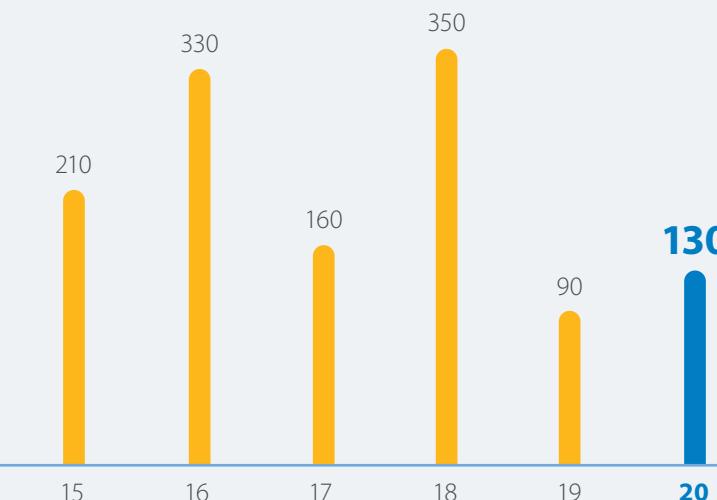
Throughout the year, all regions grew same-store sales. The North and Metro regions posted the best performance, followed by the South and Central regions, impacted by restrictions imposed by local authorities through the epidemiological classification which was "high risk" (classification orange / red) from April to December.

Thanks to our Every Day Low Price proposition and the loyalty of our customers, [our same-store sales gap](#) grew to 130 basis points for 2020.



### Growth gap in same-store sales Walmex<sup>1</sup> vs ANTAD

Basis points



1 Mexico: Self-service and Sam's Club





All formats experienced consistent growth during the year. Total revenue was 575.0 billion pesos, which represented 8.0% growth compared to 2019.

Due to the reinforcement of our omnichannel value proposition, improvements to our service levels, and continued investment in technology and digitalization, this year saw eCommerce sales accelerated and nearly tripled, thus representing 3.8% of sales, 2.5 times the penetration we had the previous year and a contribution of 260 basis points to total sales, which is a fivefold increase over 2019.

Growth in eCommerce sales was 171%, greater than the 52% posted for 2019, and GMV grew 164%.

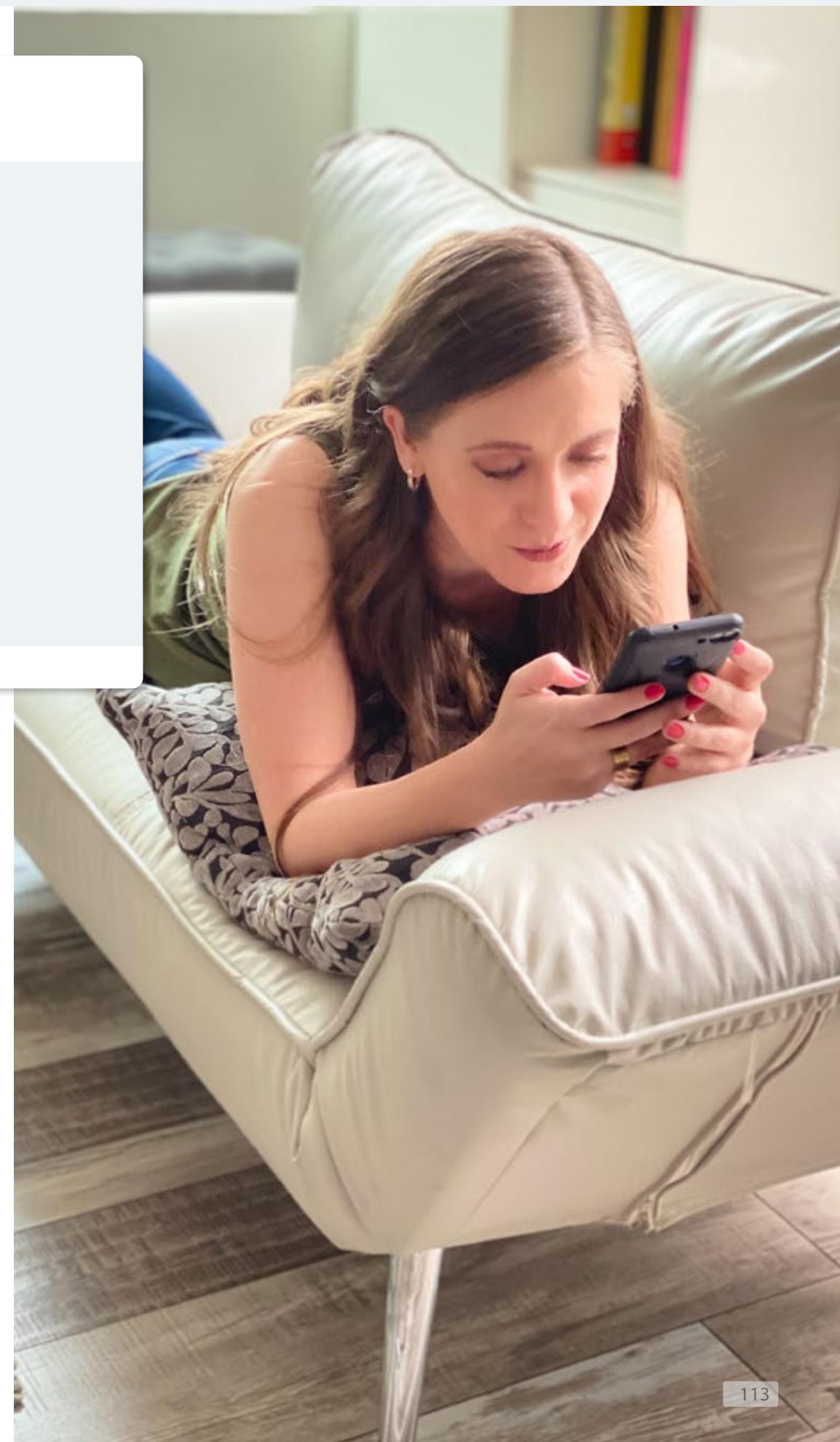
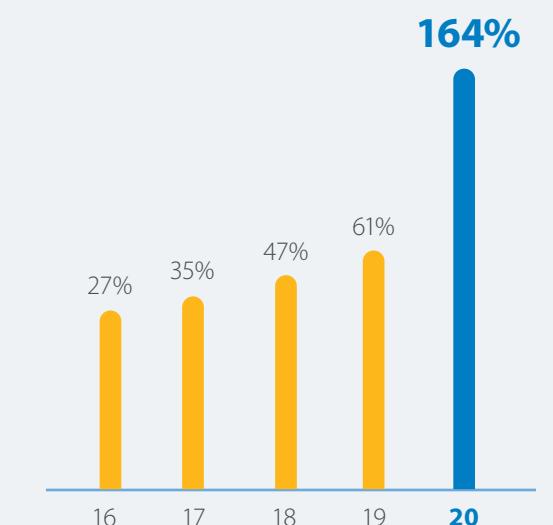


## 575.0 billion

pesos of total revenue  
+8.0% growth



### GMV Growth





Mexico

Honoring our Every Day Low Price philosophy, we worked harder than ever this year helping people save money and live better. [Working hand in hand with our suppliers to contain prices during the health crisis, we were also able to extend our low-price offering with programs like \*Los Esenciales\*.](#) Moreover, our price gap vs. competitors increased by 50 basis points and expanded our gross profit margin by 20 basis points, representing 22.8% of total revenue for the year.

SG&A increased 11.4%, as compared to the previous year. Without one-time effects, this growth would have been 9.0%, that is, 13.9% of total revenue, similar levels to 2019, a product of the operating discipline of the entire team, despite high expenses incurred due to the pandemic.

The results for the year, excluding one-time effects, were positive. [Operating income grew 9.5%, 150 basis points over total revenue growth,](#) and were able to maintain our double-digit EBITDA margin, representing 11.4% of revenue.



**50** basis points  
expansion of price gap vs. competitors





## CENTRAL AMERICA

Total revenues reached 126.8 billion pesos, decreasing 0.3% vs. the previous year. Looking at same-store sales performance by country, Nicaragua, El Salvador and Guatemala managed to grow their sales whereas, Costa Rica and Honduras had lower sales performance due to the macroeconomic situation in the region and the restrictions implemented to contain the pandemic.

Thanks to the focus on prices and to the commercial proposal adjustment to increase essential items supply, we were able to maintain a 24.2% gross profit margin.

Expenses were kept under control despite such challenging times and the costs incurred due to the pandemic. SG&A was leveraged by 10 basis points, as compared to 2019.

Operating income represented 5.8% of total revenue, the same level as last year, with a 0.4% drop compared to 2019.



**+20 bps**  
EBITDA margin expansion

**EBITDA represented 9.3% of total revenue, expanded by 20 basis points over 2019, stemming from our operating and financial discipline**

Note: Sales growth percentages related to Central America are determined on a constant currency basis.



## CONSOLIDATED

At a consolidated level, total revenues for the year reached 701.7 billion pesos, 8.5% growth over the previous year. The gross margin was 23.1%, expanded by 20 basis points compared to 2019.

SG&A increased 11.2%, as compared to 2019. Excluding one-time effects, this growth would have been 9.3%, primarily due to an environment of higher expenses incurred to face the pandemic.

Operating income represented 8.2% of total revenue. Excluding one-time effects, this would have represented 8.4%, expanded by 10 basis points and 9.7% growth over the previous year. **EBITDA** reached **75.4 billion pesos**, 10.7% of total revenue. Excluding one-time effects, it would be 77.2 billion pesos, 11.0% of total revenue, the same level as 2019.

We shall continue to improve our cash position through the operating and financial discipline for which we are known, allowing us to continue investing and generating returns.

**Our cash-flow generation is solid, consistently growing year after year**



**701.7 billion**  
pesos of total revenue  
**+8.5% growth**

## Our multi-format strategy allows us to meet different buying occasions in different socio-economic segments





### Clubs

Price Club membership, where we offer the best new and differentiated products in volume at irresistible prices. At Sam's Club we serve business and individual members looking for the best shopping experience whether in-store or online, we offer On Demand from all our clubs with home delivery or pickup.



### Discount warehouses and discount stores

Stores focused on customers looking for the best price and value in their purchases. Through our Every Day Low Price value proposition we offer perishables, groceries, consumables, general merchandise and household items at the best prices in the market. Now also online with a wide assortment of general merchandise on our website and On Demand with same day delivery.



### Supermarkets

We offer excellent quality products in departments such as perishables, groceries, consumables and selected general merchandise products, focused on providing the best shopping experience to our customers at low prices. With On Demand service with same day delivery, offering greater convenience.



### Hypermarkets

Stores focused on offering a broad catalog of perishables, groceries, consumables, general merchandise and apparel through our Every Day Low Price value proposition. We offer an extended catalog from our website, where we also have a marketplace so our customers can find everything they are looking for in one place. We have enabled stores with omnichannel capabilities to offer On Demand with same-day delivery.



## KEY PERFORMANCE INDICATORS

GRI 102-7,102-8



\* In order to provide the investors community a better view of the underlying performance of our business, we are including a retroactive estimation of the effect the adoption of the IFRS 16 would have had on 2018 financial results. These pro-forma 2018 figures are not audited, but are based on the 2018 audited reported results and adjusted with our best estimates to show the effects related to the adoption of the IFRS 16.

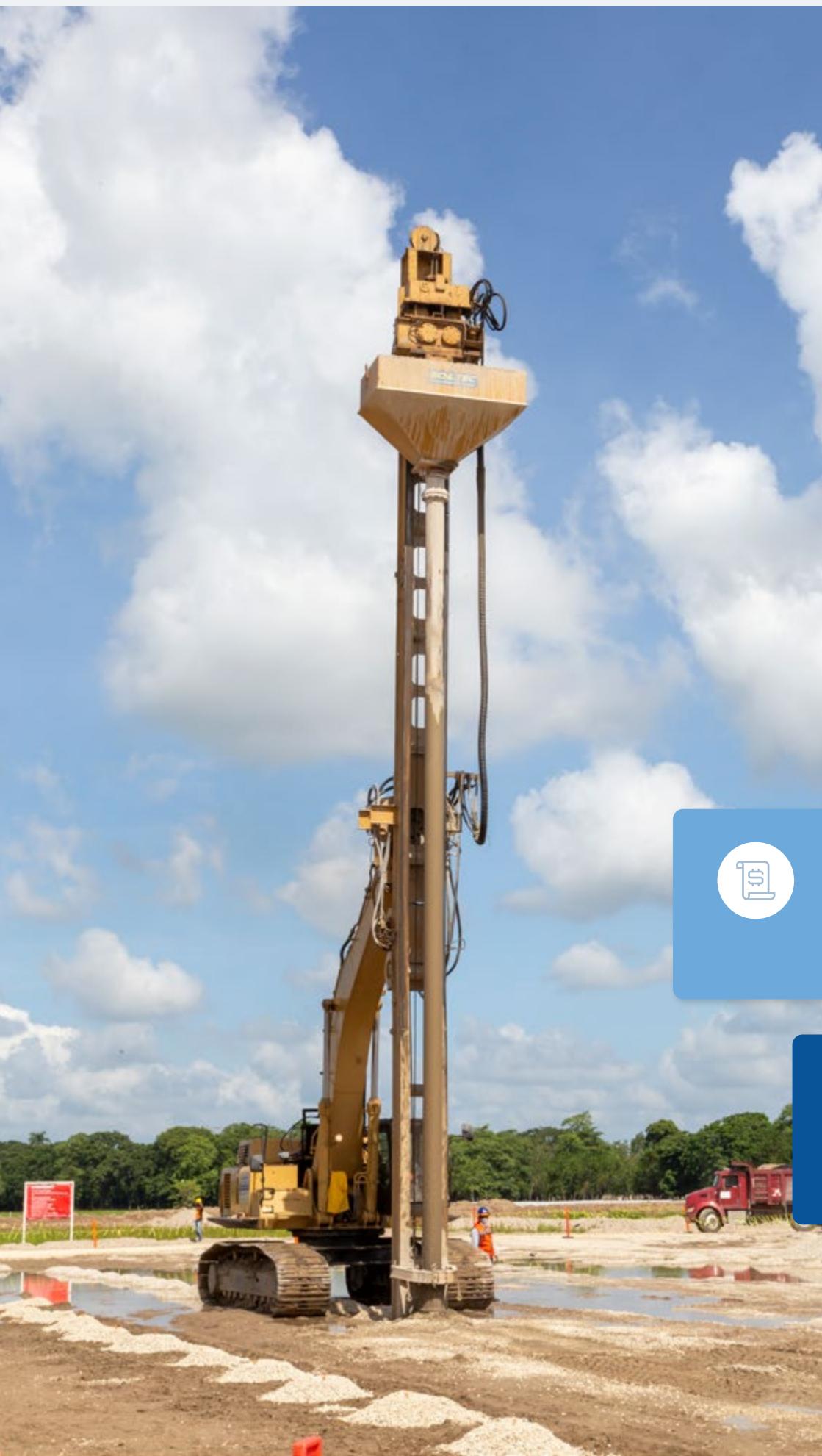
# DELIVERING RESULTS

As a result of the confidence in our operation, financial strength, and constant innovation, during the last five years our share price has reached maximum levels year after year. In 2020, our price per share reached a record high of 60.10 pesos, despite a challenging situation.

Walmart de México y Centroamérica consistently evolves and innovates; we are set to continue operating the business of the future, while continuing to generate returns.

In retribution for the confidence of our shareholders, this year we paid 30.9 billion pesos in dividends. Said amount takes into account a payment of 1.79 pesos per share decreed in 2020, comprising an ordinary cash dividend of 0.87 pesos per share and an extraordinary dividend of 0.92 pesos per share. The ordinary dividend was paid in three installments; the first at 0.27 pesos per share in June 2019, and two payments of 0.30 pesos per share in November and December 2019. The extraordinary dividend was paid in two installments; the first at 0.45 pesos per share in November 2019, and the second at 0.47 pesos per share in December 2019.





# INVESTMENTS

Aligning to the priorities that guided our decisions this year, we managed the short term effectively, financially, and operationally, and we continued to implement our strategy even amid the crisis. We decided to continue investing and to further strengthen our omnichannel business, which allowed us to provide an immediately and essential service to our customers during the emergency, and in the long-term, we built capabilities and infrastructure to continue evolving and innovating, ready to face future challenges.

Despite being unable to implement our investment plans as expected, we invested 16.7 billion pesos in high-return strategic projects, of which 43% were allocated for remodeling and maintaining existing stores; 27% for opening new stores; 16% for eCommerce and technology, and 14% for redesigning our logistics network.



**16.7 billion**

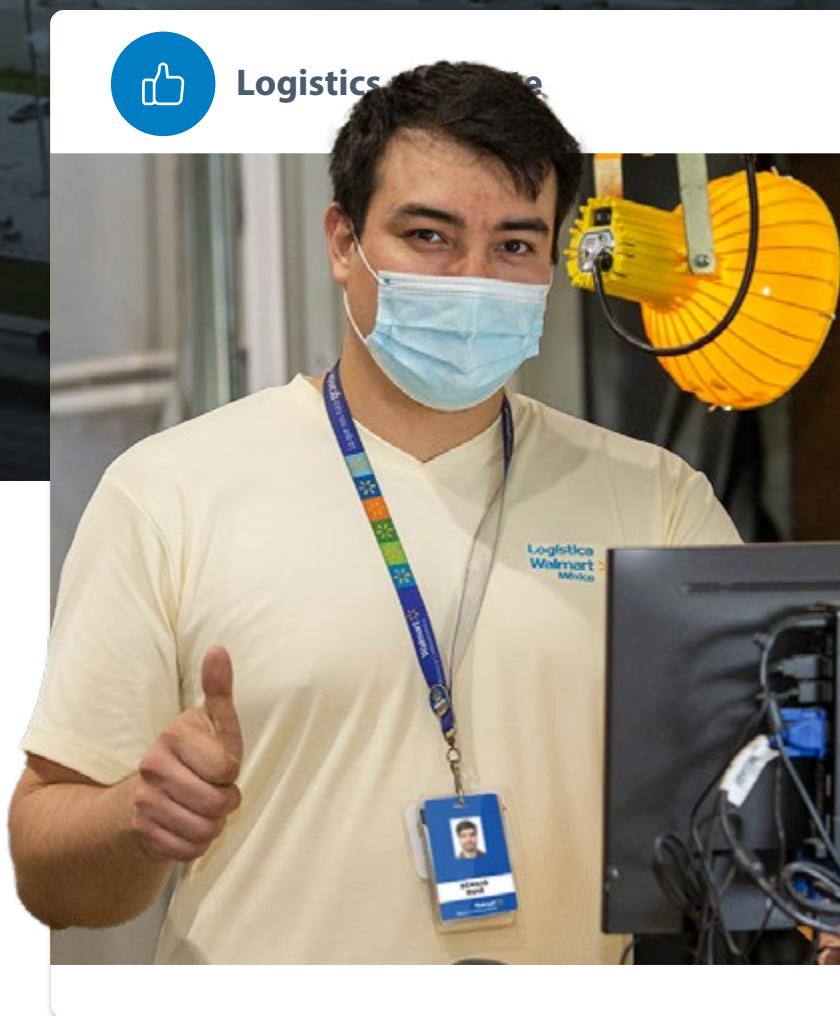
pesos invested in  
high-return strategic projects



**7.2 million**

m<sup>2</sup> in sales floor

Once restrictions were lifted by the authorities, during the year we resumed the growth of new stores at an even faster pace. We opened 82 new units, 63 in Mexico and 19 in Central America, thus contributing 1.5% to total revenue. We closed the year with a total of 3,489 stores, amounting to over 7,000,000 m<sup>2</sup> in sales floor.



**This year we made the impossible possible, and we are quite proud of our achievements. They are the product of the efforts of our associates, the preference of our customers, and our financial strength**

Our Company has a robust logistics network, which we continue to reinforce. Throughout the year, we opened three new operations: a fulfillment center in the State of Mexico, which services the center of the country for sales via our eCommerce platforms, requiring an investment over 0.6 billion pesos. We additionally opened our first two omnichannel DCs; the first in Mérida, Yucatán, with an investment of more than 1.1 billion pesos, which will supply the entire country but with greater focus on the central and southeast regions; and a second one in Chihuahua, with an investment of 0.9 billion pesos.

We continue making efficient investments to protect our associates and the planet. This year we opened two Bodega Aurrera units within our DC in the State of Mexico and Mérida, created to meet their needs easier and safely. Sustainability is consistently found within our investment agenda; all our new store prototypes have solar panels, led lighting, they are hermetically sealed and have highly efficient equipment to save up to 30% in energy use.



## INCOME STATEMENT AND BALANCE SHEET

At December 31, 2020 (MXN Billions)



### Consolidated Results Walmex



	2020		2019		Var.
		%	\$	%	%
Total revenues	701.7	100.0	646.8	100.0	8.5
Gross profit	162.0	23.1	148.1	22.9	9.4
SG&A	105.0	15.0	94.4	14.6	11.2
Other income, net	0.4	0.1	0.4	0.1	18.7
Operating income	57.4	8.2	54.0	8.3	6.4
EBITDA	75.4	10.7	71.0	11.0	6.2
Net income	33.4	4.8	37.9	5.9	-11.8



### Balance sheet

#### Assets



**35.7**  
Cash



**68.3**  
Inventories



**257.9**  
Fixed Assets  
and Others

#### Liabilities and Equity



**92.4**  
Accounts Payable



**269.5**  
Equity  
and Others

**Total**

**361.9**



## FINANCIAL SUMMARY (MILLION PESOS)

GRI 102-45, 102-48, 201-1

	*IFRS														**MFRS			
	2020	2019	2018 <sup>(11)</sup>	2018	2017 <sup>(10)</sup>	2017	2016 <sup>(8)</sup>	2015 <sup>(7)</sup>	2015 <sup>(6)</sup>	2014 <sup>(4)</sup>	2013 <sup>(4)</sup>	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>	2012	2011	2011	2010	2009
Mexico GDP (Growth,%)	(8.5)	(0.1)	2.0	2.0	2.1	2.1	2.3	2.5	2.5	2.1	1.1	1.1	3.9	3.9	3.9	3.9	5.5	(6.1)
Mexico Annual Inflation (%)	3.2	2.8	4.8	4.8	6.8	6.8	3.4	2.1	2.1	4.1	4.0	4.0	3.6	3.6	3.8	3.8	4.4	3.6
Peso Depreciation	(5.1)	(4.0)	0.0	0.0	(5.2)	(5.2)	19.2	18.0	18.0	13.0	1.4	1.4	(7.9)	(7.9)	12.9	12.9	(5.6)	(4.5)
Average Exchange Rate	21.5	19.3	19.3	19.3	18.9	18.9	18.7	15.9	15.9	13.3	12.8	12.8	13.1	13.1	12.5	12.5	12.6	13.4
Year-end Exchange Rate	19.9	18.9	19.7	19.7	19.7	19.7	20.7	17.4	17.4	14.7	13.0	13.0	12.9	12.9	14.0	14.0	12.4	13.1
Mexico Average Interest Rate (28 Day Cetes,%)	4.5	7.8	7.6	7.6	6.7	6.7	4.2	3.0	3.0	3.0	3.8	3.8	4.2	4.2	4.2	4.2	4.4	5.4
<strong>RESULTS</strong>																		
NET SALES	696,711	641,825	612,186	612,186	569,015	569,367	528,571	472,460	485,864	437,659	420,577	420,577	407,843	413,792	375,280	379,021	334,511	269,397
% of growth total units	8.6	4.8	7.6	7.6	NA	8	12	11	11	4	3	3	NA	10	12	13	24	10
% of growth comp units	7.0	3.3	5.7	5.7	6	6	10	9	9	1	(1)	(1)	4	4	4	4	3	3
OTHER INCOME	5,023	5,021	4,724	4,724	4,356	3,898	3,813	3,451	3,503	3,329	3,246	4,584	4,217	4,259	3,570	1,885	1,346	1,054
% of growth	0.0	6.3	8.4	8.4	NA	2	11	NA	5	3	NA	9	NA	19	NA	40	28	19
TOTAL REVENUES	701,734	646,846	616,910	616,910	573,371	573,265	532,384	475,911	489,367	440,988	423,823	425,161	412,060	418,051	378,850	380,906	335,857	270,451
% of growth	8.5	4.9	7.6	7.6	NA	8	12	NA	11	4	NA	3	NA	10	NA	13	24	10
GROSS PROFIT	162,040	148,051	141,647	141,586	131,072	127,695	117,484	102,603	107,380	97,619	92,948	93,624	90,228	94,597	85,109	83,698	74,059	58,600
% of profit margin	23.1	22.9	23.0	23.0	22.9	22.3	22.1	21.6	21.9	22.1	21.9	22.0	21.9	22.6	22.5	22.0	22.1	21.7
GENERAL EXPENSES	105,042	94,427	90,276	92,597	86,921	83,684	77,834	69,548	72,235	64,010	61,318	62,102	58,541	61,926	55,574	53,619	47,015	36,332
% of total revenues	15.0	14.6	14.6	15.0	15.2	14.6	14.6	14.6	14.8	14.5	14.5	14.6	14.2	14.8	14.7	14.1	14.0	13.4
OPERATING INCOME	57,447	54,003	51,572	49,190	43,838	43,838	39,455	32,828	34,969	34,716	31,636	31,532	31,422	32,399	29,591	30,079	27,044	22,268
% of total revenues	8.2	8.3	8.4	8.0	7.6	7.6	7.4	6.9	7.1	7.9	7.5	7.4	7.6	7.7	7.8	7.9	8.1	8.2
% of growth	6.4	9.8	NA	12	11	11	20	NA	1	10	NA	0	NA	9	NA	11	21	13
EBITDA	75,387	71,005	67,148	61,747	55,482	55,482	50,149	42,592	44,993	42,854	40,305	40,222	39,860	41,166	37,188	37,415	33,294	26,915
% of total revenues	10.7	11.0	10.9	10.0	9.7	9.7	9.4	8.9	9.2	9.7	9.5	9.5	9.7	9.8	9.8	9.8	9.9	10.0
FINANCIAL INCOME (EXPENSES), NET	(7,983)	(4,801)	(4,242)	(330)	(548)	(548)	(323)	89	55	(154)	(16)	(15)	401	399	189	191	460	662
INCOME BEFORE INCOME TAX	49,464	49,202	47,330	48,860	43,290	43,290	39,132	32,917	35,024	34,562	31,620	31,517	31,823	32,798	29,780	30,198	27,630	23,018
INCOME TAX	16,029	11,304	11,724	12,107	10,900	10,900	10,623	9,473	10,087	9,521	9,632	9,517	9,237	9,529	7,695	7,939	8,066	6,212
DISCONTINUED OPERATIONS	-	-	-	-	7,475	7,475	4,842	2,935	1,442	5,394	725	713	683	-	-	-	-	-
CONSOLIDATED NET INCOME ATTRIBUTABLE TO THE PARENT	33,435	37,898	35,606	36,753	39,865	39,865	33,352	26,376	26,376	30,426	22,717	22,717	23,275	23,275	22,080	22,254	19,550	16,806
% of growth	(11.8)	3.1	NA	(7.8)	19.5	19.5	26.5	(13.3)	(13.3)	33.9	(2.4)	(2.4)	5.4	5.4	NA	13.8	16.3	14.5
<strong>FINANCIAL POSITION</strong>																		
CASH	35,670	30,857	38,830	38,830	35,596	35,596	27,976	24,791	24,791	28,048	21,129	21,129	28,163	28,163	25,166	25,166	24,661	19,483
INVENTORIES	68,360	67,553	63,344	63,344	59,463	59,463	53,665	49,749	49,749	47,175	43,795	43,795	39,092	39,092	39,336	40,163	29,023	22,507
OTHER ASSETS	31,401	27,178	25,891	25,144	22,742	22,742	30,881	15,831	15,831	19,475	19,510	19,510	12,909	12,909	13,579	13,249	9,056	6,256
FIXED ASSETS	191,455	188,438	177,891	144,222	140,082	140,082	136,349	130,222	130,222	125,996	121,083	121,083	117,377	117,377	111,372	116,680	102,300	84,893
GOODWILL	34,997	35,145	34,989	34,989	37,373	37,373	39,421	33,057	33,057	28,020	24,745	24,745	24,745	24,745	24,768	29,768	29,768	-
TOTAL ASSETS	361,883	349,171	340,945	306,529	295,256	295,256	288,292	253,650	253,650	248,714	230,262	230,262	222,286	222,286	219,221	225,026	194,808	133,139
SUPPLIERS	92,356	87,116	85,327	85,327	80,099	80,099												



GRI 203-1

	*NIIF														**NIF			
	2020	2019	2018 <sup>(11)</sup>	2018	2017 <sup>(10)</sup>	2017	2016 <sup>(8)</sup>	2015 <sup>(7)</sup>	2015 <sup>(6)</sup>	2014 <sup>(4)</sup>	2013 <sup>(4)</sup>	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>	2012	2011	2011	2010	2009
NUMBER OF UNITS MEXICO																		
Bodega Aurrera	2,088	2,035	1,910	1,910	1,820	1,820	1,763	1,719	1,719	1,660	1,589	1,589	1,423	1,423	1,204	1,204	899	684
Walmart Supercenter	287	280	274	274	270	270	262	256	256	251	243	243	227	227	213	213	192	169
Sam's Club	164	163	163	163	162	162	160	160	160	159	156	156	142	142	124	124	108	98
Superama	89	93	91	91	94	94	96	95	95	93	92	92	90	90	88	88	75	69
Walmart Express	6																	
Suburbia	-	-	-	-	-	-	-	117	117	116	109	109	100	100	94	94	90	86
Medimart Pharmacies	-	-	-	-	10	10	10	10	10	10	10	10	6	-	-	-	-	-
Vips Restaurants	-	-	-	-	-	-	-	-	-	-	-	-	365	365	364	364	366	360
TOTAL	2,634	2,571	2,438	2,438	2,356	2,356	2,291	2,357	2,357	2,289	2,199	2,199	2,353	2,347	2,087	2,087	1,730	1,466
NUMBER OF UNITS CENTRAL AMERICA																		
Discount Stores	563	549	540	540	522	522	495	484	484	477	466	466	459	459	453	453	401	377
Supermarkets	100	99	97	97	94	94	92	99	99	96	100	100	97	97	96	96	94	92
Bodegas	157	155	143	143	133	133	117	102	102	94	75	75	67	67	54	54	36	32
Walmarts	35	33	31	31	29	29	27	24	24	22	20	20	17	17	17	17	16	16
Clubs	-	-	-	-	-	-	-	-	-	1	1	1	2	2	2	2	2	2
TOTAL	855	836	811	811	778	778	731	709	709	690	662	662	642	642	622	622	549	519
Banco Walmart	-	-	-	-	-	-	-	-	-	-	201	201	263	263	263	263	263	190
Bank branches	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER INFORMATION AT THE END OF THE YEAR																		
Number of Associates	231,271	238,972	234,431	234,431	237,055	237,055	228,854 <sup>(9)</sup>	231,996	231,996	228,063 <sup>(5)</sup>	224,901 <sup>(5)</sup>	226,289 <sup>(3)</sup>	248,246	248,246	238,128	238,128	219,767	176,463
Share Price (2) (pesos)	55.98	54.15	49.97	49.97	48.19	48.19	37.05	43.49	43.49	31.72	34.26	34.26	42.33	42.33	38.23	38.23	35.44	29.35
Number of Outstanding Shares (2) (millions)	17,461	17,461	17,461	17,461	17,461	17,461	17,461	17,461	17,461	17,507	17,627	17,627	17,722	17,722	17,747	17,747	17,848	16,752
Market Value	977,467	945,513	872,526	872,526	841,446	841,446	646,930	759,379	759,379	555,322	603,901	603,901	750,172	750,172	678,471	678,471	632,533	491,671
Earnings per Share (2) (pesos)	1.915	2.170	2.105	2.105	2.283	2.283	1.910	1.508	1.508	1.732	1.284	1.284	1.312	1.312	1.250	1.250	1.105	0.999
Payment of Dividends	30,934	35,957	25,582	25,582	42,756	42,756	28,972	31,562	31,562	21,643	16,056	16,056	9,612	9,612	9,659	9,659	5,743	5,040
Number of Shares Repurchased (2) (millions)	-	-	-	-	-	-	-	47	47	123	96	96	27	27	103	103	112	117
Investment in Shares Repurchased	-	-	-	-	-	-	-	1,825	1,825	3,996	3,328	3,328	1,088	1,088	3,455	3,455	3,472	2,509

1 Vips is presented under Discontinued Operations.

2 Adjusted according to split conducted in April 2010

3 Vips' associates not included

4 Banco Walmart's &amp; Vips' results are presented under Discontinued Operations.

5 Banco Walmart's associates not included.

6 Results from Banco Walmart and its sales presented under Discontinued Operations.

7 Suburbia's and Banco Walmart's sales and results are presented under Discontinued Operations.

8 Suburbia's results are presented under Discontinued Operations. Financial position displays reclassifications in presentation, in order to be comparable to 2017 only.

9 Suburbia's associates not included.

10 Information with adjustments, derived from the Income Standard that applies as of 2018.

11 Information with adjustments, derived from the Leases that applies as of 2019.

\* IFRS = Financial information under International Financial Reporting Standards.

\*\* MFRS = Financial information under Mexican Financial Reporting Standards.

NA = Non Applicable.

## ACQUISITIONS OF PROPERTY AND EQUIPMENT

16,728 20,575 17,933 17,933 17,426 17,426 14,335 12,526 12,526 12,691 13,987 13,987 14,660 14,660 18,352 18,352 13,130 9,735



## THE GOAL: to redefine the future

DESPITE BEING A CHALLENGING YEAR,  
WE DEVELOPED NEW INITIATIVES TO BE  
MORE SUSTAINABLE, AND WE SET NEW  
GOALS TO CONTINUE OUR COMMITMENT  
TO A BETTER FUTURE

# ENVIRONMENTAL VALUE

GRI 305: 103-1, 103-2, 103-3  
SASB CG-EC-130A.3

We understand sustainability as a strategic pillar to generate environmental value and contribute to improving the quality of life of families in Mexico and Central America.

## To achieve this, we focus on three priority issues:

1

Mitigate climate change by reducing emissions in our operations and in our supply chain

2

Contribute to creating a [circular economy](#) by avoiding waste generation, reducing the use of natural resources, and using materials in new value cycles

3

Help to preserve nature and biodiversity through sustainable sourcing

In order to achieve these changes, we are convinced of the key role of getting our associates on board with a culture that promotes environmental value, and at the same time, getting our suppliers involved. We do this, through constant training and inviting them to participate in our initiatives, which allow us to be certain that we can continue to scale this positive environmental impact.



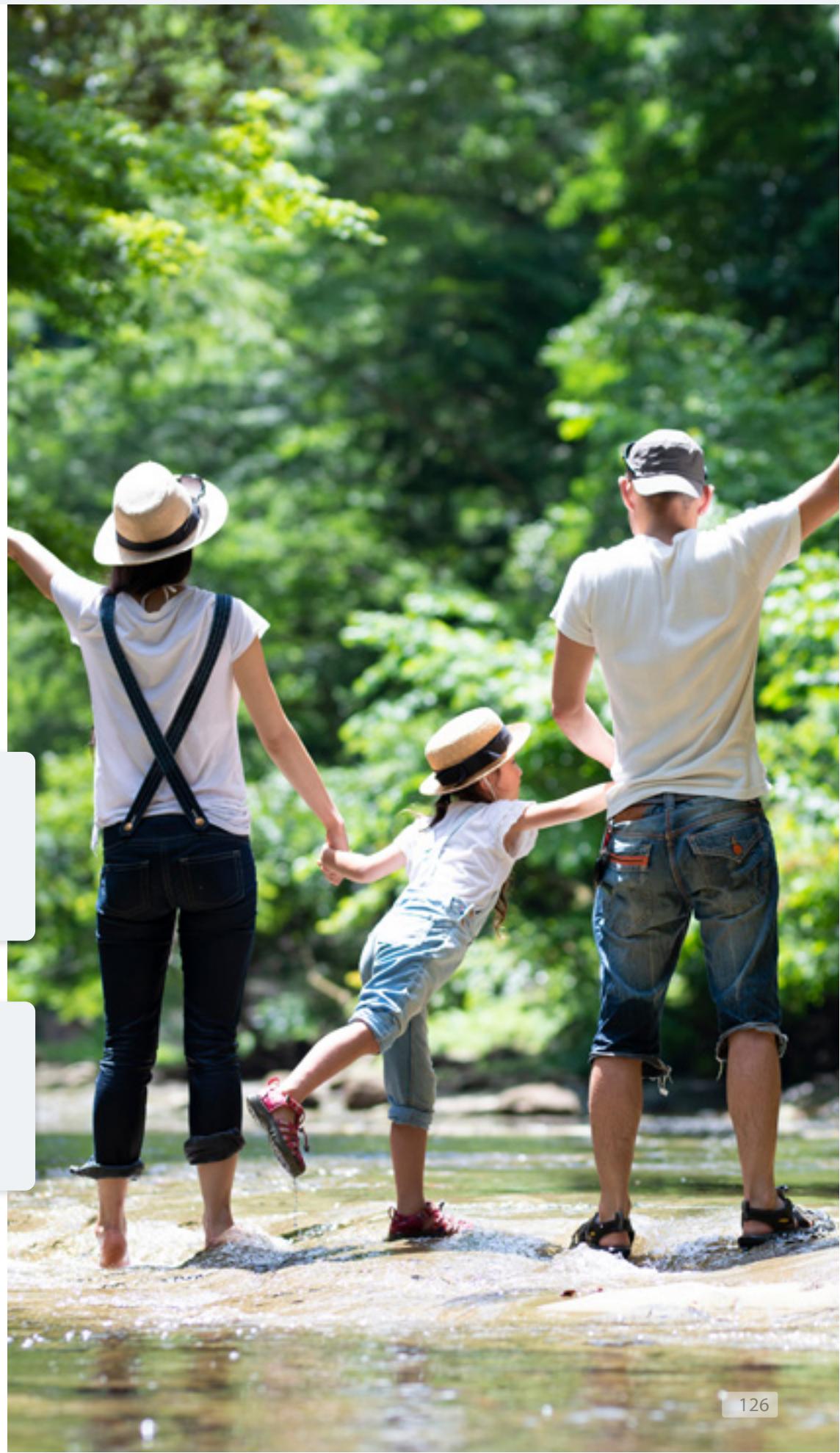
**598.8 million**

pesos invested in energy initiatives



**313 million**

pesos saved by implementing sustainable initiatives





**In order to achieve this, we announced the following new commitments:**



**Source 100% of our energy from renewable sources**  
by 2035



**Be a Net-zero emission company**  
by 2040



**Help protect, manage and restore 50 million acres of land and 1 million square miles of oceans**  
by 2040

We believe that the actions we take in this key decade will determine the possibility of achieving sustainable development in the long term.

We are convinced that our role is key to achieving a sustainable future. These new goals are fundamental to our transition to an emission-neutral company that can make an absolute contribution to carbon sequestration, while placing the protection and restoration of nature at the core. We understand nature's relevance to ecosystem stability, biodiversity preservation, and our collective wellbeing.

**This year, we renewed our key commitments and goals, starting with our ambition to become a regenerative company by 2040**



This year, we continued consolidating our sustainability results as follows:

GRI 305: 103-1, 103-2, 103-3

1

## MITIGATE CLIMATE CHANGE



### Goals

Reducing energy intensity by **25%** per square meter built ( $\text{GJ}/\text{m}^2$ ) by 2020, compared to 2010



Sourcing **100%** of our energy from renewable sources by 2035

Reducing Greenhouse Gas (GHG) emissions in **18%** by 2025, compared to 2015

Working with our suppliers to reduce or avoid GHG emissions equivalent to 1 gigaton in our global supply chains, by 2030



### Progress

Energy intensity of **0.94 GJ/m<sup>2</sup>**, in Mexico and Central America which accounts for 29.6% reduction of electricity intensity in Mexico compared to 2010



**63%**

of total electricity consumption coming from renewable energy

**2.8%** reduction in GHG emissions compared to 2019

**13** million tCO<sub>2</sub>e avoided with the participation of 188 suppliers through Gigaton Project in Mexico



2

## FOSTER A CIRCULAR ECONOMY



### Goals

Sending **Zero Waste** to landfill by 2025

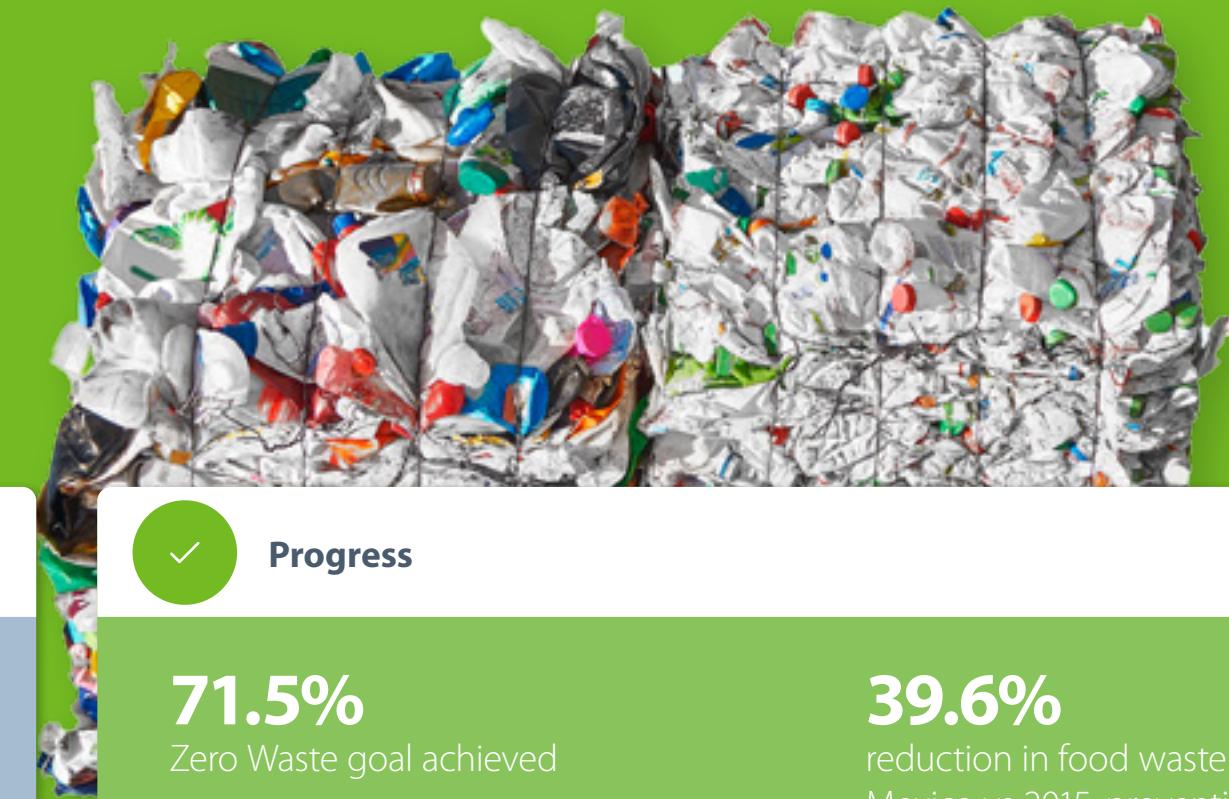
Reduce food waste generation by **50%** by 2025

By 2025, all packaging of Our Brand products will:

Be **100%** recyclable, reusable or compostable

Avoid the use of unnecessary or difficult-to-recycle plastic

Include **20%** of post-consumer recycled material



### Progress

**71.5%**

Zero Waste goal achieved

**4,051,385**

m<sup>3</sup> of landfill landfill use avoided

**68.0%**

of our packaging is recyclable, reusable or compostable in Mexico

**39.6%**

reduction in food waste generation in Mexico vs 2015, preventing **58,032** tons of food from going to landfill in Mexico and Central America

**7.6%**

of post-consumer material is incorporated in the packaging of Our Brands

The use of

**161** tons of plastic in Mexico was avoided through #SinBolsaPorFavor (No bags, please) campaign, compared to 2019



## 3 NATURAL CAPITAL



### Goals



By 2020, Our Brand products will use palm oil, paper, pulp and cellulose from certified sustainable sources

By 2025, fresh and frozen fish and seafood will be sourced from certified sustainable sources or Fishery Improvement Projects (FIP)



### Progress

**93%** of the volume of palm oil and palm oil by-products used in Our Brands is RSPO and Rainforest Alliance certified and,  
**54%** in Central America



**100%** of total paper and pulp volume coming from certified sources such as FSC, PEFC and SFI in Central America, and **99%** in Mexico



**96%** of our fish and seafood is certified as sustainable or comes from a Fishery Improvement Project in Mexico



# MITIGATE CLIMATE CHANGE

GRI 305: 103-1, 103-2,  
103-3, 305-5  
SASB CG-EC-410A.2



The planet is one of our most important stakeholders. We understand that our contribution to climate change mitigation is fundamental, and that we face challenges as a company and as a society that are largely related to how we respond to this phenomenon.

This goal is aligned with Walmart's global commitment made in the Science-Based Targets initiative, updated this year under the 1.5°C scenario. On the other hand, as members of the Global Compact, we are convinced that our decision to take on this new challenge can make a significant contribution to combating climate change, in addition to preserving terrestrial and marine ecosystems.



**That is why this year we set ourselves the goal of operating with Net-zero emissions by 2040**

## EMISSIONS REDUCTION

GRI 305-5  
SASB CG-EC-410A.2

Our commitment to reducing our emissions, aligned with Walmart Inc.'s goal to achieve an [18% reduction in emissions](#) by 2025 compared to 2015, has different components. We seek to mitigate our Scope 1 direct emissions coming mainly from the use of refrigerants and fuel consumption, through the incorporation of new technologies that allow for greater efficiency, and of refrigerants with lower global warming potential (GWP).

Regarding our energy consumption, we have currently achieved significant reduction through the use of renewable energies, allowing us to mitigate our Scope 2 carbon footprint. In addition, [we have an energy-intensity reduction goal](#) to promote efficiency in our operations. Finally, we know that due to the nature of our business, it is essential to involve our supply chain in the reduction of emissions, as this is where most of the emissions are concentrated. We understand our role in using our scale as a positive driver for change.

This year, we were able to reduce our Scope 1 and 2 emissions by 1.9% compared to 2019

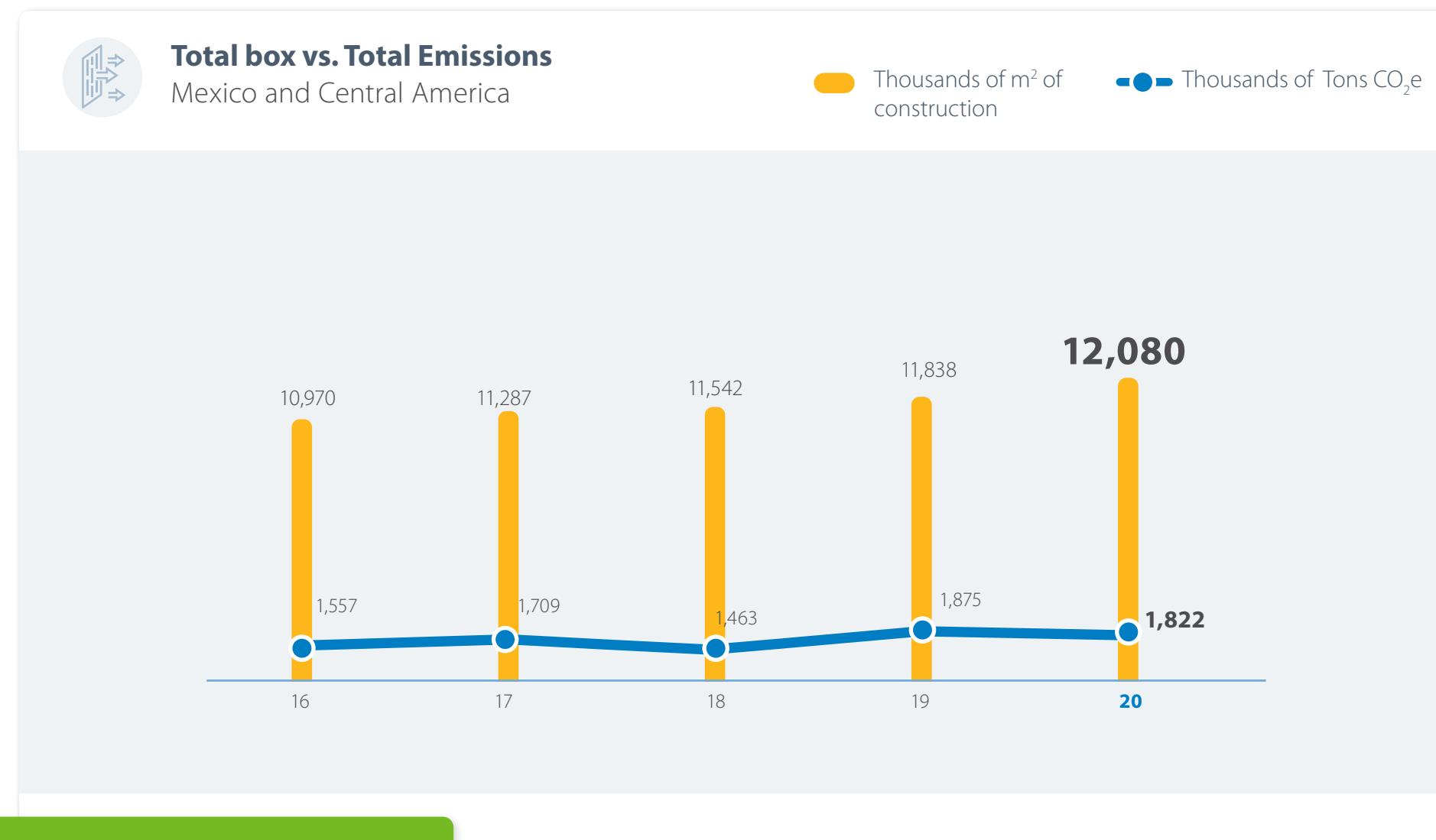


## GREENHOUSE GAS (GHG) EMISSION INTENSITY

GRI 305-1, 305-2, 305-3, 305-4  
SASB FB-FR-110B.1  
SASB FB-FR-110B.3

This year, we managed to recover the trend of GHG emission reduction. With this, we reinforced the fact that our emissions are not linked to our growth as a business.

This is most directly seen by noting the behavior of our emission intensity, as since 2019 we see a steady trend of reduction of our emissions, largely generated by operational efficiency and renewable energy initiatives.



**Our business growth is separate  
from our emission intensity**



We reduced our emission intensity by 4.8% in 2020 as compared to the previous year



## SCOPE 1, 2 AND 3 EMISSION SOURCES

GRI 305-1, 305-2, 305-3  
SASB FB-FR-110B.1,FB-FR 110B.3,FB-FR-110A.1,CG-EC-410A.1

Our Scope 1 emissions correspond mainly to refrigerant gas leaks and, to stationary and mobile combustion. This comes from the large global warming potential (GWP) inherent in most conventional refrigerants.

On the other hand, our Scope 2 emissions are calculated based on the energy consumed from the power grid directly from each country. This reflects the importance of [our energy supply strategy](#) based on renewable projects, allowing us to mitigate these emissions.

Finally, our Scope 3 emissions are determined based on the corporate value chain methodology of the Greenhouse Gas Protocol (GHG Protocol), which identifies the categories we are required to report. **Thus, we incorporated the following relevant sources for this scope:**

- Purchased products or services
- Capital goods
- Transportation and distribution of products to distribution centers and stores
- Business travel
- Waste generated in the operation
- Travel by associates in company-owned cars
- Transportation used for home delivery

The processing of products sold and their end-of-life disposal have not been incorporated into this Scope 3 calculation, although we recognize their importance and are working on a way to integrate them in the future.

### Breakdown of total CO<sub>2</sub>e emissions by scope



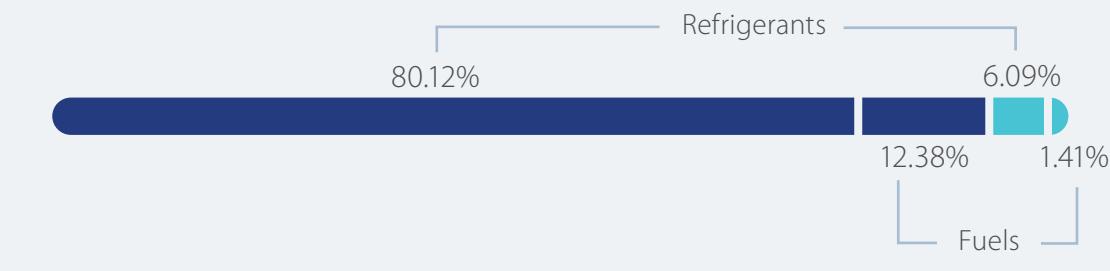
Mexico



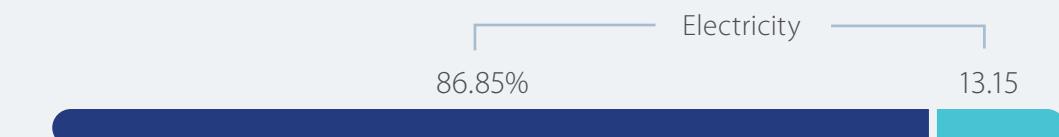
Central America



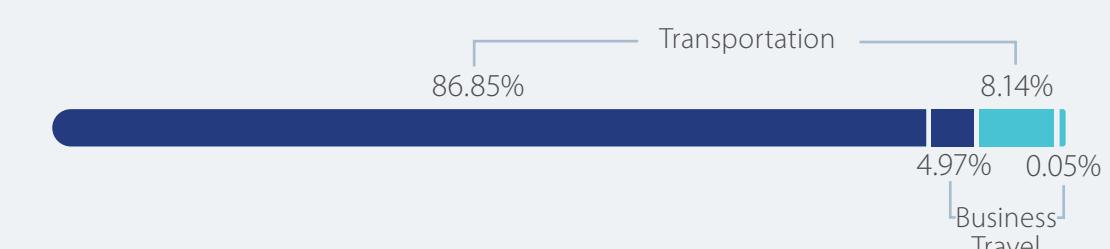
**Scope 1**  
**956,231**  
ton CO<sub>2</sub>e



**Scope 2**  
**509,897**  
ton CO<sub>2</sub>e



**Scope 3**  
**355,637**  
ton CO<sub>2</sub>e



**1,821,765**

Total emissions ton CO<sub>2</sub>e



In Central America, starting on June 2020, we began to transform our automobile fleet towards carbon-free alternatives. This was our first step to test two electric vehicles performance, which operated for our Maxi Bodega and Discount formats in Costa Rica. In October 2020, we added two more vehicles for the same format and market.

These four vehicles, will represent a technological change, allowing us to save [more than 33 thousand kilograms of CO<sub>2</sub>e](#) a year per vehicle. They have also fostered the transformation of our stores to host new charge centers for electrical units. Starting on December 2020, 8 Maxi Palí have charge centers available and operational.

During the test and pilot periods for this technology, we have achieved a reduction in the consumption of 4,530 liters of fuel, and more than 100,000 pesos savings, while avoiding emissions of 10.5 tons of CO<sub>2</sub>e.

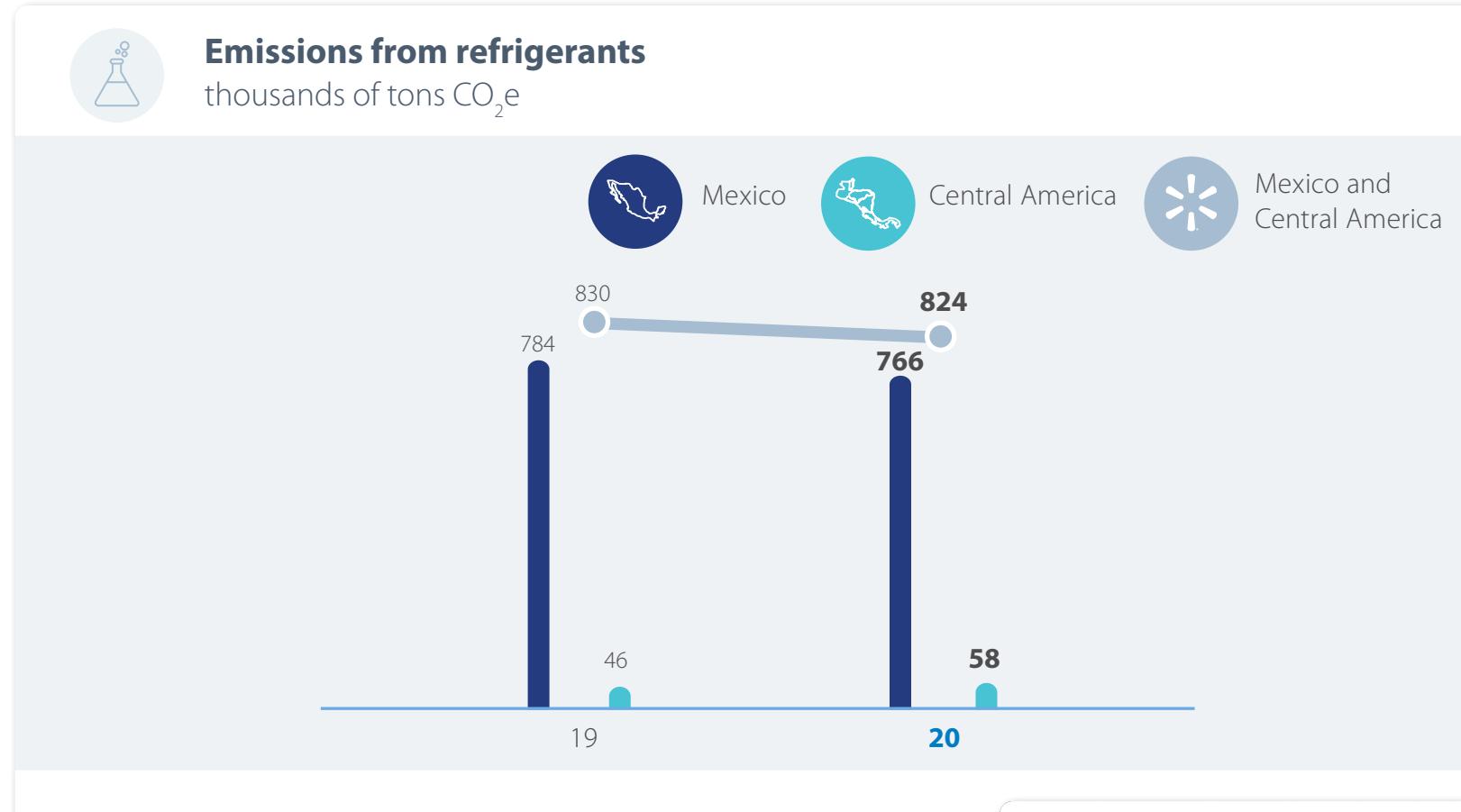
## DIRECT EMISSIONS: REFRIGERANTS

GRI 102-48, 305-1

As the main component of our direct emissions (Scope 1), transforming our use of refrigerants with lower environmental impact is a key aspect of our strategy [in achieving emissions<sup>1</sup> neutrality by 2040](#).

In 2019, an increase of 87% in refrigerant consumption was identified with respect to 2018 after an unusual purchase as a consequence of a drop in the price of the R-404 refrigerant. However, we identified that the relationship between this purchase and consumption was not direct; therefore, a data model was made to identify the impact of the price decrease in the purchase of the refrigerant in the period from 2018 to 2020, with the purpose of correcting 2019 real consumption.

As a consequence of the results of this model, the total refrigerant emissions for 2019 were corrected, arriving at a real consumption data for that year of 829,886 tCO<sub>2</sub>e. This data is also used as a basis for comparison for 2020 emissions.





**With this project, we achieved an emission reduction of 29.1 tons CO<sub>2</sub>e compared to a similar format store**

## DIRECT EMISSIONS: LEAN PROJECT

In 2020 we launched the "[Lean Project](#)", aimed at testing technologies and projects that allow us to reduce direct emissions and have energy efficiency in our stores.

**The first store to implement this project was Bodega Aurrera Nichupté, where the following innovations were tested:**

- Enclosed food preparation areas separated from the sales floor (tortilla shop and bakery)
- Refrigeration equipment with lower GPW impact
- Innovations in the architectural design of this unit for temperature reduction
- Eco-efficient lighting
- On-site power generation

This project continues to prove the profitability of sustainability, and the added value it offers as a differentiator to contribute to improving the quality of life of families in Mexico.



## ENERGY

GRI 302: 103-1, 103-2, 103-3, 302-1, 302-2, 302-4  
SASB CG-MR-130A.1,CG-EC-130A.1,FB-FR-130A.1



The transition to 100% renewable energy operations by 2035 is an ambitious goal, but one that we consider fundamental to mitigating climate change. In addition to having six wind farms and two hydroelectric plants supplying power to our operations, we also have on-site solar generation for 15 units.

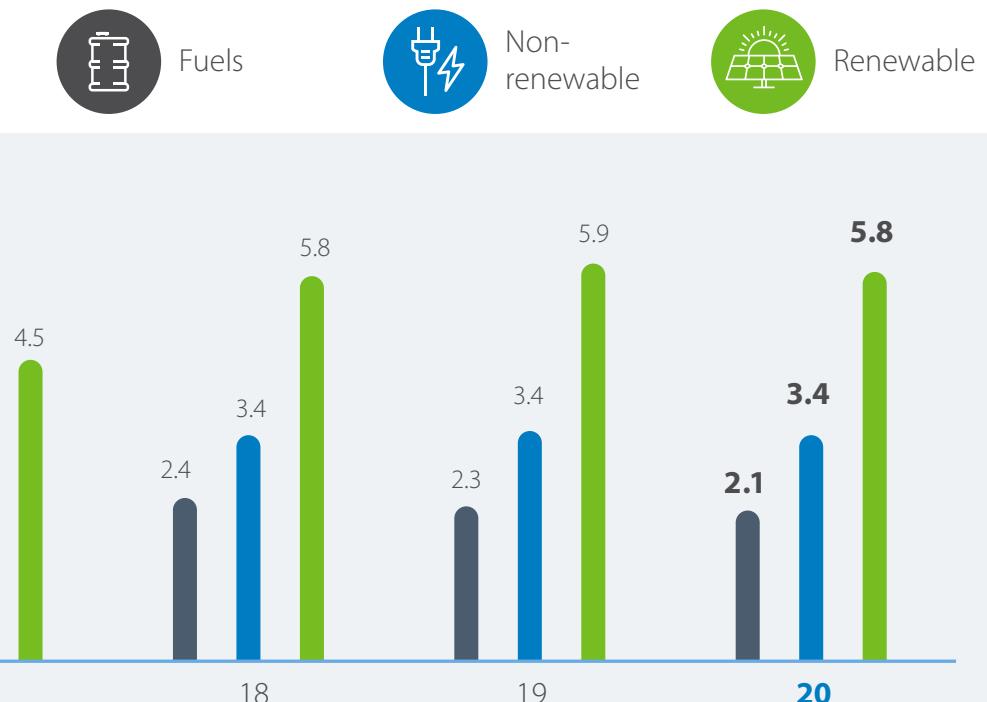
Energy efficiency has been key to these achievements, and we have invested 449 million pesos in Mexico , and 100 million pesos in Central America to continue our transition to LED lighting and photovoltaic cells. In addition, we implemented an Artificial Intelligence system as a control initiative that allows us to generate greater efficiency in the distribution of renewable energy, as well as to adjust the optimal consumption of our unit's cooling and energy consumption.

**We achieved 29.6% reduction in electricity intensity in Mexico in 2020, meeting our goal of reducing energy intensity by 26% compared to 2010**



**Total energy consumption**  
millions of GJ

Mexico and Central America



We saved **121,211** GJ  
of energy vs 2019



We consumed a total of  
**11.3 million** GJ of energy



In 2020, we reduced our total energy consumption by 2.6% and increased our renewable energy consumption by 0.7%, while maintaining Mexico's renewable consumption. With this, 63% of our energy comes from renewable sources.





## INDIRECT EMISSIONS (SCOPE 3)

GRI 305-3  
SASB FB-FR-110A.1, CG-EC-410A.1

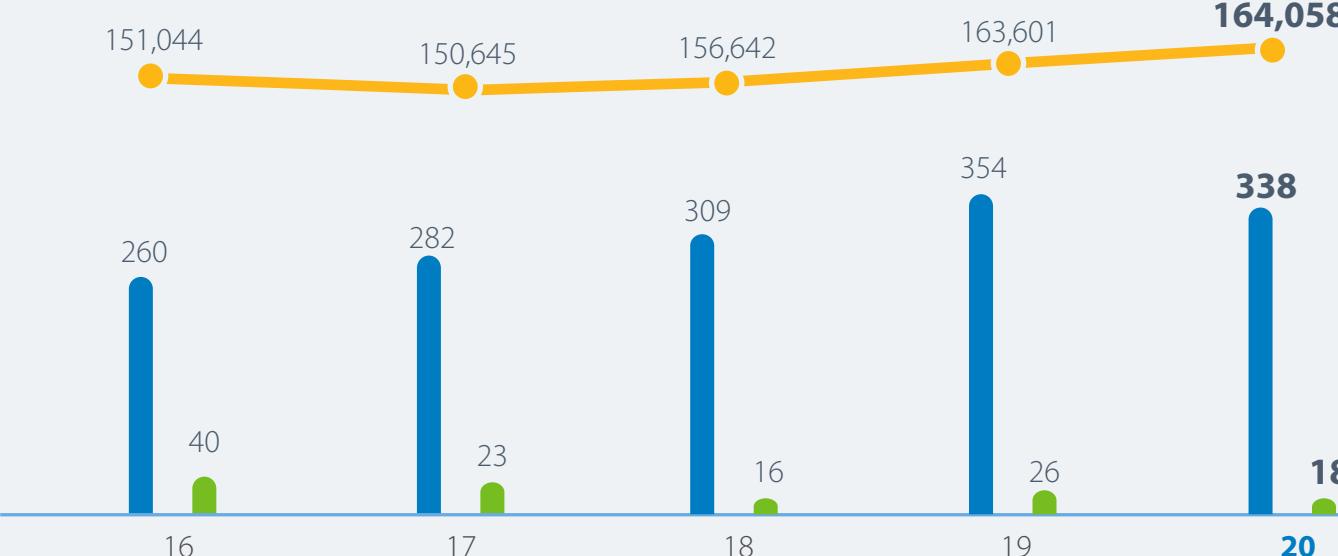
During 2020 there was a significant reduction in Scope 3 emissions, driven mainly by reduced air travel due to the pandemic, but also due to efficiencies in freight transportation.

In the case of emissions from waste, it is important to mention that the average annual growth trend of 4% was broken, remaining with a slight increase of 0.3% with regards to 2019. These emissions are managed directly through our circular economy initiatives.

On the other hand, reverse logistics and backhaul initiatives contribute to the reduction of emissions by transporting goods on trips that would otherwise be made on empty trailers. With this, we increased the efficiency of freight transportation.

**Scope 3 emissions**  
thousand tons CO<sub>2</sub>e

Transportation   Business Travel   Waste



## LOGISTICS EFFICIENCY



**38,701,787**

km not traveled



**55,280**

tCO<sub>2</sub>e emissions avoided



**20,955,787**

liters of fuel saved



In the case of climate change, we highlight the following:

**221**

suppliers participated in the CDP Climate Change, Supply Chain

**58%**

suppliers implemented emission-reduction initiatives

**B**

CDP rating

**59%**

set absolute, intensity reduction or both type of goals, with specific deadlines

**79%**

of suppliers incorporate climate change management into their strategies

**51%**

suppliers consume renewable energy

**2,835 billion**

pesos is the associated cost for climate change in our Supply Chain

**2,867 billion**

pesos in potential opportunities for climate change, within our Supply Chain

**In addition, our suppliers are linked to us through the CDP Supply Chain initiatives, where they report their environmental performance regarding to climate change and water security**

## GIGATON PROJECT

Gigaton Project continues as one of the main strategies to leverage our scale in a positive way in our value chain. Through this project, [we seek to avoid the generation of one billion tons of CO<sub>2</sub>e in our value chains by 2030](#), so that our suppliers can join the project and set goals based on their activities and projects.

On average, participants currently participate with three goals in different categories.

Our goal is that all participating suppliers can achieve Gigaguru status by annually reporting their progress and making their commitments public.



**This year we strengthened our participation in the Gigaton Project, aiming for our suppliers to set SMART goals in any of the six pillars:**



Energy use

**74%**

total goals



Sustainable agriculture

**29%**

total goals



Waste

**54%**

total goals



Product use

**39%**

total goals



Deforestation

**40%**

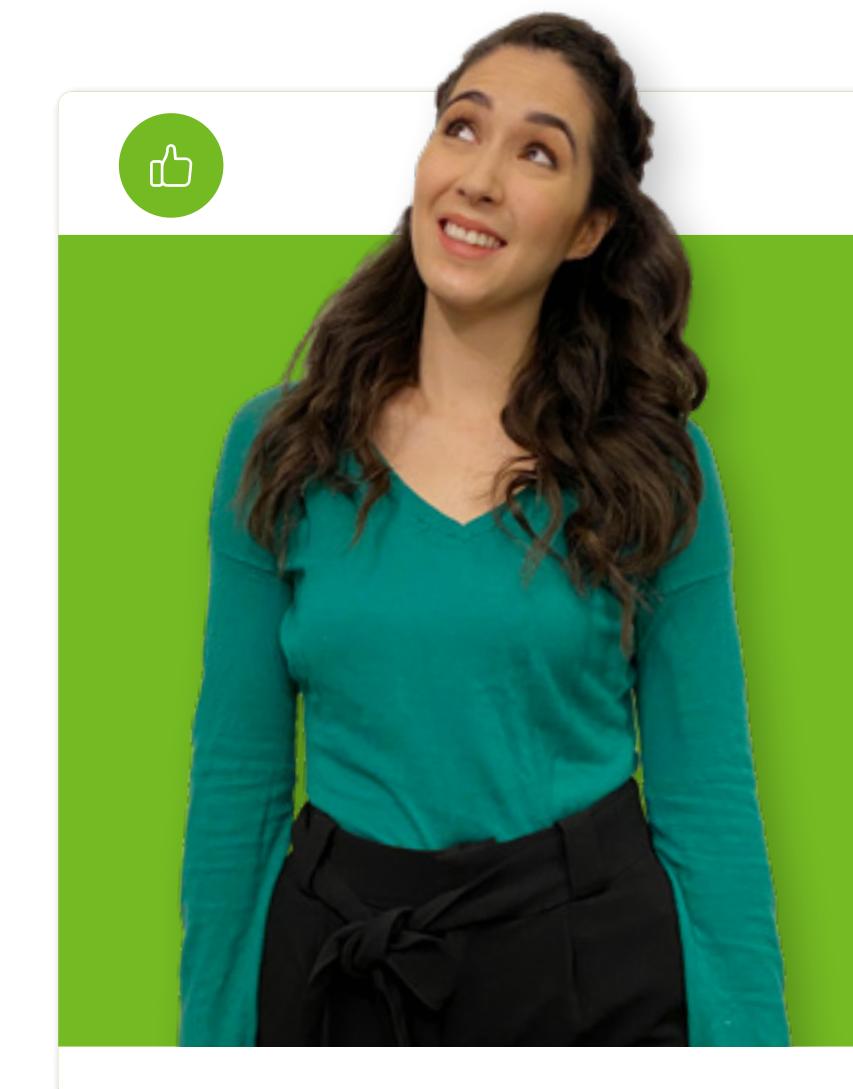
total goals



Packaging

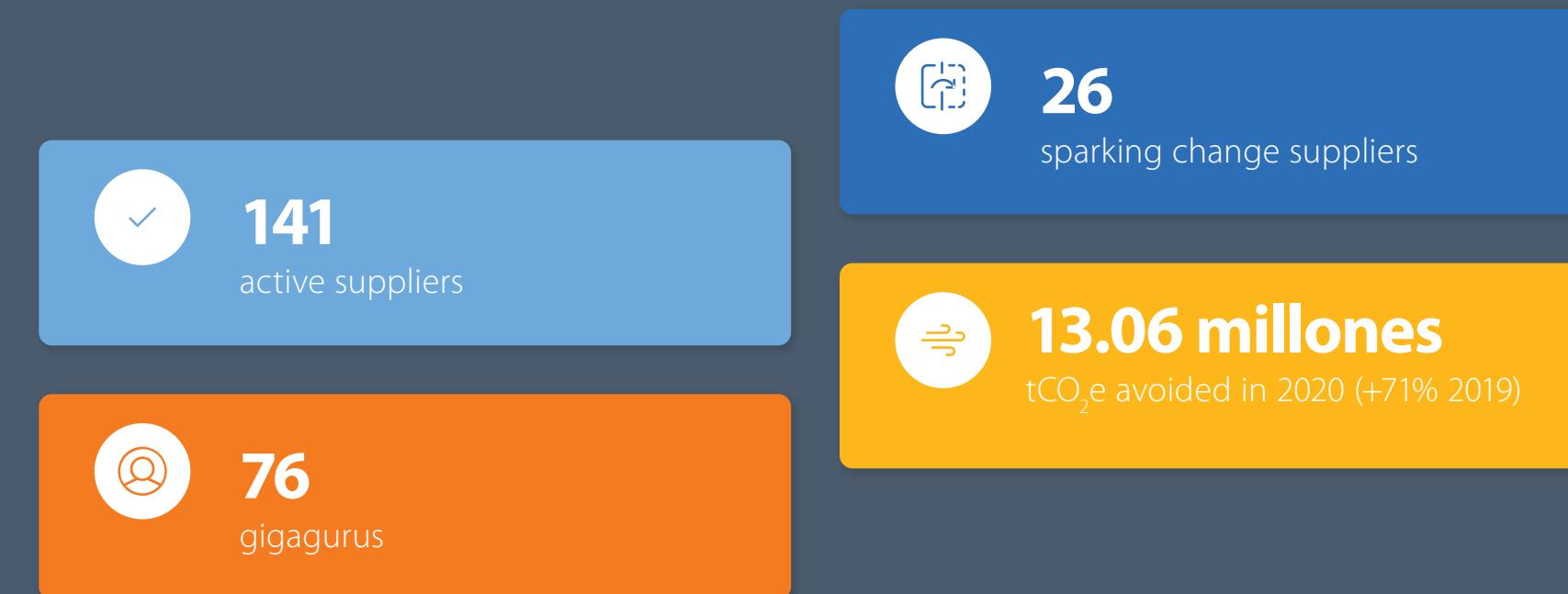
**72%**

total goals





This program has been well accepted by our suppliers. Some of the highlights below:



With these results, we contributed in total during 2019 and 2020 to the reduction of 20.7 tCO<sub>2</sub>e, bringing us 2.1% closer to the Gigaton Project target

## CLIMATE RISKS AND OPPORTUNITIES

GRI 102-11, 102-15, 201-2

Climate change has increased disruptions and risks that are materializing with increasing frequency. Extreme weather events, as well as human-caused damage to the environment -both related to climate change- are two of the top ten current risks listed by the World Economic Forum. [They are also directly linked to three existential risks over the next ten years](#): biodiversity loss, natural-resource crisis and the possibility of failing climate-action strategies.

This risk implies that the potential for disruption in the value chain is much greater, as well as high impact consequences [on the lives of our customers, the communities where we operate](#), our associates, and the planet. Climate change risk is especially acute in sectors such as agriculture, as well as some others that use resources intensively, such as the manufacturing and the food sectors. Thus, identifying the specific risks and opportunities arising from climate change is very important to our strategic vision for the future as a company.

To assess these risks, we first consider a broad spectrum of material issues and potential consequences related to climate change from specialized sources, investors, consultants, and international climate change organizations. Our risk identification is updated every two years, the latest being in 2019, and thus we have the possibility to link our future and strategic vision with the specific impacts for the company.

Additionally, in the case of existing risks in our supply chain, we focus on the key participants and suppliers that may have higher risk, as previously mentioned. In order to have an update on risks and opportunities and the ensuing potential financial impact, we rely on the CDP to provide visibility at the supply chain level and to understand how these key suppliers identify their risks, in what timeframe, and with what impacts.



### Supplier participation by type of industry

38%

24%

18%

20%



- Agriculture, food and beverages
- Manufacturing
- Materials
- Other sectors

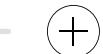
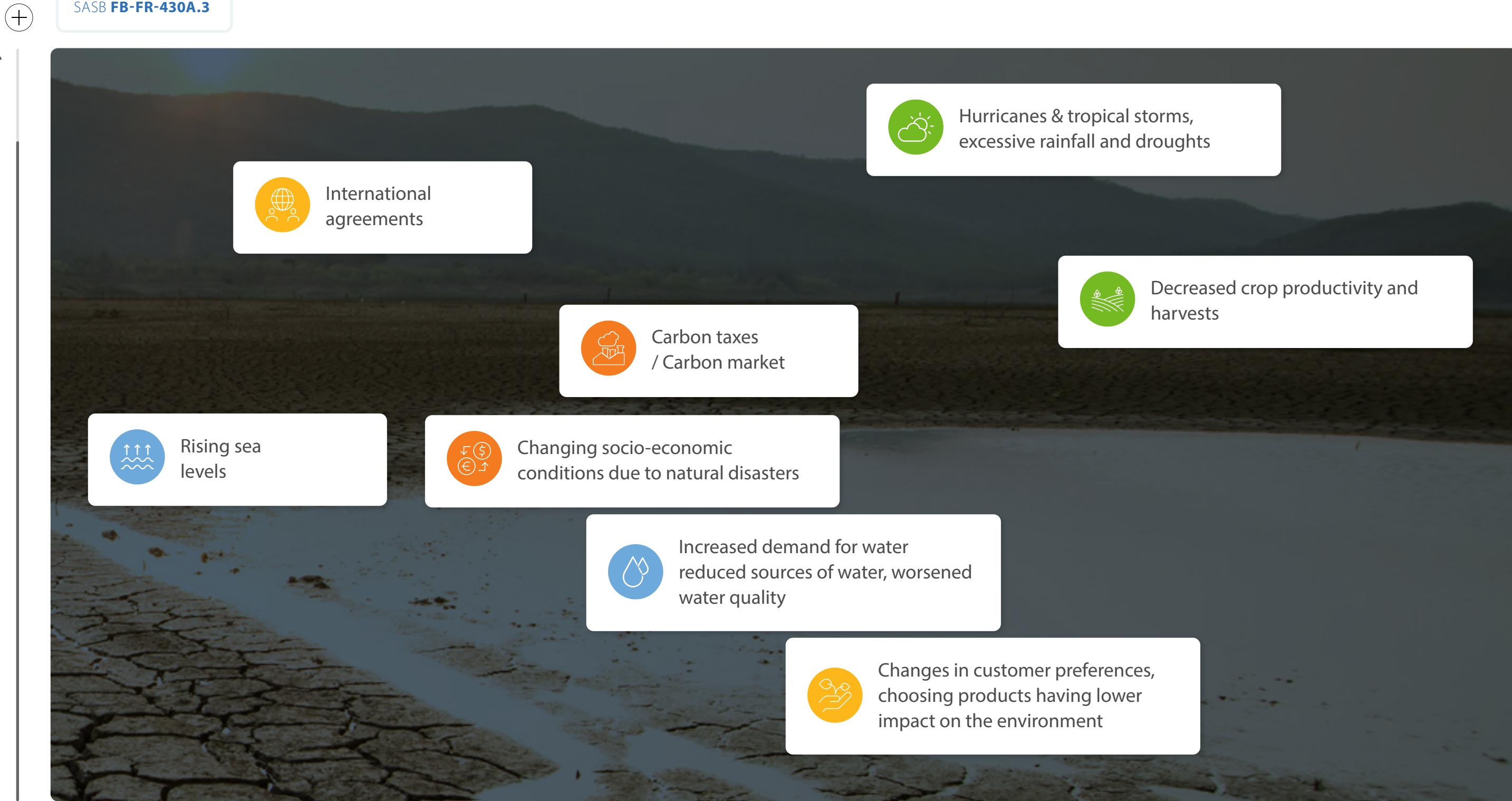
**In 2020, 121 suppliers completed the climate change questionnaire and 61% conducted an analysis of risks and opportunities related to climate change**



## Climate change risk map

SASB FB-FR-430A.3

Probability



Business impact



## Climate change-related risks to our supply chain





## Climate change-related opportunities for our supply chain



# FOSTER A CIRCULAR ECONOMY

GRI 301: 103-1, 103-2, 103-3, 306: 103-1, 103-2,  
103-3, 308: 103-1, 103-2, 103-3

The second strategic pillar of our sustainability commitment is how we contribute to generate a functional, large-scale, circular economy.

## ZERO WASTE

Our main commitment is to transform our operations to zero waste by 2025, as defined by the Zero Waste International Alliance. To achieve this, we have identified opportunities to consolidate new material value cycles and ensure that our waste can be incorporated into circular economy models, new infrastructure, alliances with business partners and the involvement of our customers.

| 01

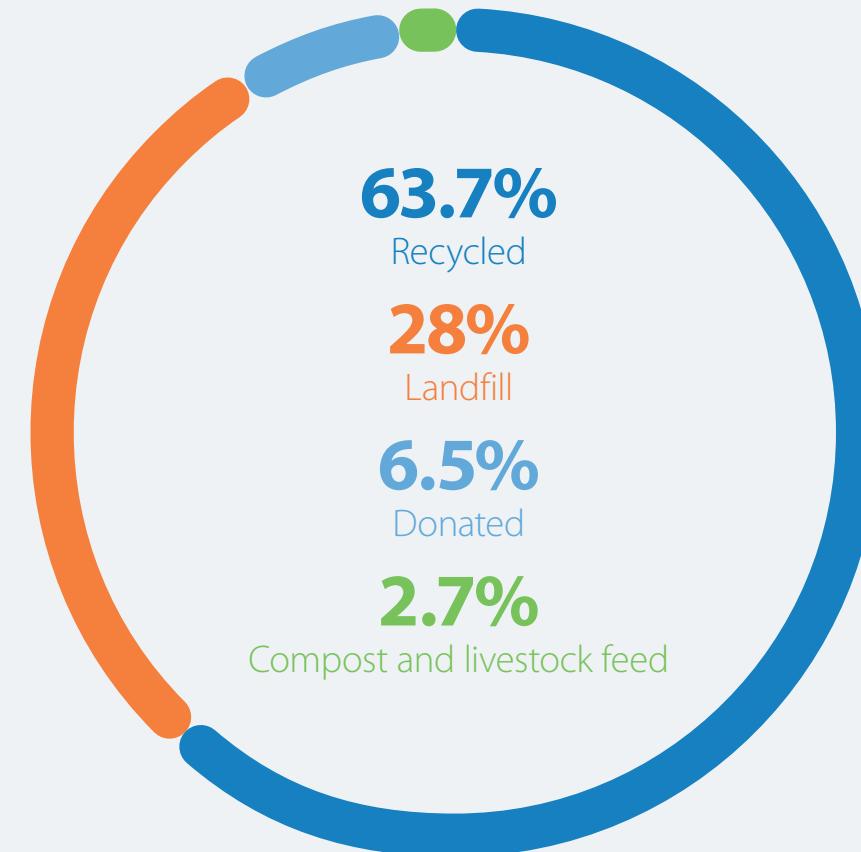
**Our goal is to achieve a zero-waste operation by 2025, separating business growth from our waste generation**





GRI 306-2, 306-4  
SASB FB-FR-150A.1

### Generated waste



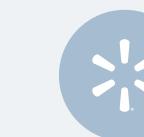
**350,891.4**  
tons of recycled waste



**156,370.2**  
tons of waste sent to landfill



### Progressing towards zero waste by 2025



**71.5%**

Mexico and Central America



**75.7%**

Mexico



**50.4%**

Central America



**550,379**

tons of waste generated



**549,950**

tons of non-hazardous waste generated



**429.52**

tons of hazardous waste generated

Likewise, we incorporated the principles of circularity from our packaging design, identifying the main environmental impacts of different products through Life Cycle Assessments (LCA), which is incorporated into packaging decisions. In addition, our customers actively participate in our post-consumer programs, promoting a culture of environmental responsibility where materials are incorporated into new value cycles.



In order to manage our waste responsibly, we have a [program for recovering recoverable waste](#). This initiative consists of benefiting from our reverse logistics capabilities to send materials generated in stores to our distribution centers. Total waste recovered in 2020 was 342,148.5 tons.

On the other hand, this year there was a decrease in the trend of waste generation intensity by 1.5%. This is mainly due to the [reduction in the volume of food waste generated](#), thanks to the Total Loss Committee and to the operational discipline in our units, as well as to the increase in the volumes of waste that could be used through recycling, donation, composting, livestock feed or resale.





## Our strategy to reduce food waste



Prevent waste generation  
of fresh products



Food donation



Compost



Livestock food



Biodigestion



## FOOD WASTE

GRI 302-1, 308: 103-1,  
103-2, 103-3



We contributed to SDG 12.3, in alignment with our goal of reducing in 50% our food waste. To achieve this, we focused on improving our inventories and maintaining our freshness promise.

In 2020, our [Total Loss](#) started operations, which follows up on projects that reduce food waste. The Committee is made up of the Central Ops, Merchandising, Operations, Asset Protection, Quality, Logistics, Human Resources, Walmart Foundation and Sustainability teams. This has allowed us to maintain innovation, starting with our operations, in order to reduce our food waste through initiatives incorporating technology, associate training, operational excellence, and by making use of a continuous diagnosis based on opportunities in the management of our perishables. Through this Committee we promote the reduction of waste generated, beginning with our own operations, to prevent perishables from reaching landfills.

**Our goal is to reduce food waste generation by 50% by 2025 compared to 2015**

In the event that food is not sold, we seek to ensure its consumption. At Bodega Aurrera in Mexico, [we operate a program where we lower the price](#) of some products with expiration dates about to become effective, and to inform customers that consumption must be on the same day of purchase. We also have our Fruit for Associates Program, through which we donate fruit in the store so that our associates may supplement their breakfast.

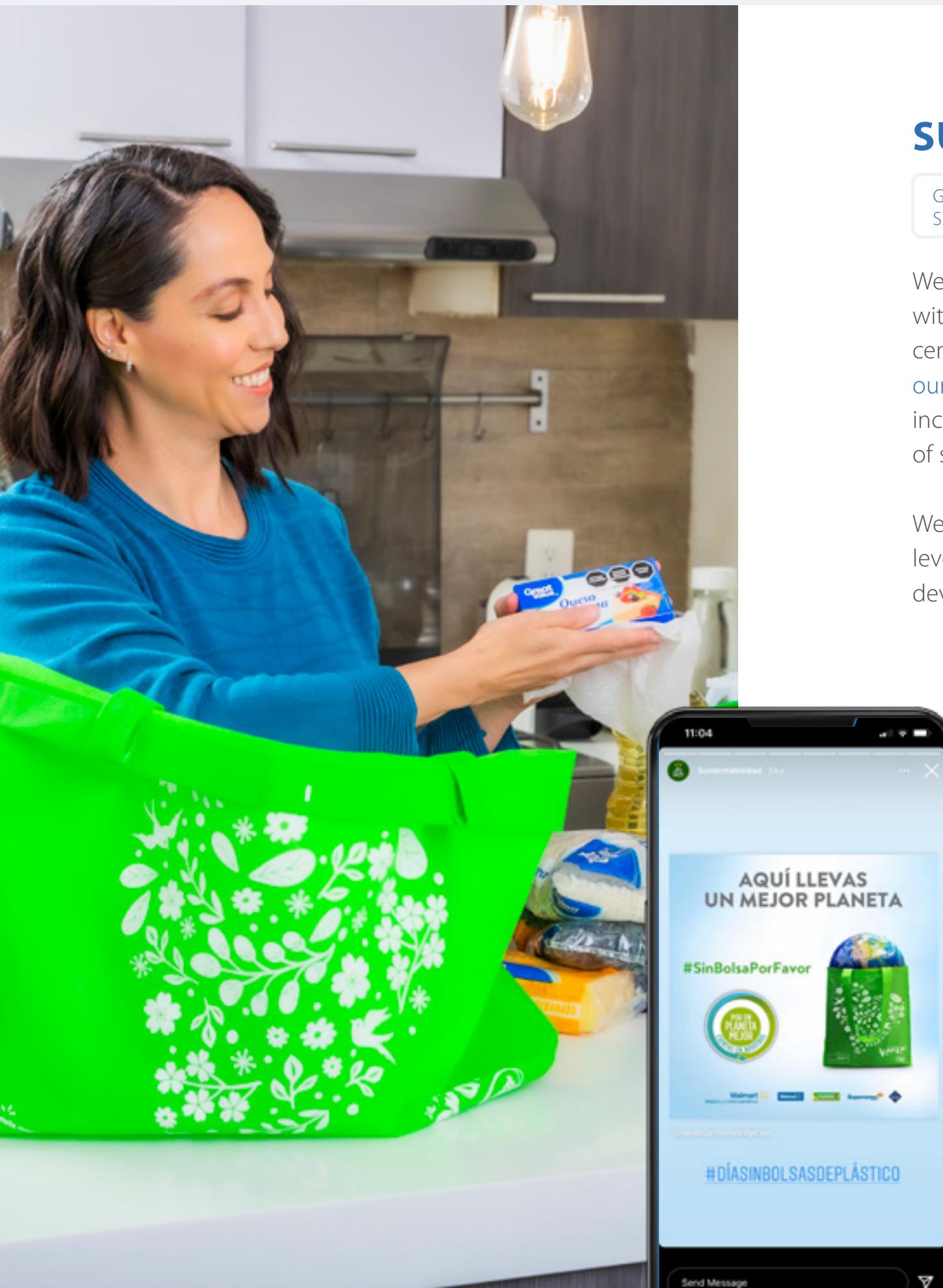
The next stage is to ally with food banks through the Walmart Mexico Foundation. This year we donated 36,131 tons of food.

In the case of food that is not fit for human consumption, upon being designated shrink, there are two possible uses: compost, which can be used as a soil conditioner; and livestock feed. Finally, in Central America, there are biodigestion options that biologically process waste, decomposing it into gray water and biomass to prevent its disposal in landfills.

In 2020, we were able to prevent 57,841 waste from being sent to landfills in Mexico and Central America. In addition to reducing waste generation costs, this strategy demonstrated a significant environmental impact by eliminating risks of biological contamination due to decomposition, odors, liquids, and leachates, and mainly, potential greenhouse gas emissions, which have significant impact on the environment.



**In 2020 we reduced food waste sent to landfills by 39.6% in Mexico**



## SUSTAINABLE PACKAGING

GRI 301: 103-1, 103-2, 103-3, 301-3  
SASB FB-FR-430A.4,CG-MR-410A.3

We continue to work on our ambition to operate with zero plastics in our stores and distribution centers. To achieve this, [we work hand in hand with our suppliers](#), the authorities, and our customers to incorporate innovations that enable the elimination of single-use plastics.

We work hand in hand with the authorities at different levels of government towards a circular economy to develop standards on the use of plastics.

In the case of Mexico City, we were part of the working group for the drafting of the environmental standard PROY-NADF-010-AMBT-2019 on the criteria for compostable and reusable products in response to the ban on single-use plastics, -undergoing a public consultation process prior to entering in force in 2021. With this, standards have been developed for the transition to biodegradable, compostable, and reusable options, and the reincorporation of post-consumer recycled materials.



**This year, we reduced the amount of plastic used by 161 tons thanks to our #SinBolsaPorFavor (No bags, please) campaign in Mexico, which is equivalent to 69.4 millions of plastic bags**

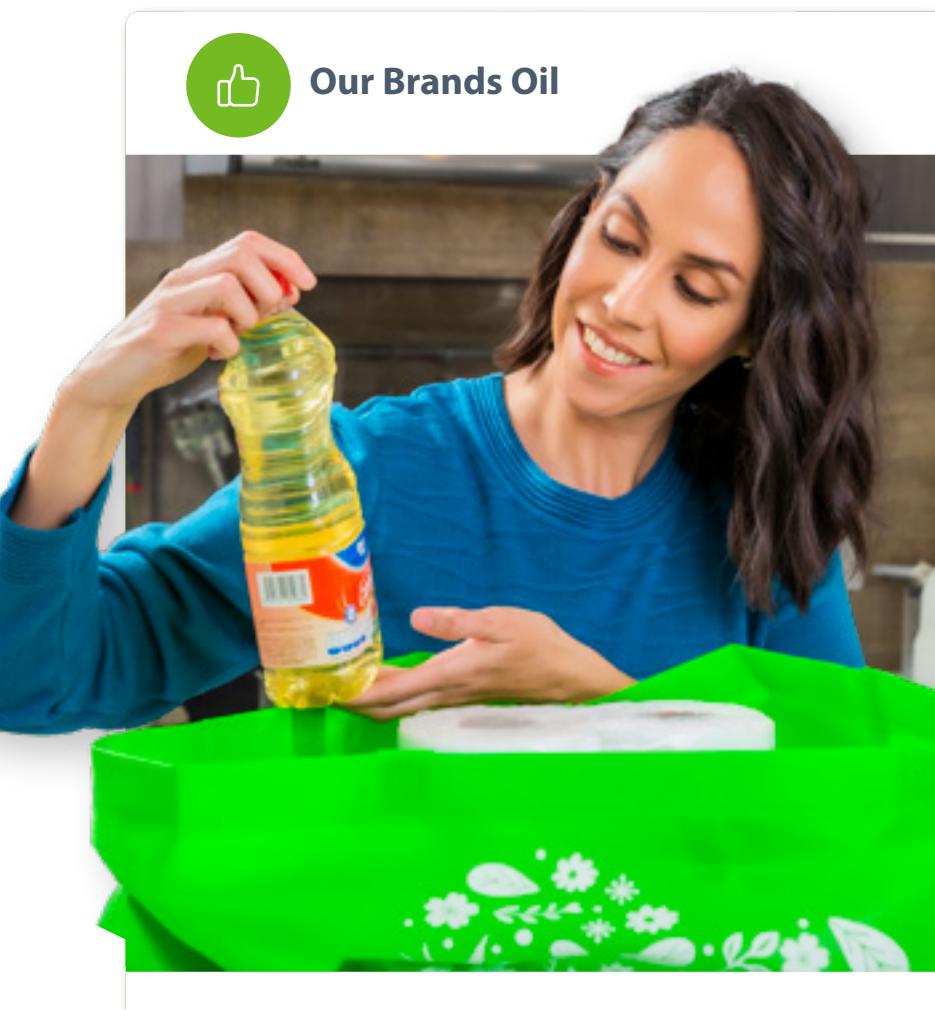
## On the other hand, by 2025, our goal is to achieve that all the products of Our Brands:

GRI 301-2

- Having 100% recyclable, reusable or compostable packaging
- Including at least 20% post-consumer recycled material in packaging
- Eliminating non-recyclable packaging material
- Reducing plastic packaging and containers where possible

Similarly, in 2020 we carried out two important packaging redesign processes based on our sustainability goals.

On the one hand, we worked in our Bodega Aurrera cooking oil category to reduce the environmental impact of our primary and secondary packaging, by eliminating the use of cardboard and reducing the total amount of plastic used. This project will reduce 27.9 tons of plastic and avoid emitting 3,052 tCO<sub>2</sub>e in one year.





The second category in which a significant redesign helped [reduce the use of plastic in bottles](#) was in our Great Value water bottles. In this project, we were able to reduce an average of 21% plastic used for the bottles, thus achieving the highest efficiency in the market regarding product packaging, in addition to avoiding the generation of 355.4 tons of plastic in one year.

We drove projects for new circular models, such as the Sedal refillable stations that were launched at the end of 2019. This project proved to be of great [value to our customers](#). We continued to bet on this type of models and replicated them in our stores, in addition to extending them to new product categories. However, as a result of the pandemic, during 2020 the implementation of these programs was temporarily suspended as we prioritized the health of our customers and associates. This issue allowed us to propose [new ways of operating](#) the program and integrating the lessons learned for later re-launch in 2021.



## GREEN BAG

One of the most relevant projects in the context of the transition towards the elimination of single-use plastics is our green bag. During 2020, we partnered with the United Nations to conduct life cycle assessment of our green bag, with the intention of continuing to provide a seamless shopping experience and ensuring a positive environmental impact. Based on the results from this project, we continue to work on reinforcing reuse of our Green Bag.



**54.6 millions**  
units sold in 2020



**110%**  
Sales increase vs 2019



## CUSTOMER PROGRAMS

Our customers are key to contributing to a responsible environmental impact. That is why, through strategic alliances with suppliers, [we have promoted programs that encourage environmental education and generate spaces for the recovery of materials for sustainable use.](#)

**250.8**

tons of waste recovered through our post-consumer programs in Mexico



**By year 2020's end, we had  
12 recycling centers located in  
6 states, where 21.8 tons of waste  
were recovered since the start of  
operations in the last quarter  
of the year**



### Recyclamanía Evoluciona

With the objective of fostering circular economy and protecting the environment through the culture of recycling, companies from different industries have joined together to operate 12 permanent recycling centers located in stores from Mexico City, Estado de México, Morelos, Oaxaca, Puebla y Querétaro. The initiative is called Recyclamanía Evoluciona (Recycling-Mania Evolves), and it operates due to the alliance with ECOCE, Ecolana, Dow, Grupo AIEn, Grupo Bimbo, Grupo Modelo, Herdez, Industria Mexicana de Coca-Cola, Kimberly-Clark de México, L'Oréal, Nestlé México, PepsiCo Alimentos México, Recupera, Smurfit Kappa, Tetra Pak, Unilever y Walmart de México y Centroamérica.

In Recyclamanía 2019, recycling stations were open during two days, in which more than 1,800 customers were able to recycle more than 3,300 kilograms of materials.





Post-consumer programs in Mexico		Results
	<b>Recyclamanía Evoluciona</b>	<p>Recycling centers that receive packaging and containers of: glass, PET plastic, HDPE (high-density plastic), LDPE (low-density plastic), BOPP (metallic and non-metallic wrappings), paper, cardboard, Tetra Pak containers, tin and aluminum cans, Nescafé Dolce Gusto coffee capsules, toothpaste tubes and toothbrushes. The collected waste will be used to make different products, thus preventing that waste from being sent to landfills.</p>
	<b>Recycling for Your Community</b>	 <p>Permanent program since 2017 to recycle PET and aluminum containers so that these materials can be used to make park benches or school desks, which are then donated to communities in need.</p>
	<b>Recycle the Can</b>	 <p>Installing machines in alliance with Grupo Herdez to recycle tin cans, which are then reused for wind turbines (wind energy devices) for the benefit of communities.</p>
	<b>Tree by Tree, Your City Becomes Green</b>	<p>Christmas tree collection in alliance with the governments of Mexico City and Colima. Collected trees are transformed into compost for parks, gardens and forests.</p>



Post-consumer programs in Mexico			Results
	<b>Recycle to Win</b>	Installing machines in alliance with AIEn del Norte to recycle PET and HDPE containers, which are then processed to make packaging for the company's own products.	<b>95.8</b> tons of waste recovered +154% vs the previous year <b>18</b> machines in stores in Nuevo León
	<b>Medicines</b>	Collecting expired medications in alliance with the National System for Waste Management for Medicines Packaging (SINGREM) for their proper disposal.	<b>19.28</b> tons of waste recovered -46% vs the previous year, due to some containers that remained disabled because of COVID <b>253</b> containers in stores, clubs and offices
	<b>Reverse Vending Machines</b>	Installing machines, in partnership with Biobox, for our customers to recycle PET and aluminum containers in exchange for a bonus redeemed through an app to pay for various services.	 <b>5.3</b> tons of waste recovered +9% vs previous year <b>9</b> machines in stores
	<b>Coffee Capsules</b>	Installing containers for the recovery and recycling of Nescafé Dolce Gusto capsules. Organic waste is transformed into compost, and inorganic waste into plastic wood that will be used in developing new products, in alliance with Nestlé.	<b>6.6</b> tons of waste recovered <b>68</b> containers in stores and clubs
	<b>Glass</b>	Installing containers for the recycling of food-grade glass to make new bottles, along with Grupo Modelo.	<b>7.4</b> tons of waste recovered +14% vs the previous year



## Grupo AIEn

Success Story

The Recycle to Win program, in alliance with Grupo AIEn, began with a pilot in 2018 with the installation of a machine at Walmart Supercenter in Nuevo León. Thanks to its success, in 2019 we installed 13 machines at our stores, including our Bodega Aurrera format, and collected 38 tons of plastic.

This is due to the great collaboration we had with AIEn with the objective of contributing to the creation of a circular economy that avoids waste generation, to the design of closed material cycles, and to the reduction of the use of natural resources. Currently, 35% of the plastic that AIEn processes in its two recycling plants comes from the machines installed in our stores and at some other points.

Thanks to these results, they have 100% recycled PET bottles, and in their plants they manage to recycle more plastic than what is placed on the market with their products.



**18**

machines that collected +154% vs 2019



# NATURAL CAPITAL

GRI 304: 103-1, 103-2, 103-3, 308: 103-1, 103-2, 103-3, 308-2  
SASB CG-MR-410A.1, FB-FR-430A.1

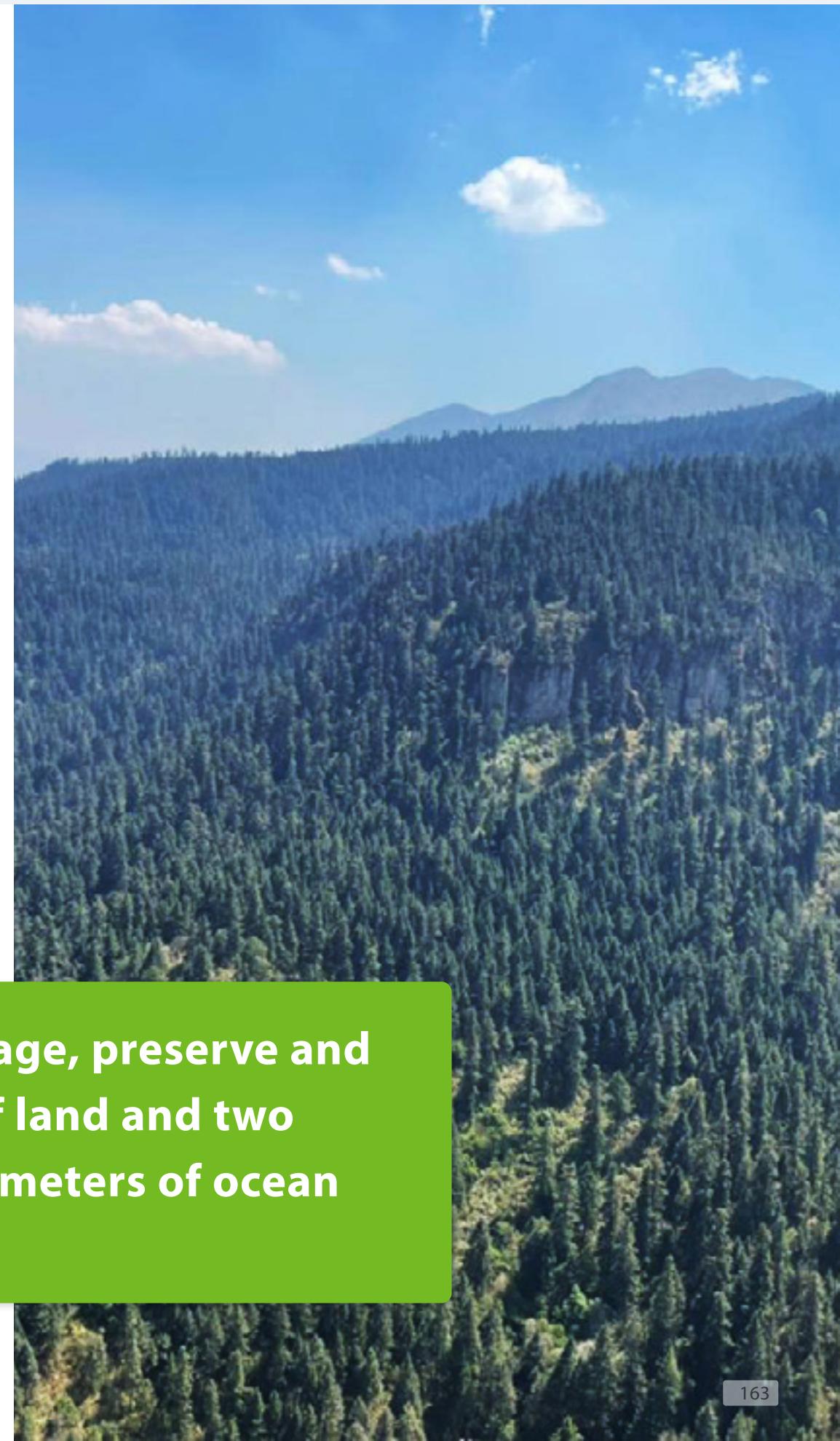


We are convinced that our customers should not have to choose between an affordable product and one that is good for the environment. That is why [we work in our operations and supply chain](#) towards developing responsible and sustainable sourcing that reduces the environmental impact of products in the life-cycle phases where they are most significant.

This year, we set a new goal for our contribution to the preservation of biodiversity and nature. [We understand our responsibility](#) for the actions we undertake and, convinced of the capacity we have through our scale for the common good, we have decided to be a regenerative company by 2040.

This ambitious goal reflects a long journey we have built with our suppliers, associates, and customers to ensure their shopping experience with us is increasingly sustainable. We have found that there are common challenges in achieving this, so the alliances we have built with civic organizations, our business partners and specialized agencies allow us to chart a path based on priorities and existing knowledge to meet our goal.

In the case of our sustainable sourcing commitments, we have defined which are the main commodities that may have some environmental risk, and where we also have a direct impact to promote their sustainability. The data we report on compliance is updated annually by our suppliers to ensure we are making progress on each of our goals.



**By 2040, we aim to help manage, preserve and restore 20 million hectares of land and two and a half million square kilometers of ocean worldwide**



## PALM OIL

GRI 308-2

Palm oil is one of the most important commodities regarding traceability on how deforestation is avoided. Given the high demand for this commodity, palm oil plantations can often be associated with changes in land use in jungles and forests, which can lead to forest erosion.

To avoid this, we committed to sourcing 100% from sustainable palm oil certified by the Roundtable on Sustainable Palm Oil (RSPO) and the Rainforest Alliance by 2020. This certification ensures the traceability of palm oil throughout its entire chain of custody, from plantation to manufacturing the final product.

Additionally, suppliers reported their remaining volume to be certified are committed to having a sustainable palm oil supply in Mexico during 2021.



**By the end of 2020, 93% of palm oil was certified by sustainable sources in Mexico and 54% in Central America**



**This year, we met our goal of achieving 99% of paper, pulp and wood with recycled or certified sustainable content in Mexico and 100% in Central America**



## PAPER, PULP AND WOOD

Cellulose fibers are the second commodity to be considered for traceability of certified deforestation-free sources. In this case, our suppliers must have FSC (Forest Stewardship Council), PEFC (Programme for the Endorsement of Forest Certification), or SFI (Sustainable Forest Initiative) certifications. Another option we promote, especially for cellulose fibers, is the incorporation of recycled content, which we also consider to be in compliance with our goal of achieving 100% sustainable sourcing by 2020.



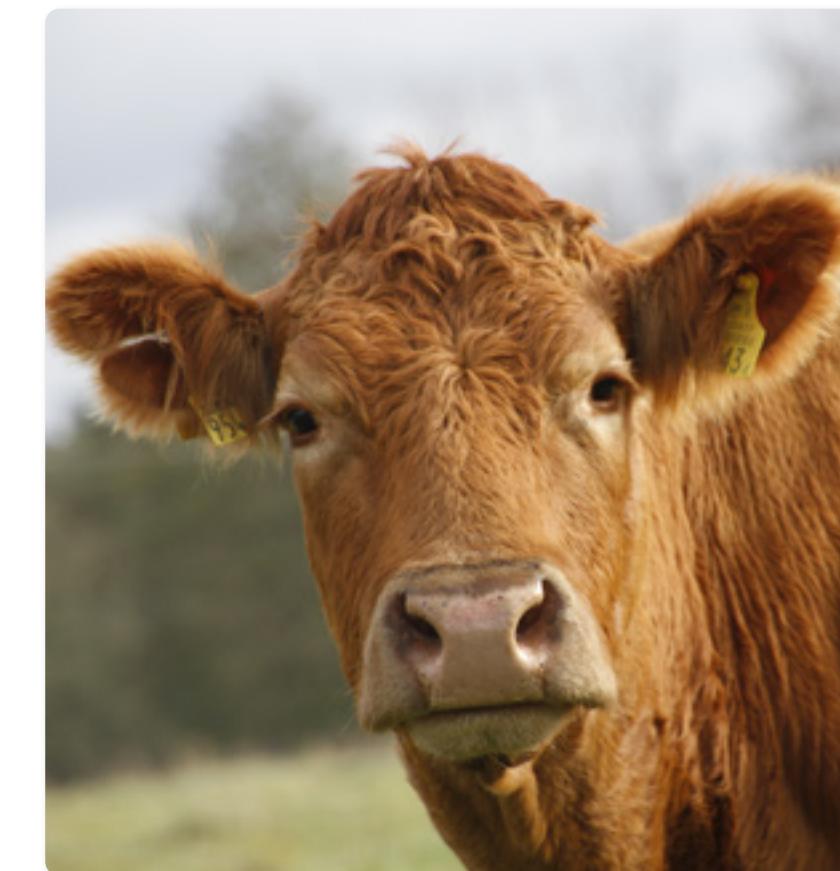
## SUSTAINABLE FISHERIES

One of the most susceptible chains to risks due to climate change and biodiversity loss are fish and shellfish species. In particular, the challenges for this category at the regional and species level mean that the effects that may occur at the local level would impact the global chain.

That is why our goal for 2025 is to ensure that 100% of our fresh and frozen seafood products and canned tuna come from sustainable sources certified by BAP (Best Aquaculture Practices), MSC (Marine Stewardship Council) or a Fishery Improvement Project.

During 2020, we mapped the risks by species to guide our strategy to meet this goal.

Of our total fishery products, 88.9% come from wild fishing, and the remaining 11.1% from aquaculture, while more than 94% of our products come from domestic fishing. This allows us to seek and drive local Fishery Improvement Projects, which add to our sustainable fishery efforts in close collaboration with our suppliers.



## MEAT

As a result of our new goal to become a regenerative company, this year we incorporated the transition of meat in order to achieve a sustainable meat supply. Together with the World Wildlife Foundation (WWF), we are conducting a diagnosis to understand the main material issues, risks, and stakeholders in the meat chain for Mexico and Central America, which are a priority given the potential global contribution of this industry towards reducing emissions by driving sustainable practices.

## ORGANIC PRODUCTS AND OTHERS WITH LOWER ENVIRONMENTAL IMPACT

The alliance with our suppliers and their strategies to reduce the environmental impact of our products is also part of our [value proposition to our customers](#).

In particular, our goal is to be able to maintain such a supply that customers who are looking for products with a lower environmental impact, -either organic or having some other sustainable characteristic- may find them in our stores.

In the case of organic products, we consider it a valuable strategy to offer [our customers the option](#) of finding products that underwent a sustainable process.

Another option we have are animal products that went through responsible production methods. In this regard, our egg supply includes free-range eggs, and our pork suppliers have adopted the five freedoms of animal welfare on their farms or on those of their suppliers.

Other products with lower environmental impact include the categories of organic and hydroponic, biodegradable, water or energy efficiency, and recycled content, among others. These products are identified through communication and labeling by our suppliers. Likewise, we currently offer 262 products with recycled packaging content.



**14** Marketside products and 26 Great Value products are certified as organic



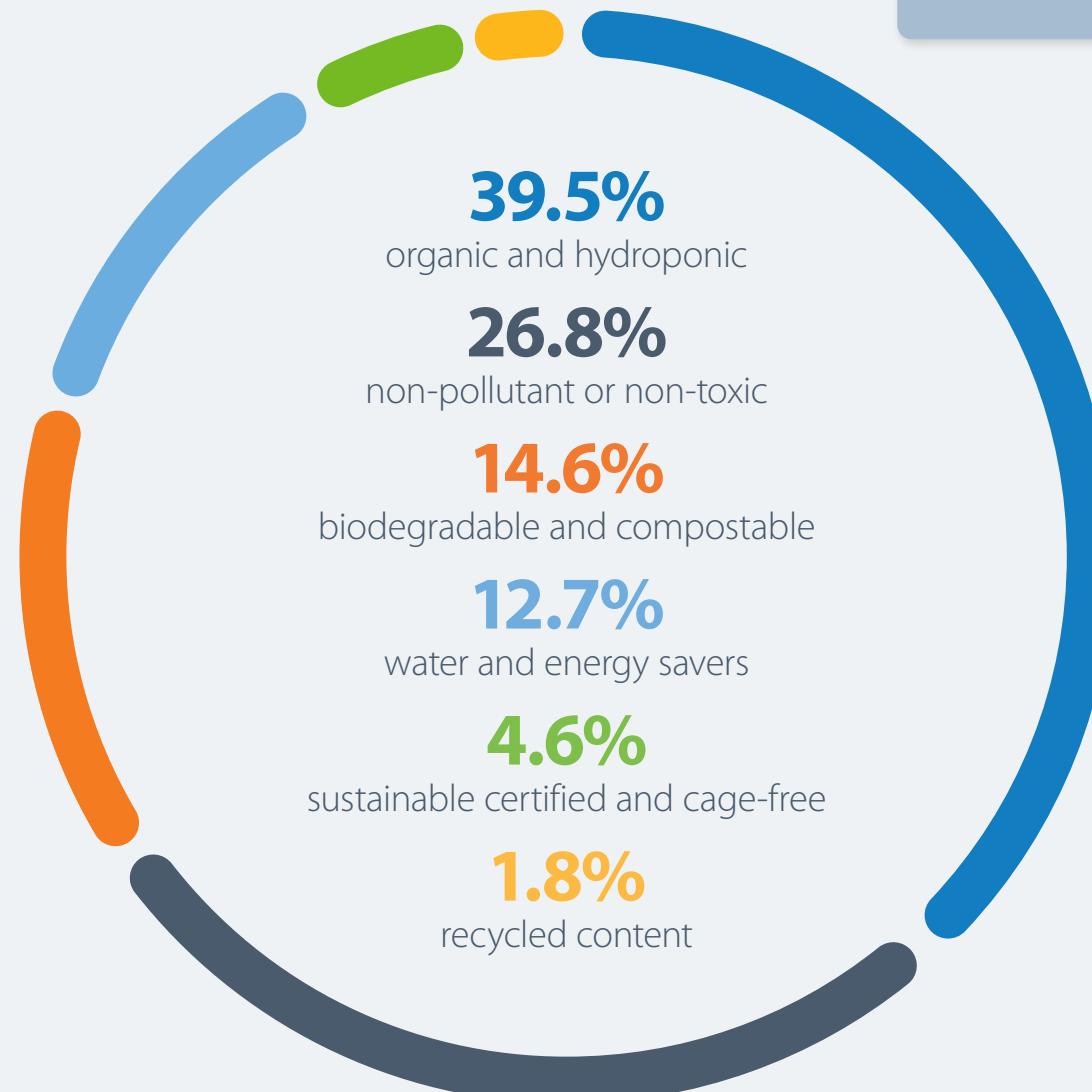
Sales for free-cage egg increased in 4.6% for Superama, and 12.8% in Walmart Supercenter

SASB FB-FR-430A.2





 Products with lower environmental impact (total products, and % distribution by category)



**3,443**

Products with lower environmental impact

We also have 262 products with recycled content packaging





## WATER

GRI 303: 103-1, 103-2, 103-3, 303-1, 303-3, 303-4, 303-5, 306-1  
SASB CG-EC-130A.2, CG-EC-130A.2

We acknowledge that water is a fundamental resource for our operation. That is why managing it efficiently in a context such as the one we face in Mexico and Central America is becoming increasingly important. It is estimated that by 2030, water stress as a result of changes in ecosystems and the effects of climate change could generate significant disruptions in supply chains, such as agricultural and manufacturing products, among others.



### Total water consumption



**10,749,548**  
m<sup>3</sup>

**9.4%**

Well supply

**0.15%**

Malls in  
Central America

**81.2%**

Municipal supply

**9.2%**

Piping supply



### Treatment plants



**1,315,597**  
m<sup>3</sup> water reuse

GRI 306-1

**844**

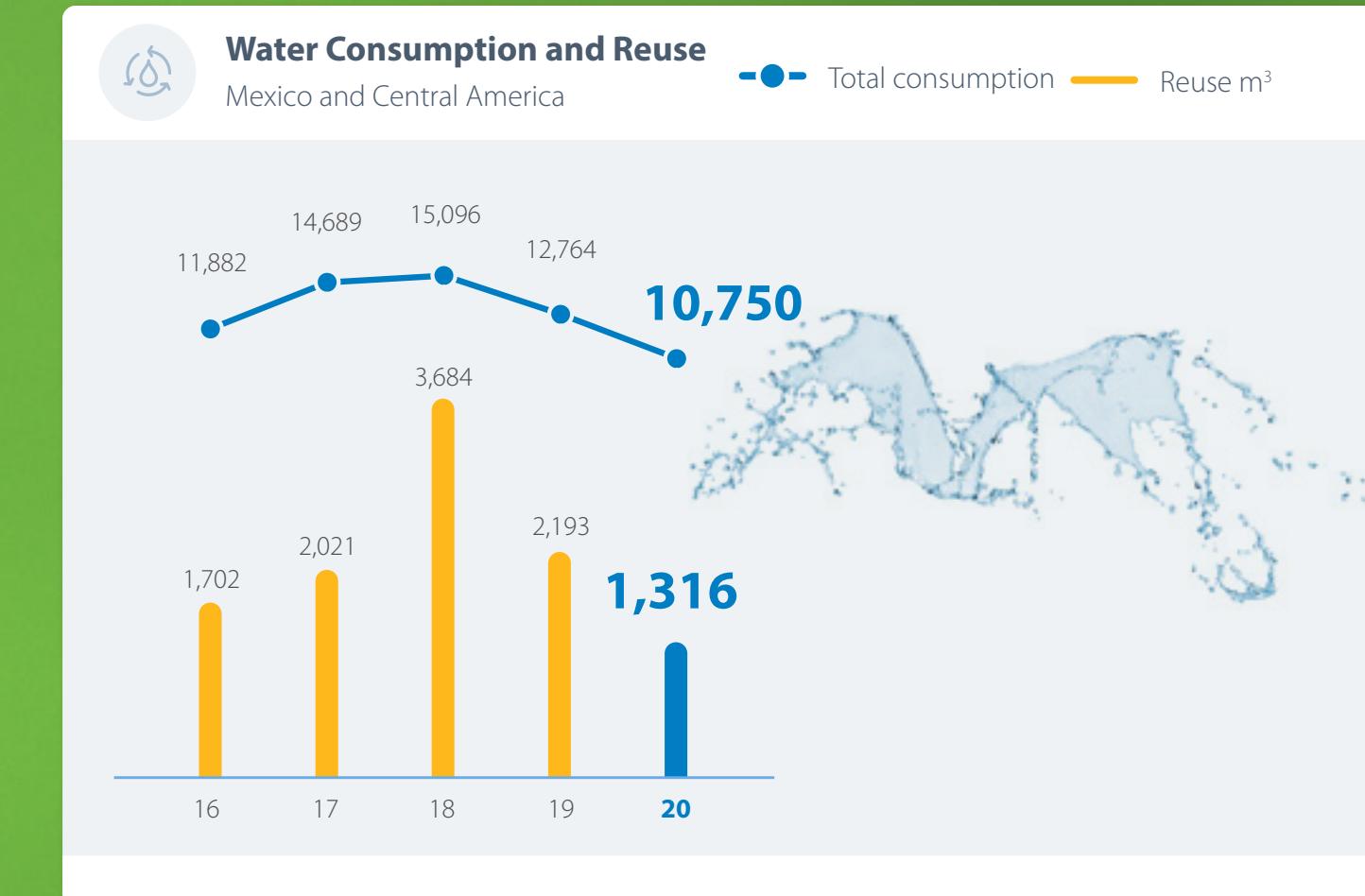
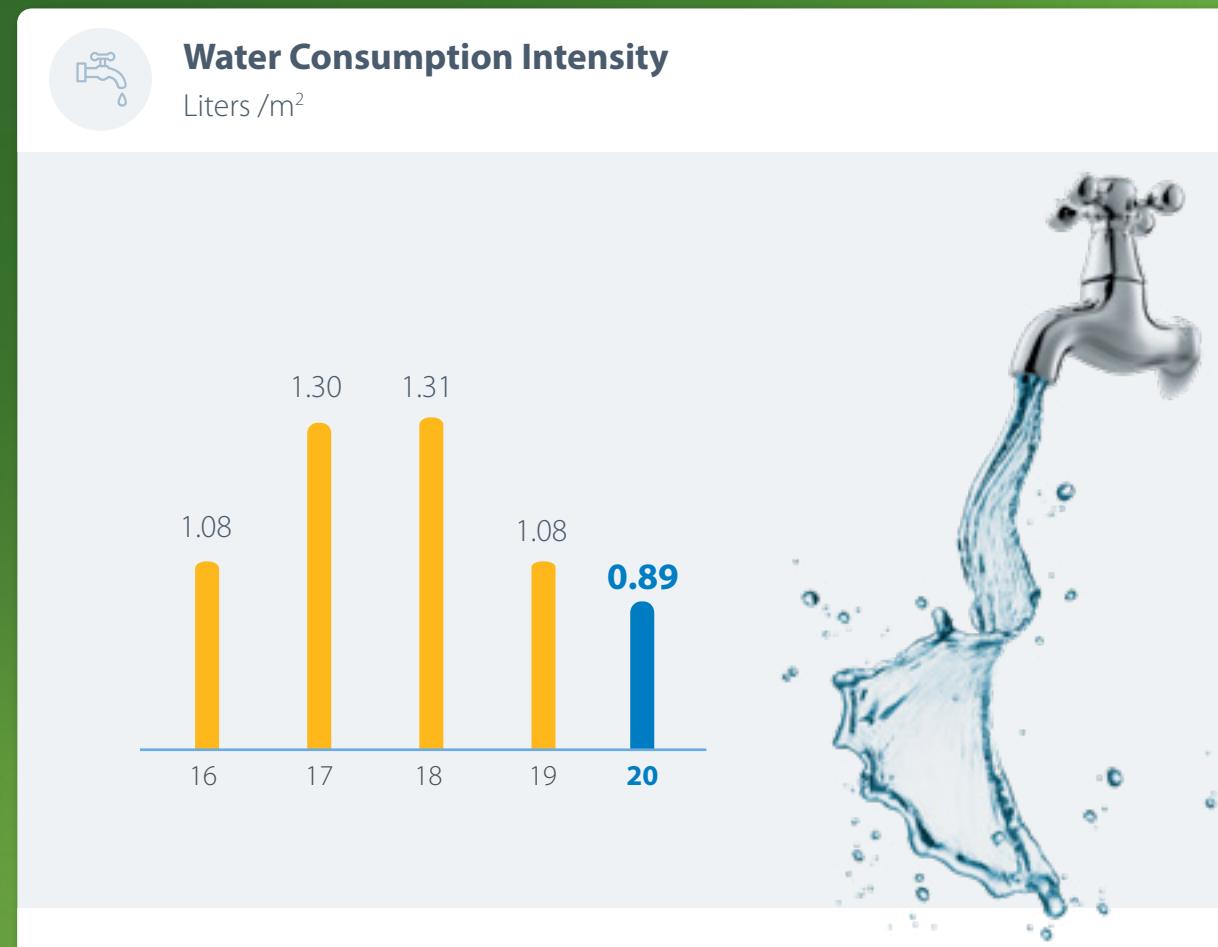
Mexico

**431**

Central America



Our water management strategy is based on two elements. First, reducing the intensity of water consumption per square meter built, separating our growth as a company from total consumption.



Secondly, being able to recover and recycle water through our treatment plants, especially in those areas with a higher risk of water stress. All this, with a focus on operational efficiency, allows us to continue reducing our environmental footprint in the communities where we operate.

It is noticeable that, since 2019, we improved the way in which water consumption is measured from each store. Thus, we have reduced the estimated consumptions of our units, giving us more certainty about our total consumption.

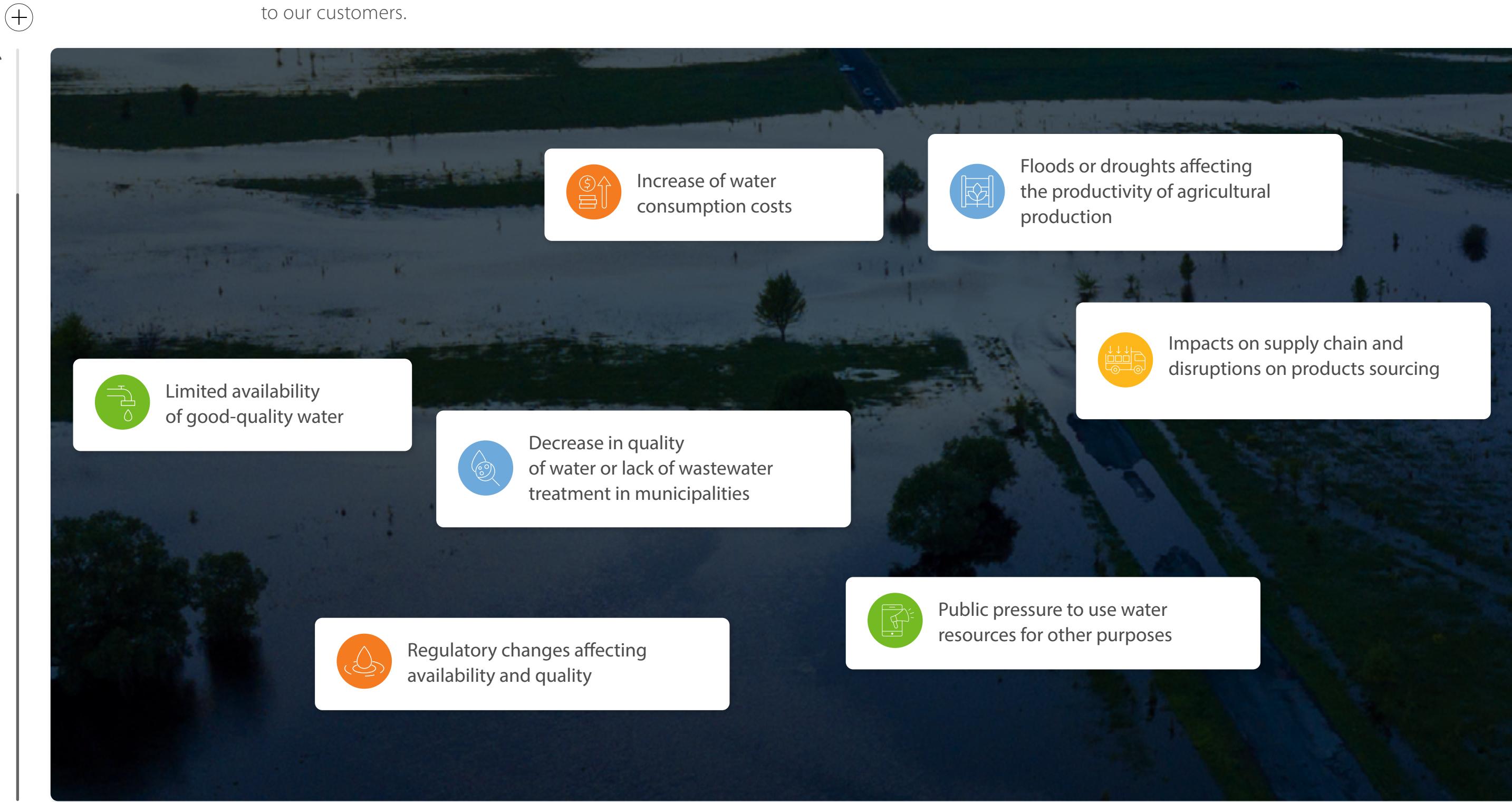


## Water-Related Risks in Our Operation

GRI 102-11, 102-15

Water security risks are also relevant to our operation, as they have significant potential impacts on our ability to continue delivering value to our customers.

Probability



Business impact



## WATER-RELATED RISKS AND OPPORTUNITIES IN OUR SUPPLY CHAIN

On the other hand, as our supply chain is the main element of impact for water security, in Mexico we invited our suppliers to report through CDP Supply Chain on this issue. In 2020, 153 suppliers participated by responding to this information, while 71% periodically map risks and opportunities for the supply chain.



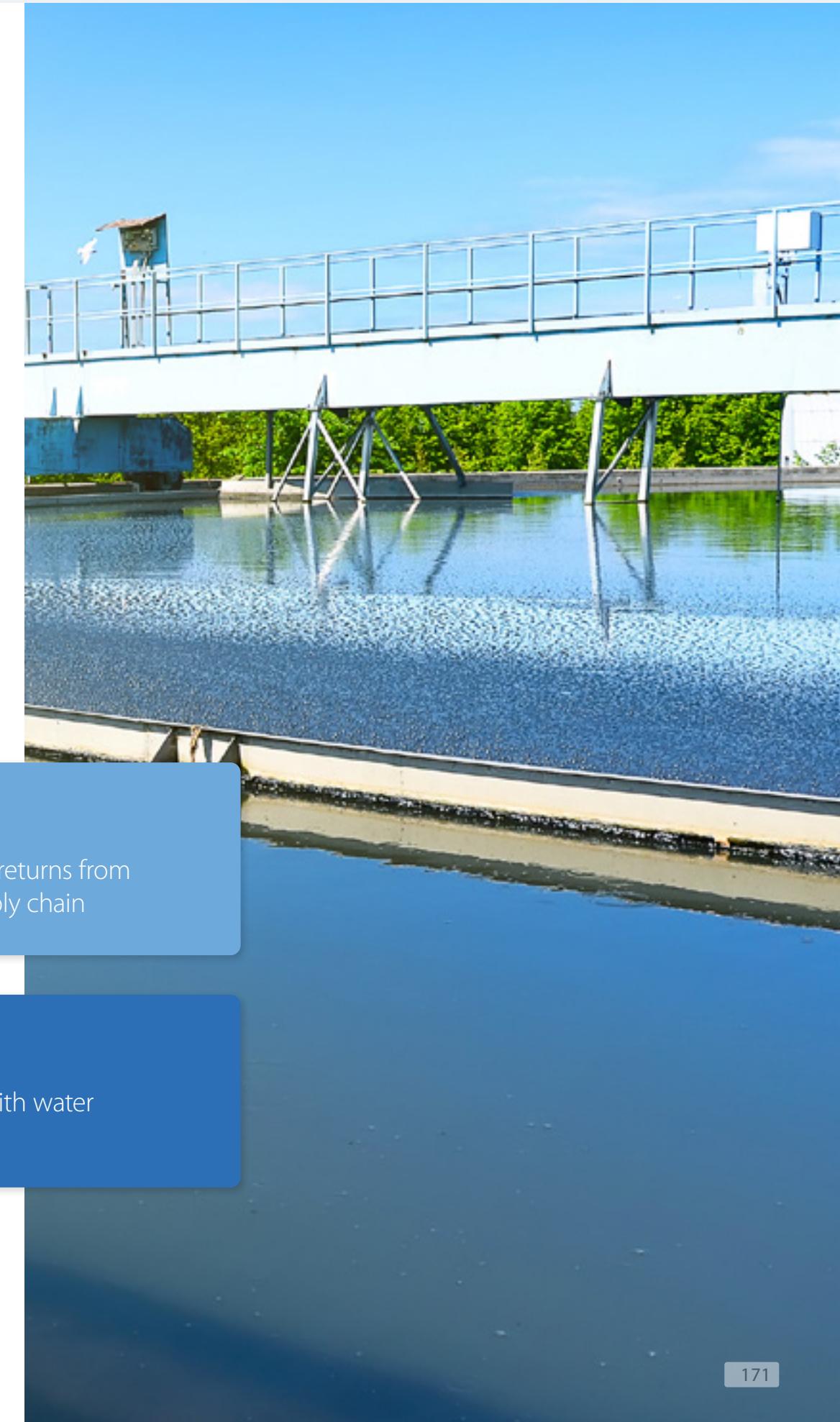
**1,909 billion**

pesos as potential financial returns from water opportunities in supply chain



**209 billion**

pesos of costs associated with water risks in supply chain

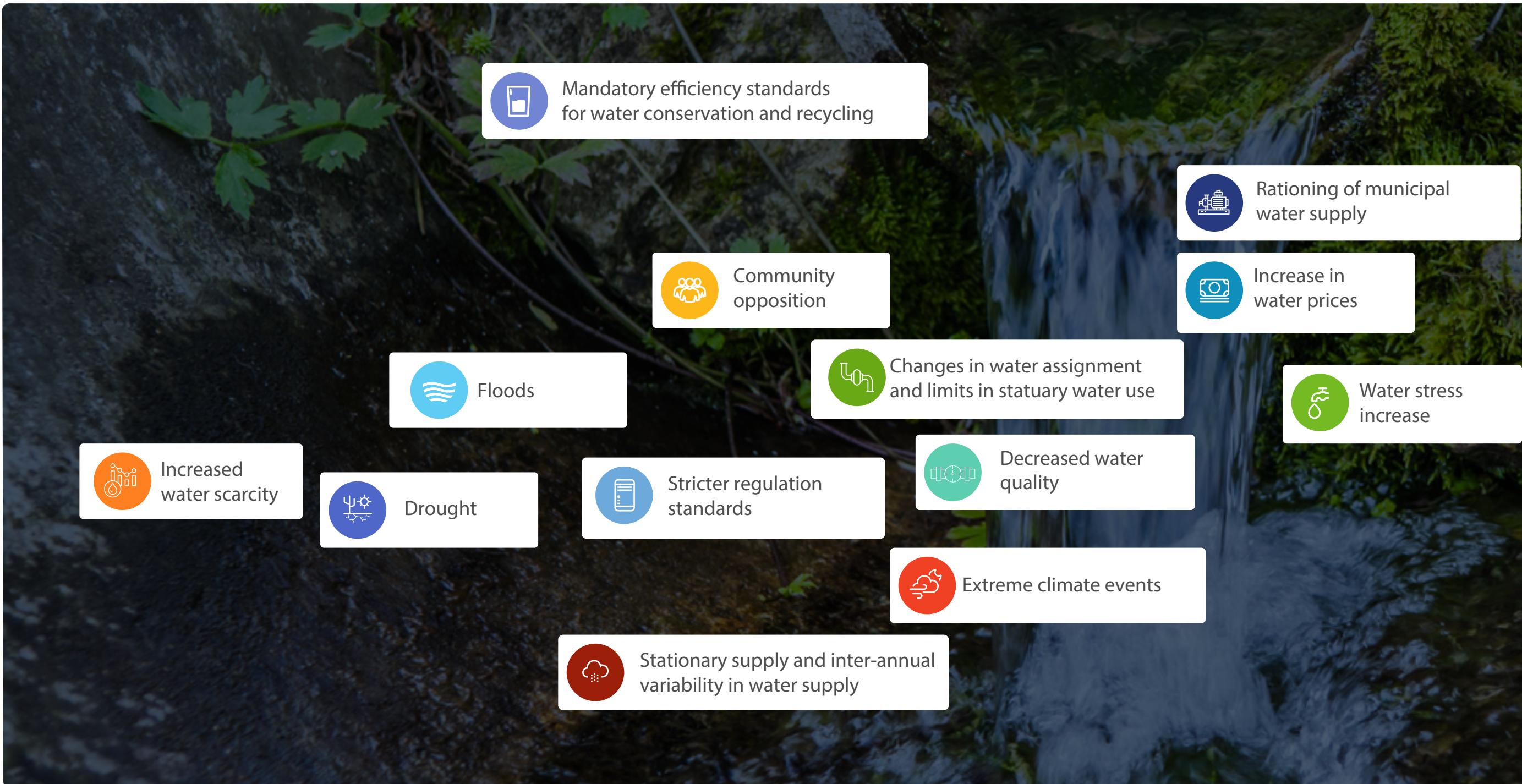




## Water-Related Risks in Our Supply Chain

GRI 102-11  
SASB FB-FR-430A.3

Probability



Business impact



## Water security opportunities in Supply Chain

Probability



Business impact

# THE OPPORTUNITY:

## continue growing together

AT WALMART DE MÉXICO Y CENTROAMÉRICA WE HAVE THE OBJECTIVE OF PROMOTING A SUPPLIER BASE THAT IS INCLUSIVE AND GENERATES ECONOMIC OPPORTUNITIES FOR PEOPLE AND THEIR FAMILIES





## SATISFIED CUSTOMERS AND MEMBERS

Our customers are at the heart of everything we do. We work as a team to meet their needs; we listen to their opinions and expectations; and we make a big effort every day to improve our performance, with the goal of serving them better.



GOLDEN RULE



**THE CUSTOMER**  
IS ALWAYS RIGHT



## IMPROVING THE EXPERIENCE OF OUR CUSTOMERS AND MEMBERS

GRI 102-43

We have two digital tools whose purpose is to monitor shopping experiences through a satisfaction survey: Customer Experience Index, and the Member Experience Index.



**Both indexes help us detect our strengths and opportunities, to better develop action plans that will enhance the experience of our customers**



**100%**

of our stores Bodega Aurrera, Walmart Supercenter and Sam's Club have these monitoring mechanisms



**+ 21,300,000**

surveys answered by our customers and members in the region



## Results for Mexico

- We increased our overall customer recommendation rate by 1.7%
- We increased the overall customer satisfaction rate

## Self-Service

- We increased the customer satisfaction rate by 1.7% in Mi Bodega and 3.3% in Walmart Supercenter
- We increased the satisfaction rate of our customers in self-service
- Walmart Supercenter is the format with the best score in overall satisfaction for self-service

## Sam's Club

- We increased the member recommendation rate by 2.6%
- We increased the satisfaction rate for our members
- The intention of members who shop in our clubs or online increased 1.6%
- The highest ranking format in overall satisfaction

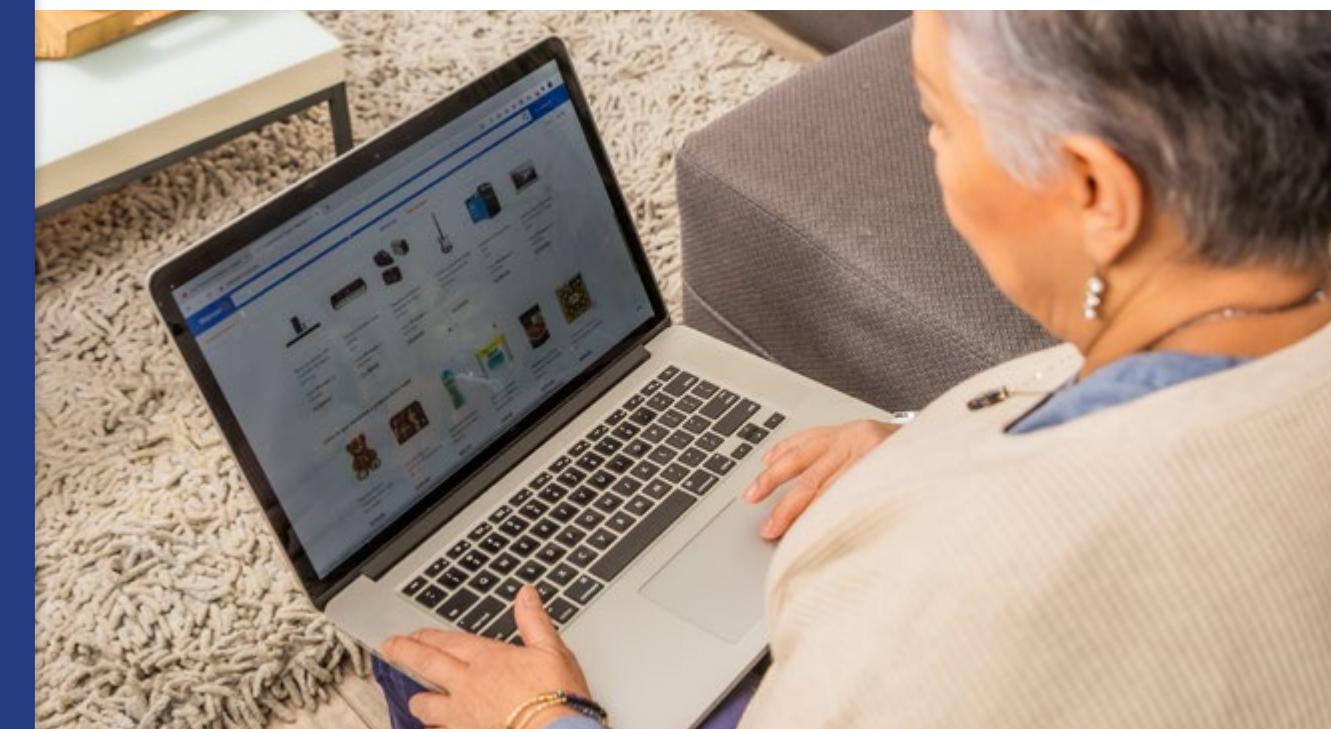
## eCommerce

- We increased the recommendation rate of our members and customers by 3.4%
- We maintained the satisfaction rate of our members and customers
- The format best evaluated in overall satisfaction was Bodega Aurrera



## Central America

- The overall rate of customer recommendation increased 8%
- We increased the overall customer satisfaction rate by 7.7%
- The format that ranked the highest in overall satisfaction was our Discount Stores



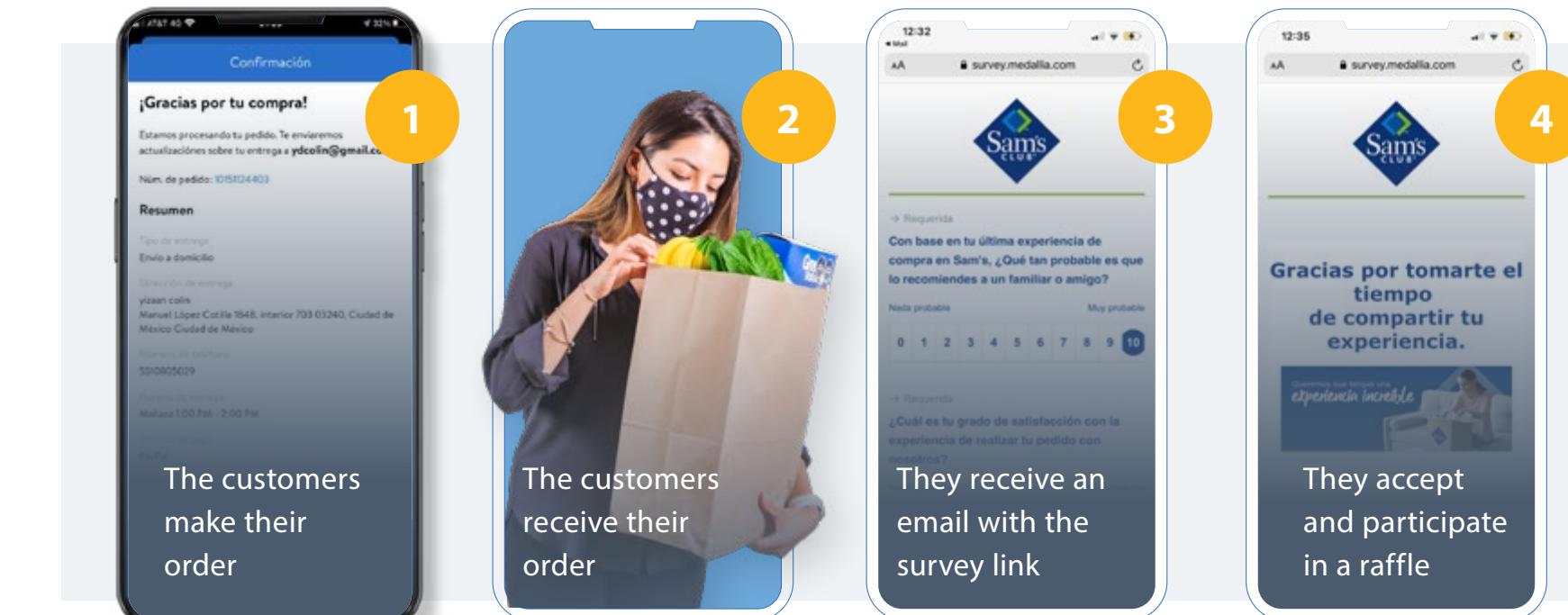


## TRANSFORMING TO MEET OUR CUSTOMER SATISFACTION

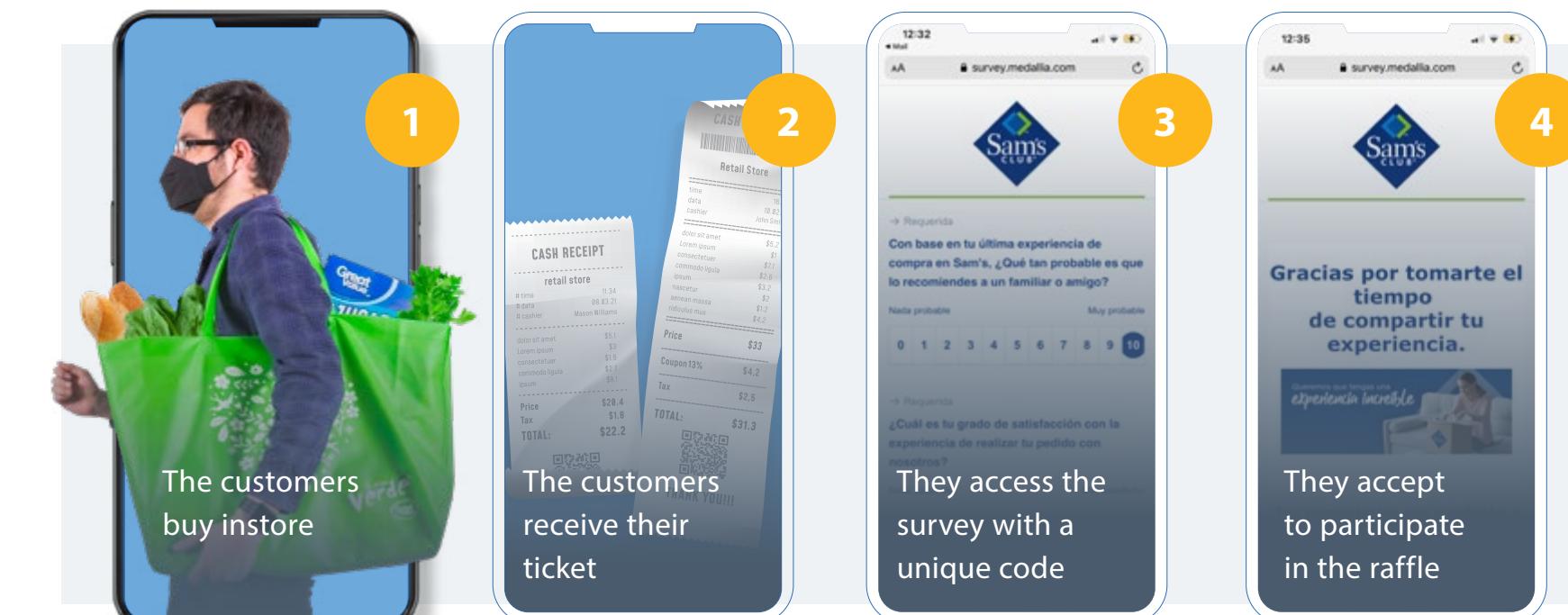
As a result of the pandemic in 2020, in Mexico and Central America we conducted a methodological change to measure the satisfaction of our instore and eCommerce customers. We went from having tablets in all our points of sale in all our countries and formats, to the methodology used by Walmart International in the majority of countries where it operates.

This methodology encompasses a questionnaire that matches that of Walmart International, evaluating six variables that explain satisfaction: cleanliness, speed, friendliness, quality, prices, and assortment, in addition to NPS (Net Promoter Score) and Satisfaction. The change to the new methodology and its launch have been done gradually.

## CUSTOMER EXPERIENCE ECOMMERCE



## BUYING IN THE STORE OR THE CLUB



## COMMUNICATION CHANNELS

We have a Corporate Contact Center where different means of communication are made available to our customers.

### The means of communication include:

- Telephone
- WhatsApp
- Social media
- Email
- Chats in corporate sites

## UNDERSTANDING OUR CUSTOMERS AND MEMBERS

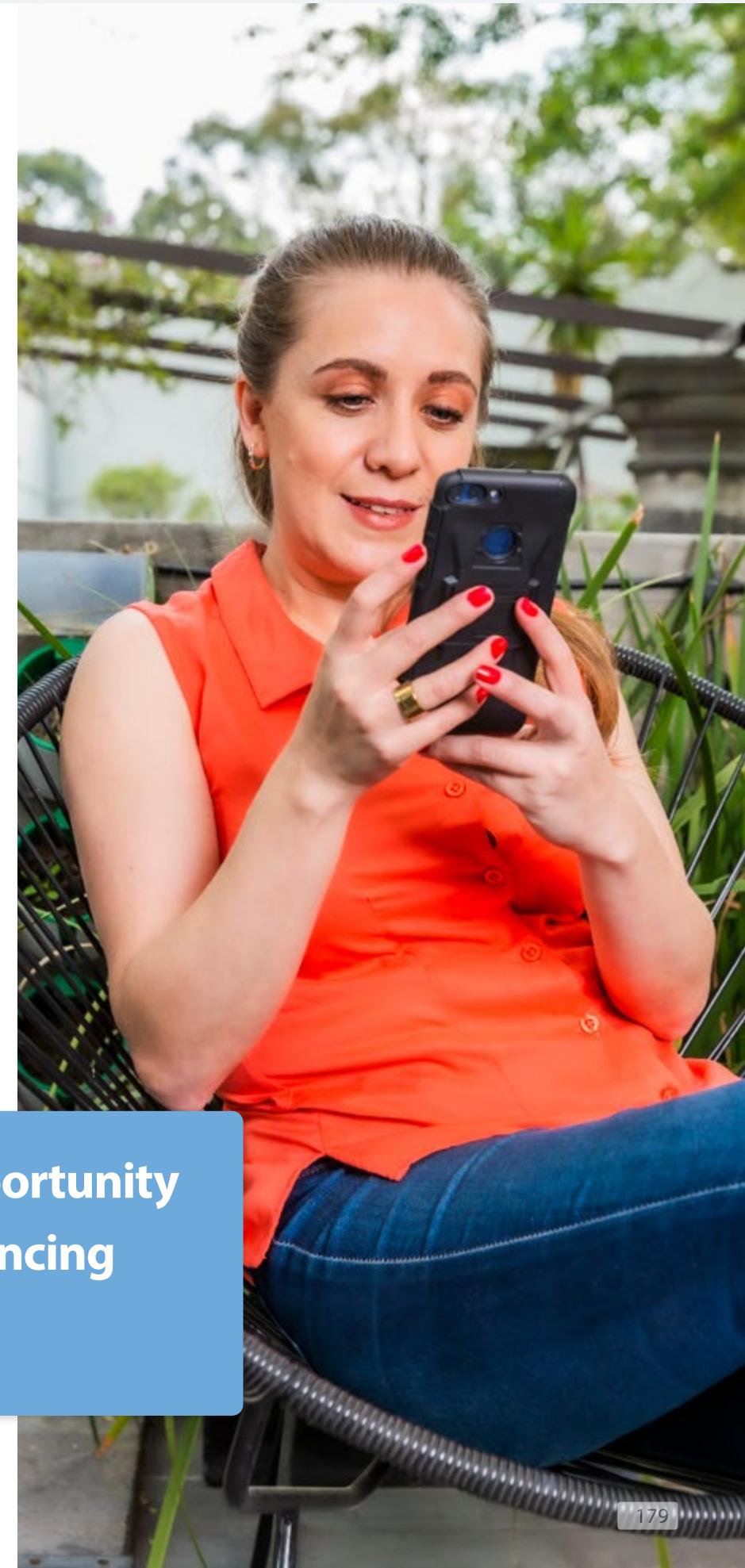
Stemming from the pandemic, we developed certain tools that help us have comprehensive understanding of our customer and member behavior. This includes changes in the shopping habits and frequency, with the purpose of providing them with improved service.

In addition, in order to conduct medium and long-term planning, we developed a prediction model that allows us to project possible adverse situations, and thereby concentrate our efforts and campaigns in benefit of the customer.

We listened to over 350 customers and members via 120 live Zoom sessions or in-depth interviews, thus changing the traditional contact method to a more dynamic digital way, affording us greater scope, and where increasingly more business areas participated in real time. Consequently, we were able to better understand and learn more from our customers and members.



**We are able to detect areas of opportunity in our operation to continue enhancing the service level**



## CONSUMER PROTECTION

GRI 103-1, 103-2, 103-3, 416-1

Through our Consumer Protection program we have implemented different processes that ensure meeting our commitment. The company has review procedures for new advertising material, whose purpose is to ensure said material is truthful, clear, complete, and that it offers the necessary elements for informed decisions by the customer.

Each year we conduct a communication and training program for all our store, club, and staff associates, ensuring that all advertising and/or promotions created are clear, truthful, and in compliance with applicable regulatory requirements.

Moreover, we reinforce with our staff and operations personnel -through communication and training- the rules and best practices to be followed to avoid any possible sanctions by the authorities, and to guarantee satisfied customers.

This program sets forth special guidelines for product categories having specific rules, such as alcoholic beverages and prepackaged food products. We also train newly-hired and transferred associates in key consumer-protection subjects that are important for their activities, such as pricing, promotions, labeling, and supply.



**We are committed to complying with all consumer protection laws and regulations in force where we operate, and to providing consumers clear and accurate information on our products and services**



We have calibration processes for scales in all our units, as well as procedures concerning product returns, pursuant to applicable legislation, and to generate satisfying shopping experiences for our customers.

With our program for eCommerce, Trust and Safety platforms, we monitor make sure that product information is correct and ensure that products banned for sale by applicable regulations and/or internal company policies are not being sold, as is the case of offensive or discriminatory products, or those displaying inappropriate language.

Both in our stores as on our eCommerce sites, we have several channels available to provide consumer support and assistance, to either make orders, follow-up on orders, or to resolve any complaints. There are telephone numbers that our customers may use in the case of any complaints or questions. Furthermore, we have other mechanisms available in social media.

**Consequently, we maintain customer loyalty by effectively and implementing policies, programs and processes in our company**

## LABELING

GRI 416-2, 417-1, 417-2, 414: 103-1,  
103-3 ,419: 103-1, 103-2, 103-3, 419-1  
SASB FB-FR-270A.1

Based on our Labeling Policy, we reviewed the product labels and packaging for Our Brands to guarantee that clear and accurate information is provided, pursuant to all applicable legislation, not misleading our customers.

During the year, in Mexico we worked with our suppliers to implement the new front labeling system for food products, in compliance with the new labeling regulations in the country, an in support of initiatives that benefit the health of our customers.

We also have guidelines for complying with laws that regulate labeling, and our associates receive training in the regulatory requirements that must be followed.

### The primary labeling requirements include:



Origin of product or service components



Content, especially regarding anything that can have certain environmental or social impacts



Product or service safety instructions



**We have verifications that ensure that product labeling complies with all regulations in force**



GRI 417-3

**Labeling**  
Mexico**1,319**  
labels approved**52**  
labeling issues**41**  
ending in fines or sanctions**41**  
authority intervention due to non-compliance**2,136**  
visits by health and consumer protection  
authorities

In Mexico, 100% of Our Brand products are validated by outside firms who issue a validation or compliance certificate with overall labeling regulations, and with specific standards for each product.

**Labeling**  
Central America

We concentrated on five important categories by product volume and sensitivity:

- Domestic food products and beverages
- Imported food products and beverages
- Cosmetics
- Hygiene products
- Pharmaceuticals

100% of our significant product and services categories were covered and evaluated in terms of labeling compliance

**763**  
regulatory visits to confirm regulatory  
compliance and labeling requirements**2**  
cases relative to labeling inconsistencies  
that were given corrective follow-up**Responsible Marketing**  
Mexico**8**  
marketing issues**8**  
resulted in fines or  
sanctions**Responsible Marketing**  
Central America**33**  
issues stemming from customer claims regarding  
non-compliance in subjects pertaining to  
advertising, which underwent corrective follow-up**6**  
resulted in fines or  
sanctions

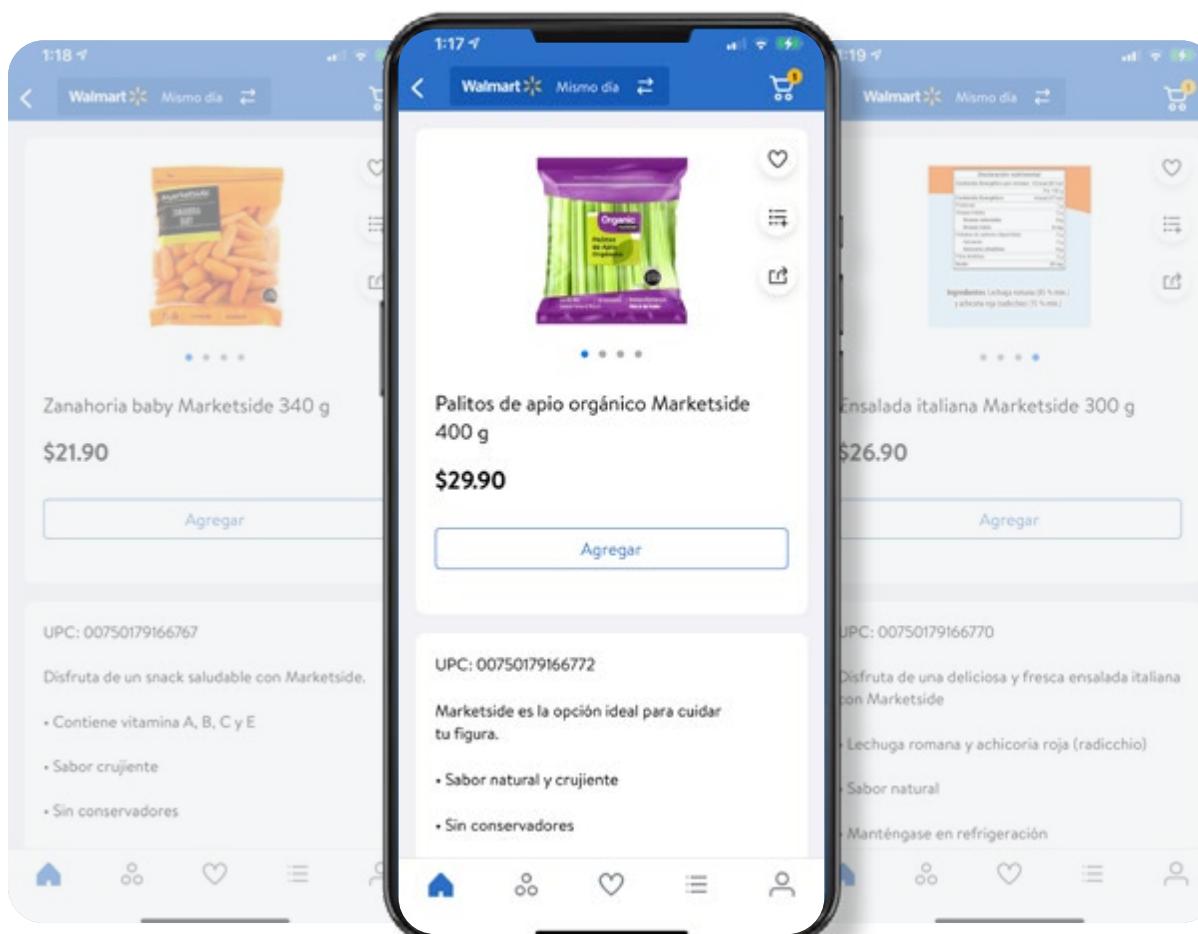
## PROMOTING A HEALTHY LIFESTYLE

GRI 416: 103-1, 103-2, 103-3  
SASB FB-FR-260A.2



We want our customers to have increasingly better health and wellness. We support them in enjoying a healthy lifestyle and habit that help to keep them healthier, through three pillars:

- Offering healthy products
- Fostering physical activity
- Educating our customers



**Our healthy and nutritious product offering continues on the rise**

- Gluten-free
- Sugar-free
- Organic
- No trans fats
- Low in sodium



## OFFERING HEALTHY PRODUCTS

With our specialized team in responsible marketing communication, we work to ensure transparency in the nutritional product content as well as product innovation and nutritional profile improvements, by reducing sodium, fats, and sugar, among other aspects.

### 4<sup>a</sup> Superama Race



### Run With a Purpose Race



## FOSTERING PHYSICAL ACTIVITY

In February 2020, Superama organized Corre Con Sentido (Run With a Purpose) for those of our customers who lead a dynamic, healthy, and family-oriented lifestyle; it is a race which encompassed 5 and 10 kilometer-stretches. This event has a social cause, as 100% of the enrollment fees were donated to different civil society organizations. The 2020 race was in benefit of children with cerebral palsy, collecting over 1,000,000 pesos in support of the 500 children of APAC -the Association for People With Cerebral Palsy.

## EDUCATING OUR CUSTOMERS

The Consumer Goods Forum is a global organization that gathers top retailers and mass consumer-goods producers throughout the world to achieve positive changes in the industry and among the consumers. Doug McMillon, President and CEO for Walmart Inc., is a member of the Global Board of Directors; and Guilherme Loureiro, President and CEO for Walmart de México y Centroamérica, represents the company in the chapter for Latin America.

**As a result of the importance of these subjects for the region, our efforts center on the pillar for health and wellness**



## EDUCATING OUR CUSTOMERS

### MÉXICO PONTE BIEN (MEXICO GET WELL)

México Ponte Bien was created in 2019 as an initiative headed by 12 consumer goods companies, together with Consumer Goods Forum, with the purpose of promoting among our customers the importance of making informed decisions, thus enabling them to adopt healthy lifestyles.

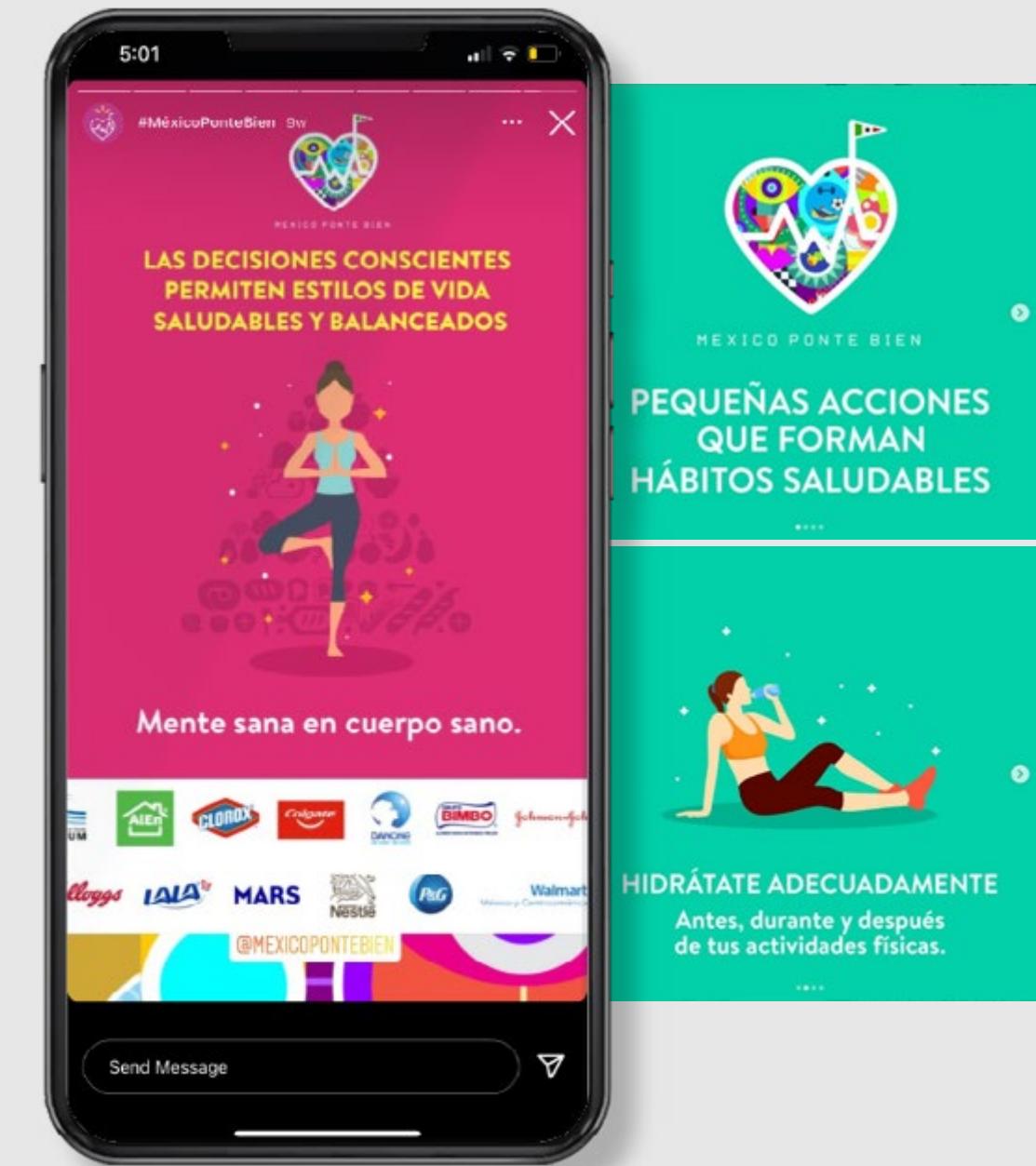
Therefore, due to the situation experienced by all and to continue contributing to better health for all society, in 2020 México Ponte Bien became a digital platform that showcases information, tools, and resources that contribute to their everyday lives and those of their families.



MÉXICO PONTE BIEN

At [www.mexicopontebien.com](http://www.mexicopontebien.com) consumers can find monthly information on subjects related to nutritional education, personal care, household care, and an active lifestyle. In addition, there are publications on social media pertaining to the initiative and to participating companies.

With collaborative projects derived from three fundamental subjects -an active lifestyle, nutrition, and healthy habits- with the dissemination of important information on balanced diets, portion sizes of healthy eating, practicing personal care, health and hygiene habits, and ideas on how to remain active day to day, we seek to assist people in improving their lifestyles.





# RESPONSIBLE AND INCLUSIVE VALUE CHAIN

GRI 102-9, 204: 103-1, 103-2, 103-3, 204-1  
SASB FB-FR-000.C, FB-FR-000.D

At Walmart de México y Centroamérica we have set the goal of promoting an inclusive supplier base, which creates economic opportunities for all people and their families.

We work with small farmers to improve their quality of life through improved market access, skill building, and training in the commercial vision. In this way, we promote local production innovation and growth in the region.

**We are convinced that our supply chain must be a reflection of the diversity of our customers and of the communities where we live and work**



**41,186**

regional suppliers



**92%**

of our self-service suppliers are SMEs in Mexico



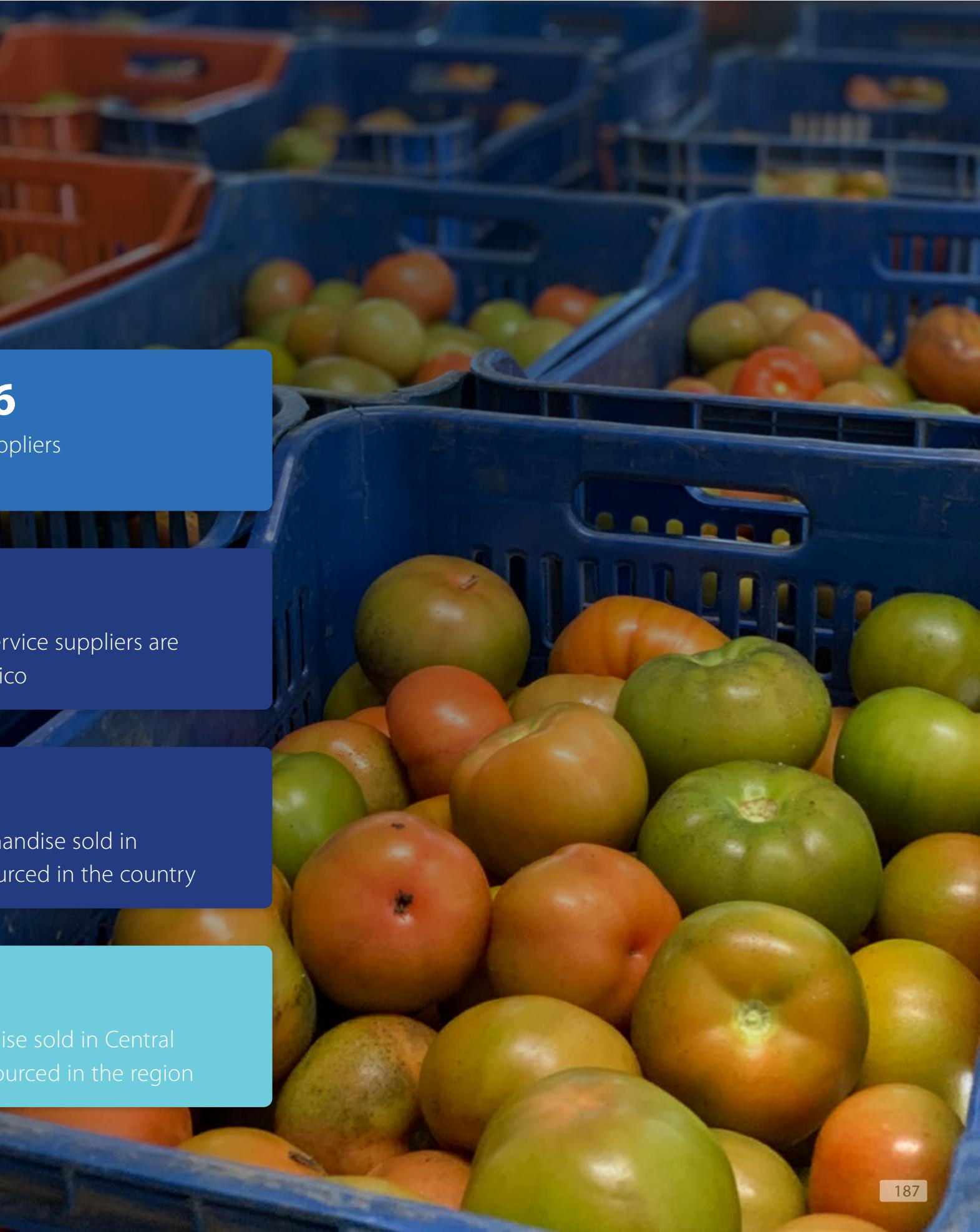
**93%**

of the merchandise sold in Mexico is sourced in the country



**88%**

of merchandise sold in Central America is sourced in the region





## RESPONSIBLE SOURCING

GRI [308-1, 308-2, 407-1, 408-1, 409-1, 412-1, 412-3, 414-1, 414-2, 308: 103-1, 103-2, 103-3, 407: 103-1, 103-2, 103-3, 408: 103-1, 103-2, 103-3, 409: 103-1, 103-2, 103-3, 412: 103-1, 103-2, 103-3, 102-9](#)  
SASB [FB-FR-000.C, FB-FR-000.D, FB-FR-430A.3, FB-FR-430A.4, FB-FR-430A.4, CG-MR-410A.3, CG-MR-410A.1, FB-FR-430A.1, CG-MR-410A.2](#)

One of the operating strategic objectives in the supply chain is responsible sourcing. This entails analyzing what we purchase beyond traditional concerns such as cost, quality, and lead time, taking into consideration ethics, labor rights, and also social and environmental matters when procuring products and services in all buying categories and regions.

We promote the dignity of all persons who are part of our supply chains. To accomplish this we work in collaboration with industries and organizations around the world to combat both forced and child labor, eliminating unsafe working conditions and promoting the respect for the dignity of women.

Among the actions we conduct is the supervising and investigating of any inconsistency in the supply chain; including responsible sourcing in purchasing decisions; and involvement in initiatives aimed at finding the solutions that can transform entire supply chains.

Together with our suppliers, other companies, governments, and not-for-profit organizations, we are many players who are driving responsibility in the supply chain, thereby leading the way to inspire others to do the same.

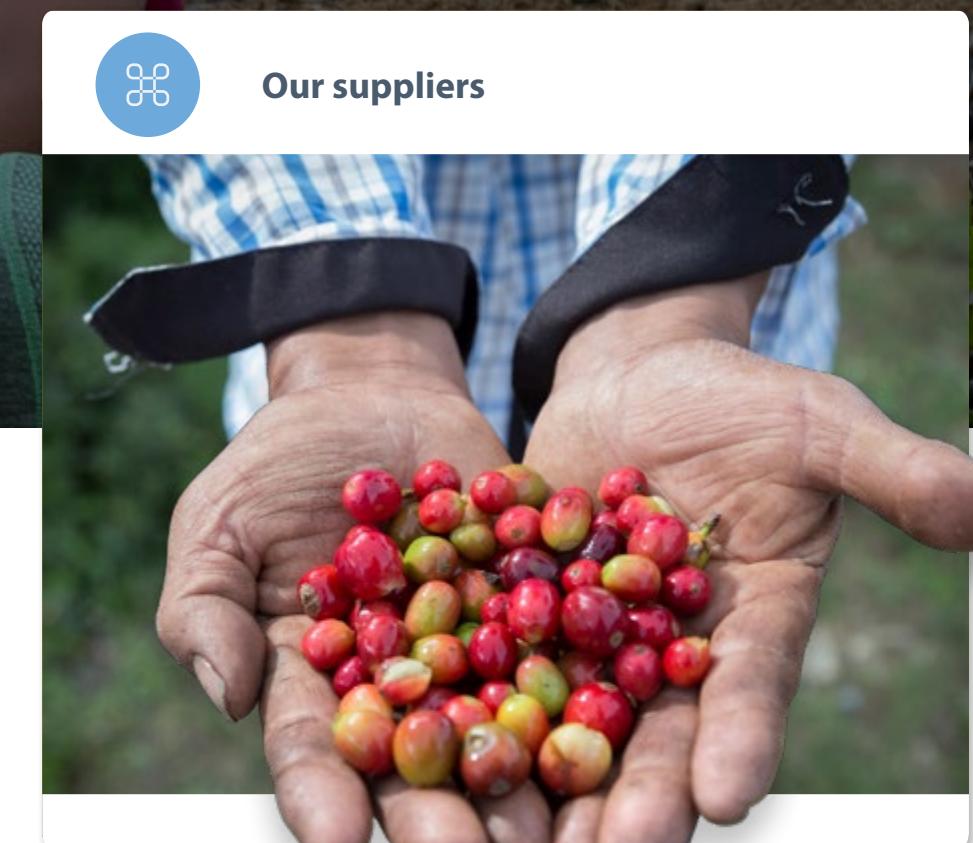
**Given the size and presence of our company, we have the opportunity to enhance supply chain conditions and achieve a large-scale positive change**

## INCORPORATING RESPONSIBLE SOURCING PRACTICES IN OUR BUSINESS

We trained over 1,267 buyers and associates of the area in their international divisions, concerning responsible sourcing practices through digital tools

Thanks to the integration of our Enabling Business with our retail market supply office and supply centers, we are now able to incorporate responsible sourcing practices in the strategies, processes, systems and merchandising team decisions. This process begins by selecting suppliers and ends with new product development.

The Responsible sourcing Associates hold buyer meetings with suppliers to help establish expectations beforehand, and they receive training to understand the impact of their decisions on supply chain conditions, and how they can reinforce positive work practices with our suppliers. Newly-hired associates also receive training and participate in workshops and educational sessions that include subjects such as forced labor, safety and hygiene, as well as obtaining specific training for each category.



Our suppliers



**+1,486** supplier representatives completed  
training courses



**207**  
new supplier representatives  
received training

## EMPOWERING SUPPLIERS

Our suppliers are in charge of making our products and therefore we ask that they convey our expectations throughout their own supply chain.

Some of the mechanisms that we used to support our suppliers in promoting the dignity of employees:

### Responsible Sourcing Academy:

Provides suppliers access to training resources, orientation on best practices, and third-party and WMM educational materials produced in several languages.

Subjects covered:

- Auditing Guidelines
- Global Compliance Guidelines
- Forced Labor
- Safety and Hygiene
- Supply Chain Controls

We are slated to continue adding more Academy resources, for both buyers and suppliers alike.

### Training and special sessions:

Responsible Sourcing associates offer these sessions to newly-accepted suppliers worldwide.

Likewise, our newly-hired buyers learn about the program on Compliance With Responsible Sourcing, its policies and scope.

### Updates training:

Throughout the year, our suppliers receive training so they may be updated, or special training in cases where specific risks are identified as needing mitigation.

Periodic communication is also sent to suppliers, explaining the different policy and program details.



## SUPPLY CHAIN RISK ASSESSMENT

GRI 102-11

Each year, Responsible Sourcing evaluates risks so we can better understand social compliance risks in the supply chain.

### Among the risk evaluation criteria under consideration are:

- The most susceptible supply chain areas and having the greatest impact in key risks
- Country risk analysis, based on internal and external data, including the number of issues and the rate of the same; also, the relative gravity and impact on people, operations, and reputation, taking into account the impact on people and also which has the greatest weight.

- Specific risks for commodities and other products, all based on data, local and pertinent intelligence; official publications and reports from the media and NGOs to better understand the places and the supply chains where the problems are especially serious.

The final evaluation risk varies according to the supply chains for certain products, countries, or both. The results are incorporated into the design process for the Responsible Sourcing Strategy, including identifying the fundamental causes for the problem, evaluating possible solutions -including existing or emerging initiatives- and measures for mitigating risks. The latter could include policy or procedure changes by influencing our approved audit programs, stemming from changes to our monitoring process and scaling the supply chain, or by implementing new initiatives.



**The results enable us to design  
solutions in countries and industries  
where risk and opportunity converge**

## GOVERNANCE AND POLICIES

All suppliers are bound by the [Walmart Supplier Standards](#). Among the requirements for both our suppliers and for those who supply them, are the following:



**Comply with the law**



**Be transparent**



**Never use forced or child labor**



**Maintain a fair decision-making process regarding employment**



**Comply with all applicable laws and agreements on compensation and work hours**



**Recognize the freedom to associate and collective bargaining**



**Provide a safe working environment**



Suppliers are charged with complying with these rules in all their operations and throughout the entire product supply chain, which are included in supplier agreements, published in [seven languages](#).

## RISK-BASED AUDITING

GRI 102-15, 102-11

We strive to continuously improve our auditing program, enabling us to assign our resources to facilities with greater risks and helping to increase overall compliance.

Our approach to auditing supplier facilities is risk-based. We assign more resources to those located in countries with greater potential risk; if we discover that a supplier is producing merchandise in an unauthorized plant, or outsourcing to an unauthorized plant, said supplier is at risk of having their business with us terminated.

We currently have 6,088 suppliers with active contracts and associated facilities for Mexico and Central America markets. According to the Plant Audit System, we currently run 1,696 facilities in Mexico and Central America that supply several Walmart retail markets, including retail markets of Mexico and Central America.

Through programs benefitting the broader industry and global supply chains, our audit program team works with our approved suppliers to conduct improvements and share best practices.





## AUDIT EVALUATIONS

Each report on facility auditing is evaluated regarding our Supplier Standards. We identify issues of greater risk, including: forced labor, people trafficking, child labor, and unsafe working conditions.

**These evaluations provide important information that enables us to approach potential problems and produce a positive impact on our suppliers' workers**

**Audits are tagged green, yellow, orange or red, depending on the compliance level attained:**



### Green

Facilities where we found overall compliance



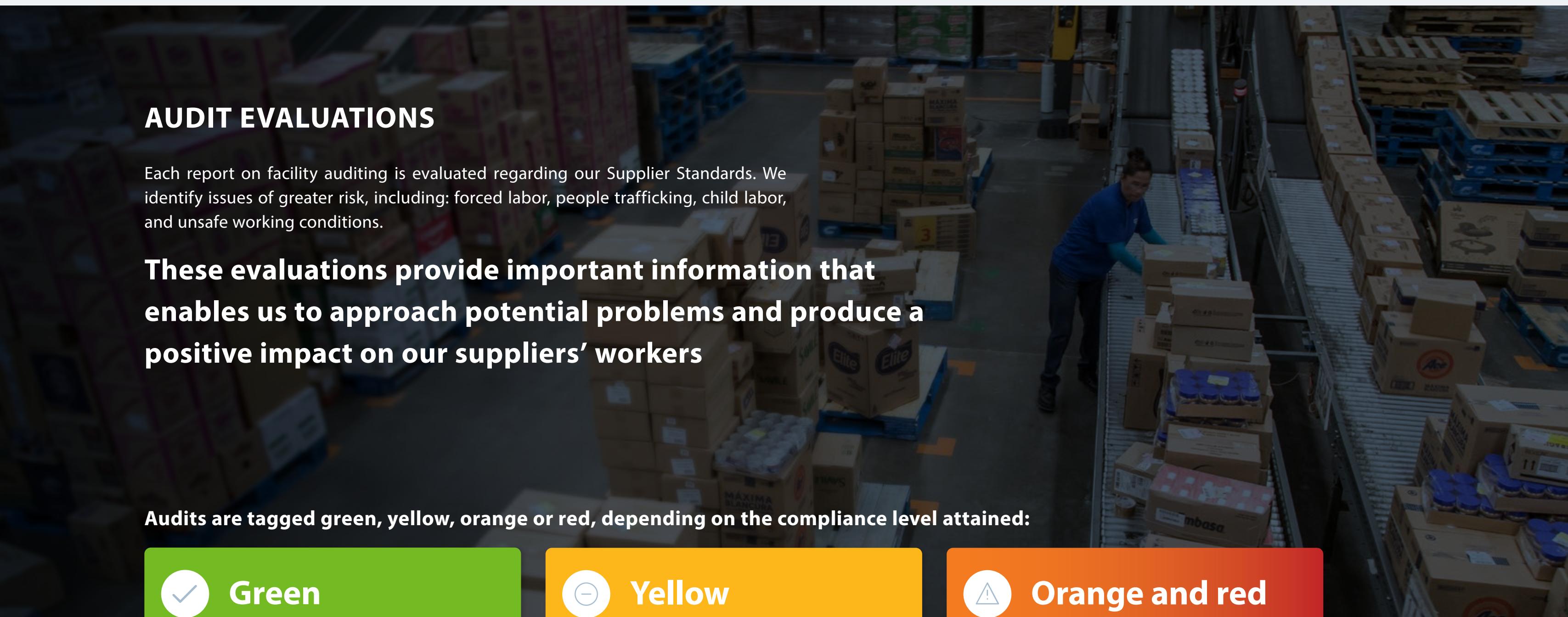
### Yellow

Facilities whose auditing results are overall compliance with our standards, but where there is non-compliance noted in at least one important requirement



### Orange and red

Facilities wherein we have found more serious violations, such as withheld or irregular payment, forced labor, worker intimidation or discrimination, unethical recruitment practices, and excessively-long work hours

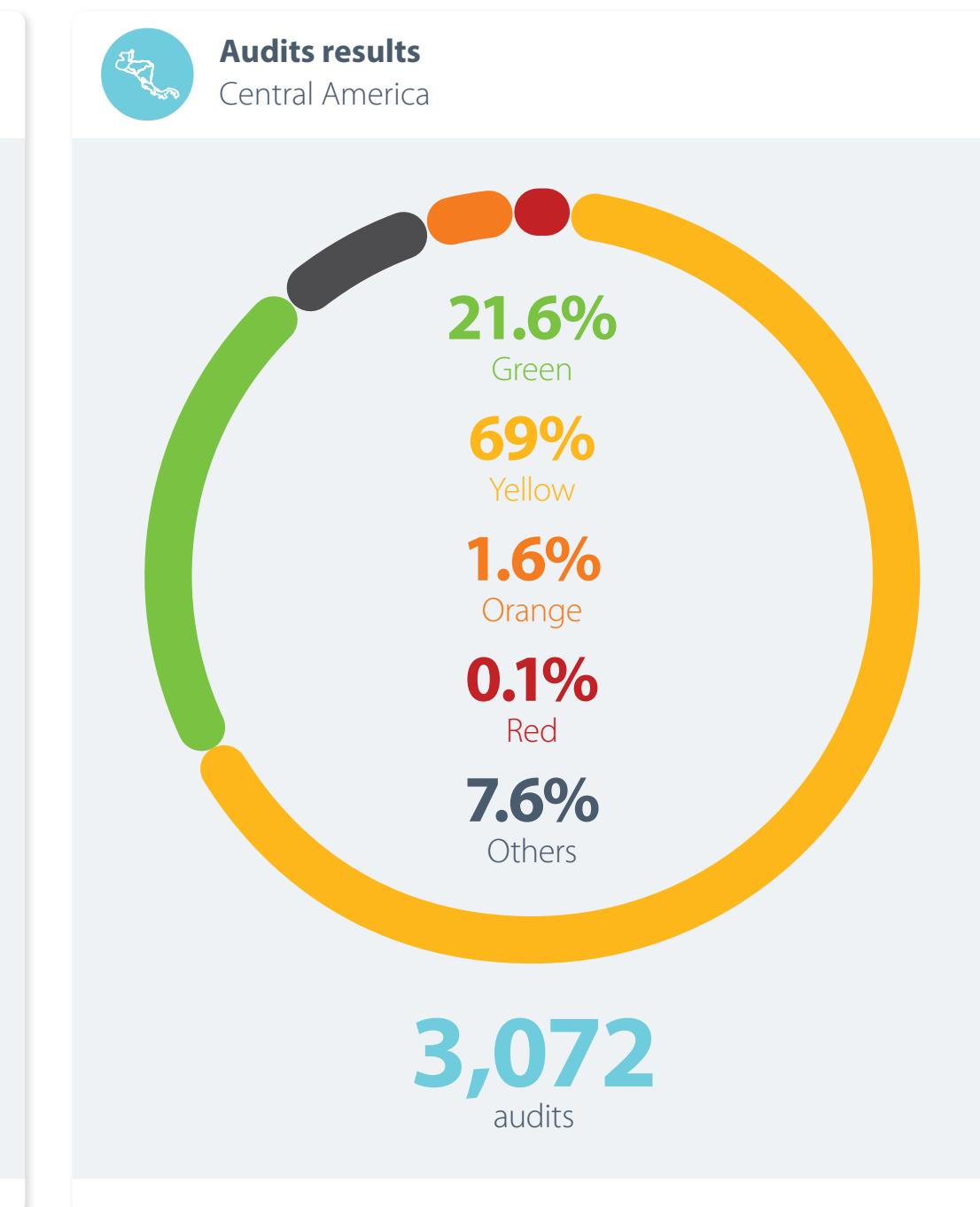
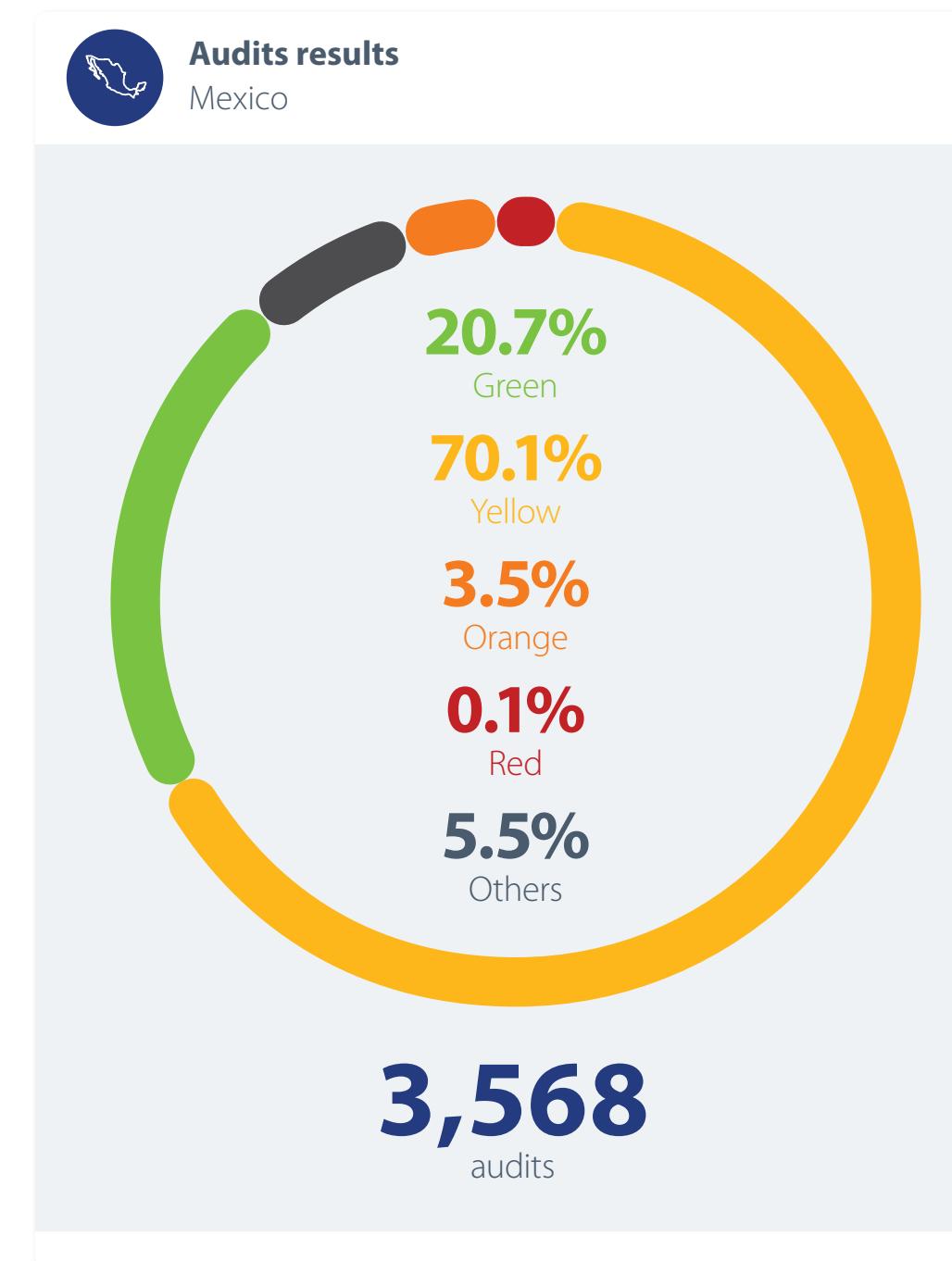


## In 2020, according to the Plant Auditing System, 6,640 audits were conducted in facilities working within retail markets in Mexico or Central America

We can continue receiving supplies from facilities having been ranked orange, if and only if they are working to correct the issues noted, as we feel that continued work with them will have a greater positive impact on their workers than terminating the commercial relationship altogether.

In 2020, 191 plants went from orange to yellow or green. However, the facilities with three consecutive orange classifications, or one red one, represent serious violations that can lead to temporary or permanent termination of their relationship with Walmart.

- Has found the least severe violations
- Have failed to meet at least one important requirement
- Will continue to be allowed while the violations are remediated\*
- May make it appropriate to temporarily or permanently terminate the facility's ability to produce merchandise for sale by Walmart\*\*
- Other



\* Three consecutive Orange ratings may result in a Red rating, regardless of whether the facility remains in good standing with the audit program chosen.  
 \*\*If a facility is given a Red rating, it may be banned from producing goods for Walmart indefinitely or its production may be halted and/or its product refused.



## REPORTING MECHANISMS

We have different mechanisms for presenting concerns on non-compliance with our regulations and for seeking remediation, with our Ethics Hotline being the primary one.

We use [posters](#) as a tool for informing supply chain workers of our expectations and the availability of reporting channels. These posters are available in [24 languages](#), focusing on subjects of greater risk for the workers, including forced labor, trafficking, unsafe working conditions, working hours, wages, intimidation, and discrimination. They also include channels for informing Walmart directly of certain worrisome subjects. These channels are also available on our corporate website.

Every claim is reviewed and can be referred to the investigation team for Responsible Procurement or other compliance teams within Walmart.

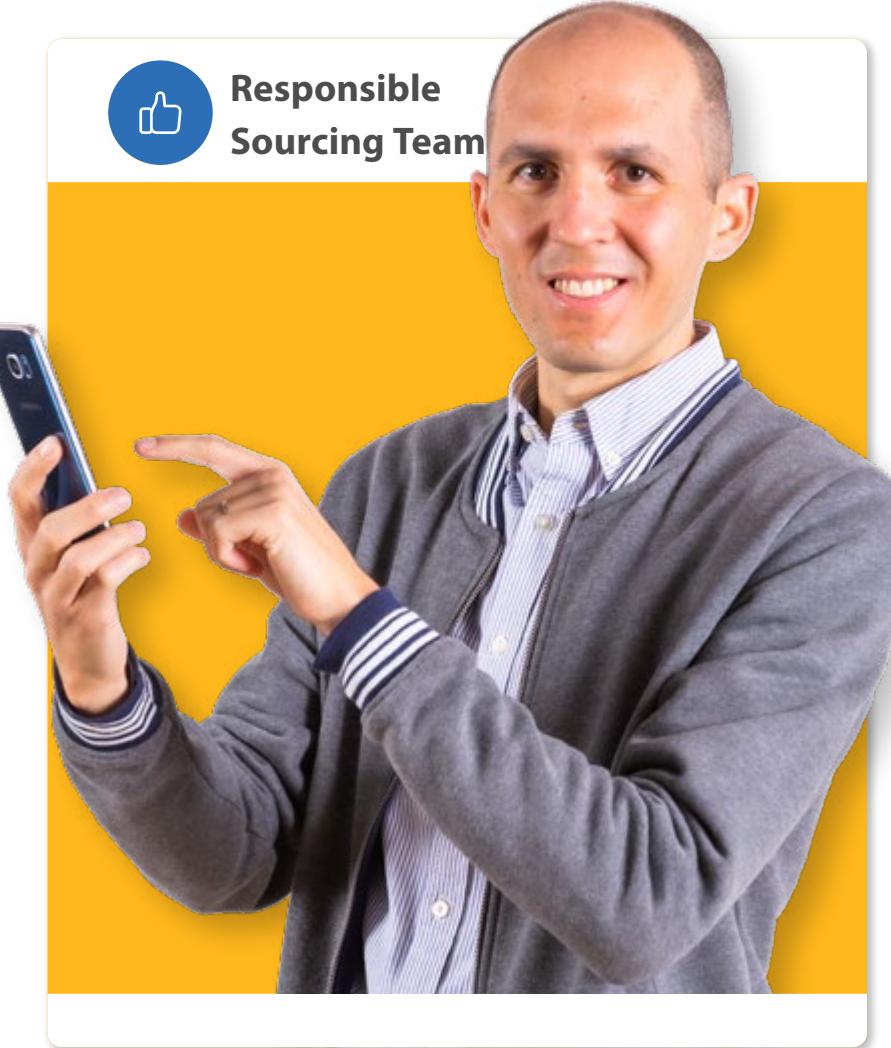
## INVESTIGATIONS AND COMMITMENT TO SUPPLIERS

Suppliers are primarily responsible for ensuring compliance throughout their supply chains, and correcting any non-compliance, including in those plants where products are made for the company.

Supplier facilities are supervised through audits - under our risk-based approach - and we investigate any violation of our Supplier Standards. This means that suppliers having facilities with greater risk, situated in countries with greater potential risks and who provide imported merchandise directly to Walmart, will have more frequent audits. Those who are asked to conduct an audit must work with an eligible program, follow the program instructions to schedule the audit, and then send the complete report to the company.

On the other hand, we assess the findings in each audit report for the facilities audited.

Non-compliance and failing to correct could have consequences, including termination of the relationship with the supplier, and/or the plant's ability to produce goods for sale in our company.



For further information on the initiatives we have with different industries throughout the world, visit our website [Responsible Sourcing](#) 



**For our suppliers, working with Walmart means having access to more than 2 billion customers who shop every day in our stores, clubs, and on our eCommerce sites**

## LOCAL AND INCLUSIVE SUPPLY CHAIN

GRI 102-9

Our purchasing power has become a two-way development tool:

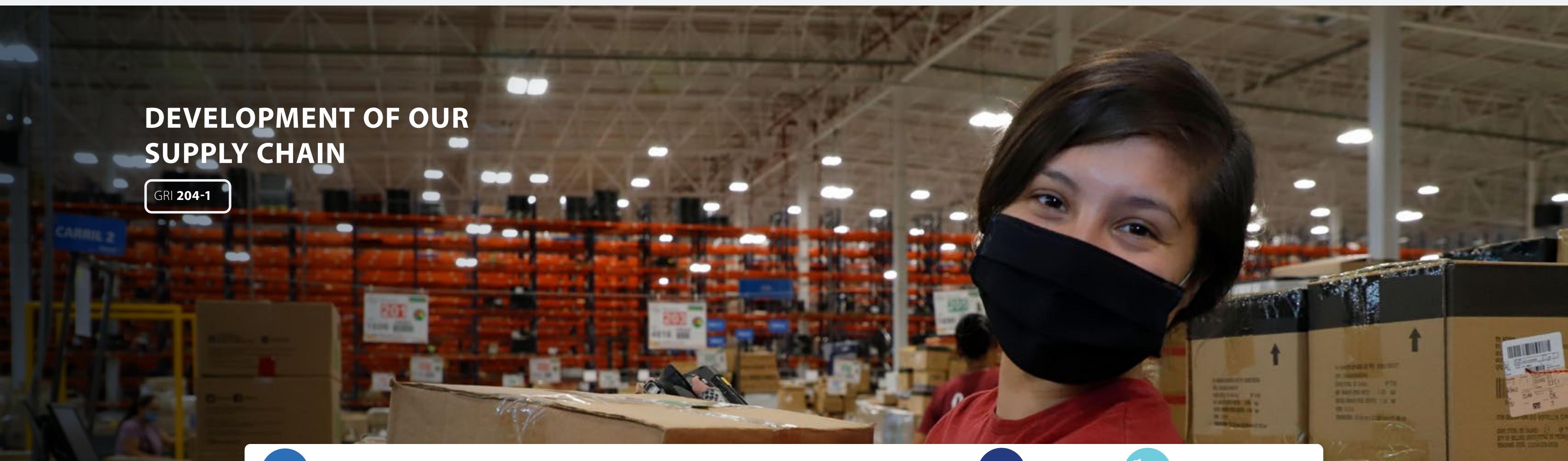
- To develop our different suppliers
- To support small suppliers in vulnerable situations

As set forth in our [Declaration on Supplier Inclusion](#),  
 signed by the CEO for Walmart Inc., Doug McMillon, we believe a diverse supply chain offers better quality products, and of greater variety, for the communities we serve.



## DEVELOPMENT OF OUR SUPPLY CHAIN

GRI 204-1



### Direct sourcing from local suppliers of Our Brands



Mexico



Central America

73%

**of self-service suppliers**  
are domestic

53%

**of self-service suppliers**  
are domestic

90%

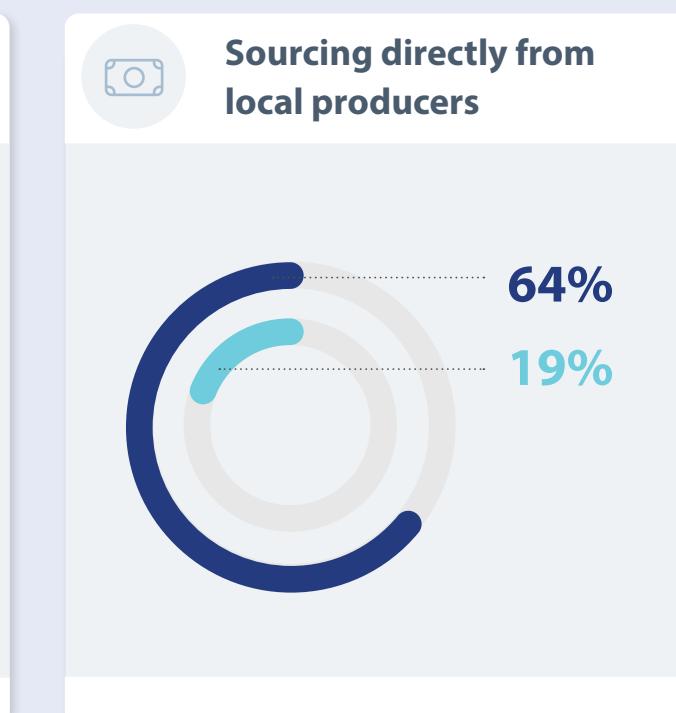
**of sales** come from  
domestic suppliers

70%

**of sales** come from  
domestic suppliers



## PURCHASING DIRECTLY FROM LOCAL SUPPLIERS FOR FRESH FISH AND SEAFOOD





# DIRECT SOURCING FROM FRESH LOCAL SUPPLIERS

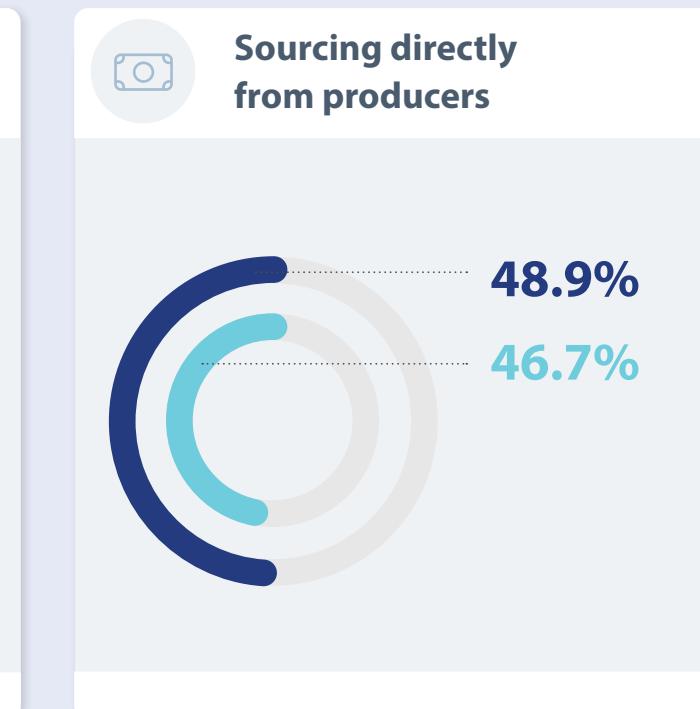
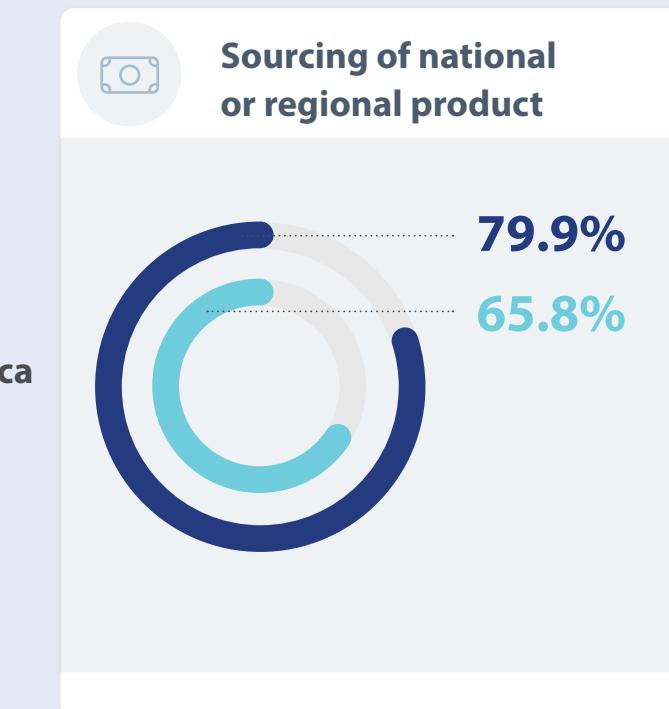
## FRUITS AND VEGETABLES



Mexico



Central America





## DIRECT SOURCING FROM FRESH LOCAL SUPPLIERS

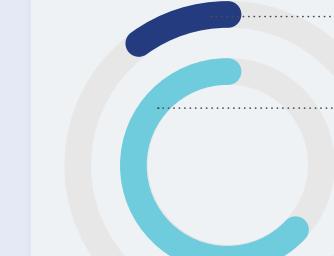
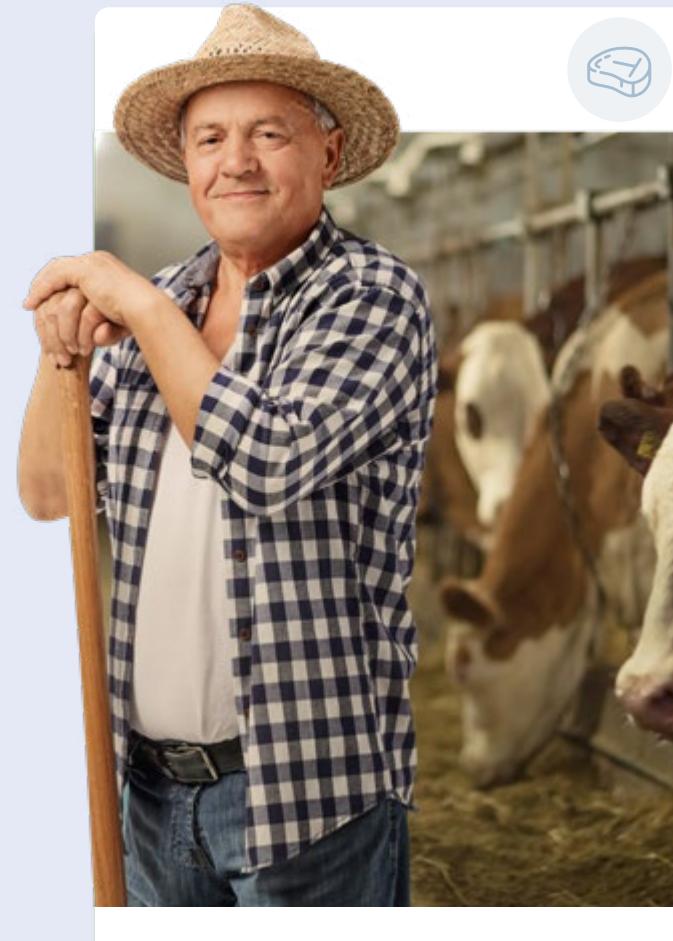
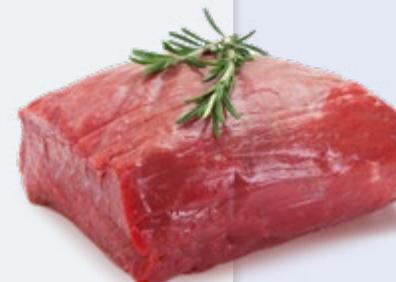
### MEATS



Mexico



Central America

**Sourcing of national or regional product****97.2%**  
79%**Sourcing directly from producers****10%**  
63%**Sourcing**



## ADOPTA UNA PYME (ADOPT AN SME)

Adopta una PyME is a program whose purpose is to help small and medium-sized enterprises increase their sales and develop their operating, financial, and logistics capacities.

### **Some of the benefits for the suppliers who are part of this program include:**

- Access to shared sales promoters
- Training courses on self-service
- Positioning their products in the media

It enables them to have a broader vision of the business to improve performance and to strengthen their commercial strategy.

- In Mexico, we supported 25 suppliers who offered products in Bodega Aurrera, Superama and Walmart, nationwide
- These suppliers joined the almost 300 who have been fostered in the four previous generations, and who have generated more than 30% in sales
- We have the participation of associates who have helped companies focus their efforts on retail know-how

**By continuing with this program, we are able to continue growing with our suppliers and contribute to our country's development, in favor of Mexican families**



## UNA MANO PARA CRECER (A HELPING HAND)

The purpose of this program is the sustainable development of our suppliers in Central America, with special emphasis on the economic empowerment of women.

### Among the benefits of participating in this program are:

- Preferential rates in timely payments
- Logistics
- Participation in events like ExpoWalmart
- Training, sales promotion, accompanies monitoring and follow-up for their business, with personalized service

Examples of this training include the online courses on value proposition and innovation, market analysis, sales, and customer service, among others.

**Currently, the program  
has 467 SMEs, of which  
36% are headed by women**



## TIERRA FÉRTIL (FERTILE SOIL)

This program aims to transform small and medium-sized farms into agrobusinesses. We ensure them access to the formal market through direct purchases, training, and assured payment. We provide access to technology, best farming practices, and we guarantee food safety and security for their products.

### The three primary lines of work for this program are:

- **Buying directly from the farmer:** This makes the farmer an active part of the supply chain, with competitive prices and less intermediaries, thereby ensuring timely payment and greater income for the suppliers
- **Training and technical assistance:** With the support of expert Walmart associates and outside consultants, we provide our suppliers with training and/or technical assistance in different fields of expertise: seed quality, crop rotation, post-harvest handling, responsible use of water resources, good manufacturing practices (GMP), basic management skills for agrobusinesses, and financial assistance. Moreover, we conduct ongoing and frequent training for farmers in Good Agricultural Practices (GAP)
- **Facilitating access to technology and expertise:** This is managed through NGOs, with the direct donation of goods or by implementing projects that facilitate tools, equipment, new farming technology, and direct investment resources



## Support for our suppliers has increased thanks to the hiring of agronomical engineers and specialists who work as in-house technical consultants



They constantly visit the farmers and advise them on clean production with low levels of agrochemicals; pest and disease control; crop nutrition and care; soil management; and resource efficiency.

- Throughout 2020, we trained over 1,895 people, of which 20% are women, in environmental impact-reduction techniques; how to improve productivity; how to guarantee the safety of the products we purchase; and ways to increase their sales.
- Through this program, we have helped by buying directly from 651 small and medium-sized farmers, thereby benefiting 9,930 Central American families. 91 of these farmers are women, who represent 14% of our fruit, herbs, and vegetable suppliers.
- The total purchases from these farmers amounted to 1,475 million pesos, representing 55% of the fruit, vegetable, and grains sold in our stores throughout Central America.
- Throughout 2020, we worked on the training of farmers with 121 technical courses and we helped in the creation of business skill for 60 farmers, in alliance with the Costa Rica Technological Institute.



## PEQUEÑO PRODUCTOR (SMALL FARMERS)

GRI 413-1

Through the Walmart Mexico Foundation, since 2004 we have been helping in the development of Mexican agriculture. Financial donations have been provided for production projects for impoverished communities, and for the intensive development program for farmers and manufacturers.

### The program focuses on the following:

- Improving working conditions for farmers
- Providing training in the agricultural production process, logistics and business
- Selling their products in our stores, under preferential conditions

In alliance with other organizations, we have provided training, funding, and access to the commercial market. This allows them to develop their products and reinforce their commercial and business skills, and farming practices, always protecting the environment, and selling their items in our stores or in any other self-service business, and even exporting them.

Monetary resources, sales floor, purchasing capacity, and the time and talent of associates from all commercial areas and logistics are all involved in this program.

Through this program, we have been able to contribute towards greater productivity, increased income and economic activity, generating jobs, and creating new businesses, with special focus on the inclusion of young people and women.



**418**

million pesos of purchases from  
small producers



**1,604**

jobs generated



**3,568**

benefited producers



**87%**

increase in revenue

## SUCCESS CASE



### Chincultik

The Chincultik Peasant Union, in the municipality of Frontera Comalapa, within San Gregorio Chamic, in Chiapas.

This agricultural enterprise started with 500 lime growers who were trained thanks to the Small Farmer program in 2017 and 2018. In 2018, a total of 85 growers began selling limes in the formal market, invoicing a total of 3.7 million pesos.

During 2019, small farmers participated in the program, they consolidated their operation and increased their sales by 54%. to 5.7 million pesos. These farmers then gained confidence in the area and decided to invest in an antenna and 20 radios; given how remote their area was, it was not possible to communicate via traditional means of telecommunications.

At the end of 2020 they closed sales at 12.4 million pesos, which represents an 117%-increase as compared to 2019; they generated 595 direct jobs. Thanks to the profits generated, the farmers purchased their own computer equipment, and land with an accessway that is currently operating for the new 2021 season.



#### Labeling



#### Lemoners



#### Selection



# BUILDING STRONG COMMUNITIES

GRI 102-12, 413: 103-1, 103-2,  
103-3, 413-1, 201-1



During these times of pandemic, at Walmart de México y Centroamérica we honor our commitment to supporting society by contributing to improve the development of the communities where we operate and who need us the most.

In 2020, we earmarked over 1,770 million pesos to projects that create opportunities, improve sustainability, and strengthen communities through the combined assistance of in-kind and cash donations.

With the collaboration of our allies and stakeholders, we have worked to transform systems by creating projects that generate economic opportunities for individuals and their families.



**2,738,835**

beneficiaries impacted



**1,770**

million pesos channeled via social impact programs



**154**

NGOs working in alliance with the company to maximize the impact and scope of our social programs



Donate

The resources used to channel the derived social benefits incorporate monetary and in-kind resources, the talent of our associates, sales floor, and logistic and purchasing capacity. In consequence, we are able to create alliances with our suppliers and increase the capacity and impact of our social programs.

Stemming from the pandemic, in 2020 we did not launch the call for monetary projects because the resources were set aside for health crisis.

### Our community support program focuses on four lines of action:



Food security



Volunteerism as a means to promote citizenship



Support during natural disasters



[Support for small farmers](#)



**Our social action strategy is tied to the core business of the company and its greatest potential for generating value**





## FOOD SECURITY



This pandemic has further deteriorated the food security situation in certain communities; our soils, fresh water, oceans, forests, and biodiversity are deteriorating rapidly. Climate change is exerting even greater pressure on the natural resources we rely on, increasing the risks associated with disasters such as droughts and flooding. Many men and women in rural areas who work the land are no longer able to meet their needs by the end of the month, thus compelling them to seek opportunities in cities.

The lack of food security is also causing problems for millions of children such as stunted growth or being too small for their age groups due to severe malnutrition.

 **Over 34,400 tons of food donated to 102 foodbanks, benefiting more than 2 million people in the region**

It is for these reasons that we are working together to strengthen and extend the food bank system and channeling it to those who need it the most.

The donations from our stores, clubs, offices and DCs go to foodbanks and NGOs who have the capacity to efficiently distribute the food received from all our business units to communities, thereby increasing the positive use of food and merchandise throughout the country.



The philanthropic food network depends on a sound infrastructure. We therefore earmark funds to the purchase of equipment and transportation, in addition to providing the experience and know-how of our associates who assist the different NGOs and foodbanks to extend their scope and impact.

Moreover, we financed the construction of household gardens and farms for subsistence agriculture in rural areas. This program fosters sustainable nutrition, an increase in disposable income, empowering women, and building a capacity development platform for production.

In Central America we are founding members of foodbanks in Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica. Along with donating products, we render support with volunteerism days where our associates classify and package donations, in addition to conducting visits and activities in favor of the foodbanks.

- In 2020, our stores, plants, and distribution centers donated more than 4,650 tons of food products to foodbank programs located throughout Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, benefitting more than 535,300 people.

**In cooperation with 36 suppliers throughout the region, we delivered almost 67 tons of in-kind donations such as food, personal care, hygiene, and biosafety products, thereby benefiting 225,860 Central Americans**



## FONDO DESPENSA MX (MX PANTRY FUND)

In Mexico, we became allies of the [Fondo Despensa MX](#) initiative, driven by CEMEFI -Mexican Philanthropy Center- and aimed at supporting nutrition for families who lost their source of income or had it diminished because of the pandemic; 26.3 million pesos were collected by contributions from allies and customers.

Similarly, as part of this initiative, during November and December we conducted a campaign titled Making Magic, whose purpose this time was to fight hunger. Through this campaign we were able to collect 220,713 pesos, from our customers, which was then given to CEMEFI. It was very easy to participate; all our customers had to do was donate 5 pesos or more at the cashier in any of our stores and clubs, or make donations of a minimum of 100 pesos with our [online platform](#).

The screenshot shows a laptop displaying the website [despensamx.cemefi.org](http://despensamx.cemefi.org). The page header includes the navigation menu: FONDODESPENSAMX, DONANTES, OPERADORES, NOTICIAS, and CONTACTO. Below the menu are logos for Cemefi, ALIARSE por México, and unired. A sidebar on the left has a 'Compartir' section with social media icons for Facebook, Twitter, WhatsApp, Email, and LinkedIn. The main content area features the 'FONDO DESPENSA MX' logo and text about the campaign closing. It mentions Walmart, Superama, and S-Mart as allied operators. A large image of groceries (bread, apples, oil, etc.) is displayed. A message in the top right corner says '¡El ciclo de la campaña se está cerrando!'. At the bottom, there's a section titled 'Avances al 20 de febrero' with three empty boxes for 'Monto recaudado', 'Familias destinatarias', and 'Despensas entregadas'.

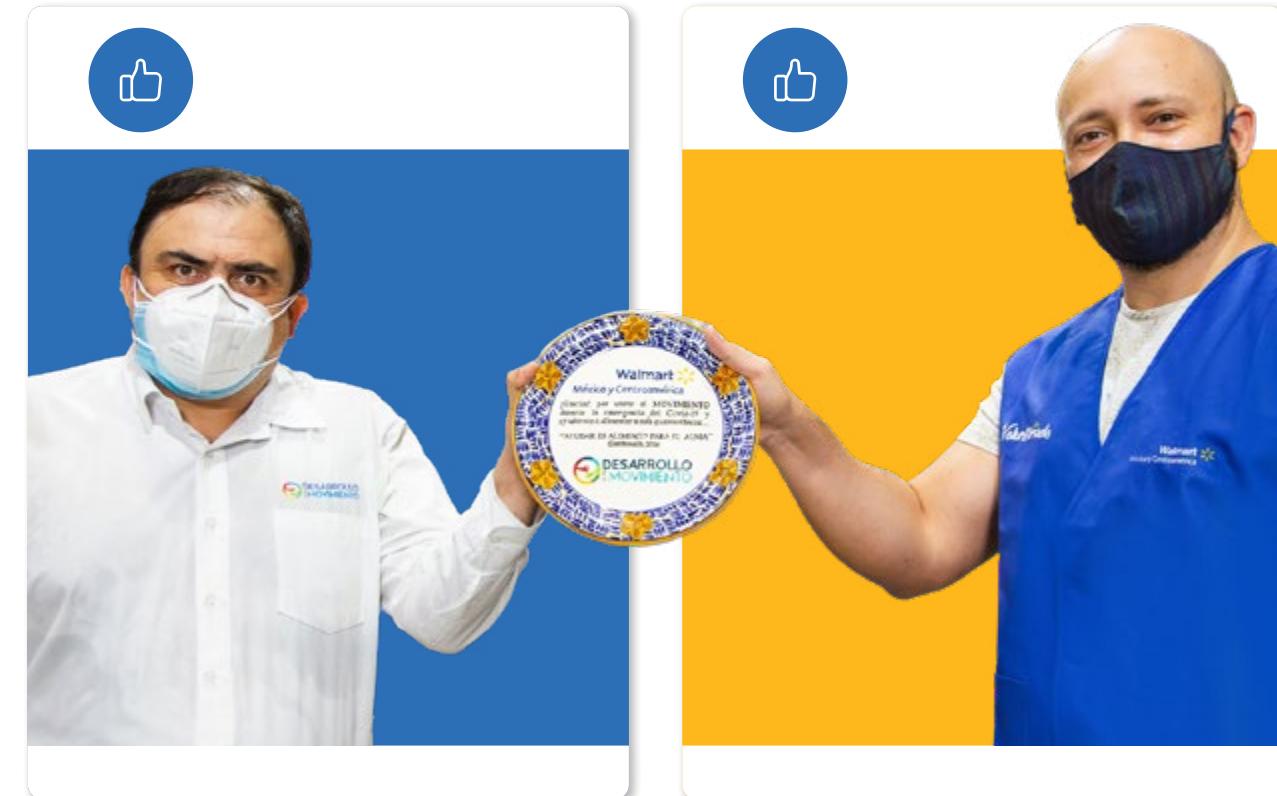
## DISASTER RESPONSE

Thanks to our CCO -Center for Operation Continuity- and our planning and operation practices, we are able to identify, evaluate, classify, and respond quickly to natural disaster and safety events that affect our operations, associates and/or the communities we serve.

The CCO operates 24/7, identifying emerging risks, helping facilities and associates prepare for disasters, monitoring the crisis as it develops, and serving as a classification point for emergencies in our stores and offices. This center activates multifunctional teams company-wide to prepare and respond to disasters quickly and efficiently. The primary team includes experts in handling emergencies, who frequently train our associates.

In the case of disasters, we employ a series of internal resources, including portable generators, fuel resources, trucks, and associates who can help manage our corporate response to crisis in the field. Through the efforts of the CCO in coordination with local, state and federal government agencies, not-for-profit organizations, and volunteers from all over the world, we determine the support strategies for local communities during a disaster situation.

What is more, thanks to our infrastructure, the Mexican Red Cross, and the revolving fund for humanitarian assistance that we have in operation, we are able to provide support for different affected communities throughout Mexico. During the first 24 hours after a natural disaster, we donate food, cleaning and personal hygiene items.



**934 tons of support  
channeled for 618,263  
victims of disasters**



In Central America, we faced two natural disasters: the first was tropical storm Amanda, that primarily affected El Salvador; the second were hurricanes Eta and Iota, which hit Nicaragua, Honduras and Guatemala quite hard, leaving hundreds of victims of disasters.

Through Walmart Central America, we made in-kind donations amounting to 10.6 million pesos, benefiting over 231,000 people, with food, hygiene equipment, personal care items, and baby products, among other basic commodities.

Moreover, through our Helping Hands campaign, we were able to collect over 22,000 kilos of non-perishables and other basic commodities, benefiting those who ended up affected.



**Likewise, we make the company supply and logistics capacity available, as well as any monetary donations, as was the case of the following disasters:**



Tamaulipas: Hurricane Hanna

**3,375** average beneficiaries  
**8.2** tons



Tabasco and Chiapas: Hurricane Eta

**2,800** average beneficiaries  
**59.4** tons



Jalisco and Colima:  
Tropical Storm Hernán

**15,625** average beneficiaries  
**27.5** tons



Tabasco, Campeche and Yucatán:  
Tropical Storm Christopher

**6,000** average beneficiaries  
**16** tons



Oaxaca: earthquake

**2,000** average beneficiaries  
**5.5** tons



Central America: Tropical storm  
Amanda and hurricanes Eta and Iota

**231,000** average beneficiaries  
**533** tons

**7,055**

participating volunteers in Mexico

**2,361**participating associates as  
volunteers**4,694**participating customers and family  
members, as volunteers**35**

volunteerism activities

## VOLUNTEERISM

As of 2003 we have continuously held our volunteerism program, witnessing firsthand the impact it has on the lives of others. This program represent a great opportunity for our associates to participate in community enhancement and environmental protection projects with their time and talent, thus promoting civic pride and commitment to the community.

In Mexico, we had the opportunity to conduct volunteer activities only in January and February because with the onset of the pandemic as of March, all activities were suspended.

This operated, by keeping up with regulations set forth by each country, and adhering to internal measures for the protection of our associates.

Nevertheless, community support where our company operates never stopped being a priority. We donated ventilators to the Mexican Red Cross for ambulances transporting patients severely ill with COVID-19. We provided local support through our stores, delivering more than 9 tons of food and hygiene and cleaning items; and we assisted 23,000 senior-citizen volunteer packers, with more than a total of 250 tons of food delivered to their homes.

**Through this initiatives and our involvement in different social causes, we keep our role as a social development ally in the region**



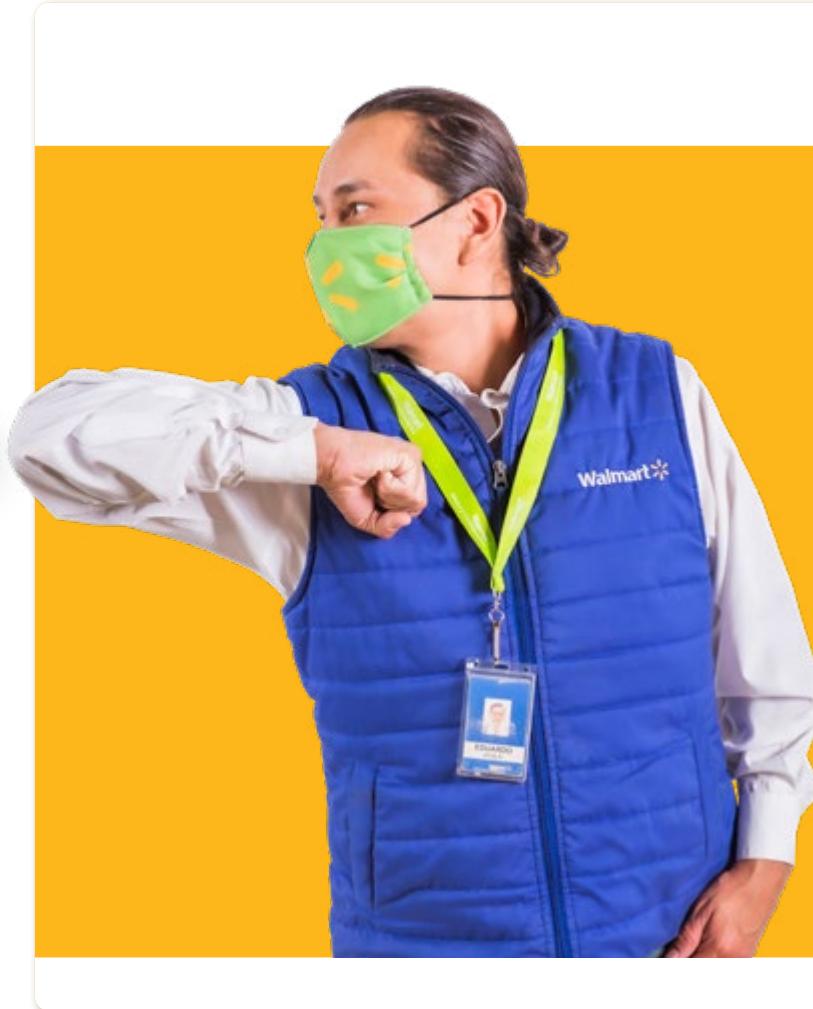
## DUTY:

| doing the  
right thing

FOR ALL OUR ACTIONS, WE ARE ALWAYS  
COMMITTED WITH HONESTY, ETHICS  
AND TRANSPARENCY

GRI-102-17

GRI 419-1

SASB FB-FR-310A.4, CG-MR-310A.3,  
CG-MR-330A.2, FB-FR-310A.3

## ETHICS AND COMPLIANCE

The challenges we faced in 2020 compelled us to focus, more than ever before, on taking care of our customers and associates. We transformed the Ethics and Compliance program to ensure that our units were safe spaces and complied with all necessary guidelines to continue operating.

**Thanks to the work and effort of each of our associates, we accomplished important progress to be more efficient in our processes and take care of each other:**



In Mexico and Central America, we created over 220 COVID-19 safety protocols for customers and associates within four months of the pandemic



In Mexico, we trained 141,500 associates in three months; we reduced the solution for ethical reports related to COVID-19 from three months to one week. Our compliance monitoring -including COVID-19 controls- migrated from in-person to virtual, thus being able to visit an average of 60 stores per day throughout the country



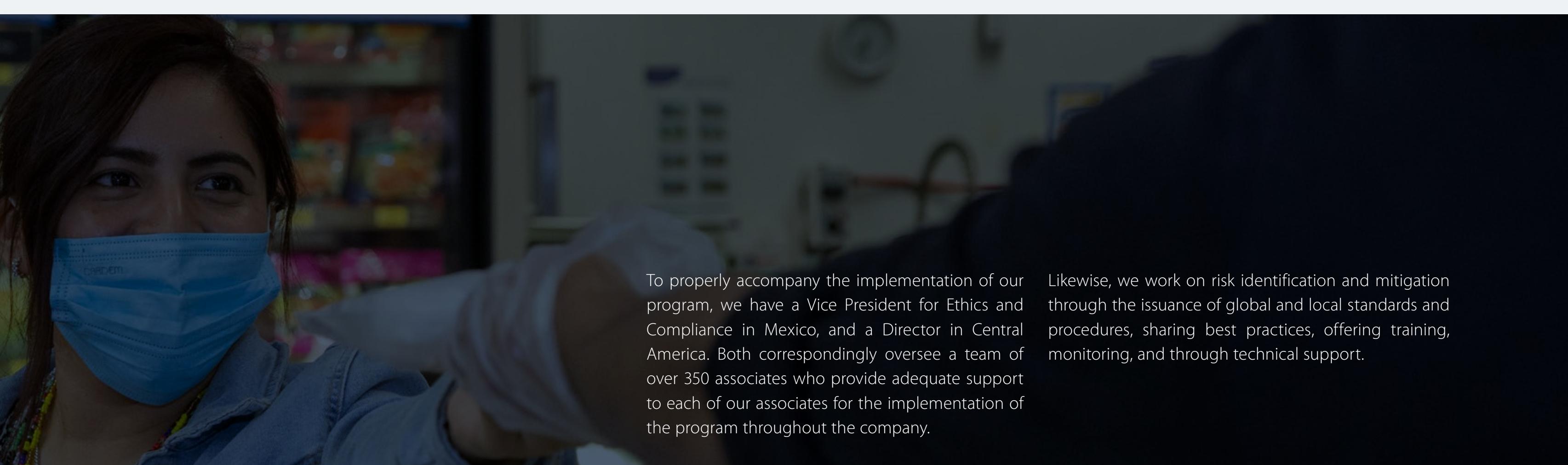
In Central America, more than 390 corporate communications, related to pandemic precautions, were sent



In parallel, we continue working to ensure that acting in the right way is part of the company's culture, with efficient, simple and agile implementation of our processes, and leveraging the use of more innovative technology. Thus, we were able to adapt to the circumstances in order to meet the objectives initially set forth in our Ethics and Compliance program, which was designed to prevent, detect and respond to any violation of applicable legislation, policies, and internal procedures. This program provides the guidelines that all associates must follow to act correctly and in accordance with the company's fundamental values and principles, and thereby contribute to being the most reliable omnichannel for our stakeholders.

Our Ethics and Compliance Program contains six basic components, which allow us to keep our program agile and updated with the changes taking place in our business and the external environment.





To properly accompany the implementation of our program, we have a Vice President for Ethics and Compliance in Mexico, and a Director in Central America. Both correspondingly oversee a team of over 350 associates who provide adequate support to each of our associates for the implementation of the program throughout the company.

Likewise, we work on risk identification and mitigation through the issuance of global and local standards and procedures, sharing best practices, offering training, monitoring, and through technical support.

## The Ethics and Compliance program is made up of the following areas:



Ethics



Health and Safety



Anti-corruption



Food Safety



Privacy



Environmental



Health &amp; Wellness



Anti-money Laundering Prevention



Licenses and Permits



Product Safety



Labor and Employment



Trade



Antitrust



Responsible Sourcing



Consumer protection



## HEALTH AND SAFETY

GRI 403-1, 403-2, 403-3, 403-4 403-5, 403-7, 403-8, 403-9, 403-10, 403: 103-1, 103-2, 103-3

In addition to the health measures and protocols for COVID-19 previously mentioned, we focus in continuous implementation of actions that allow us to meet our mission of being the safest company to shop and work, with our Zero Accidents initiative

**Throughout 2020, the following results were accomplished:**



**Reduction of associates and customers accidents in Mexico**

**15%**  
associates

**23%**  
customers



**Reduction of associates and customers accidents in Central America**

**22%**  
associates

**8%**  
customers



**177,116**  
trained associates



**10,021**

associates are part of the Health and Safety Commissions

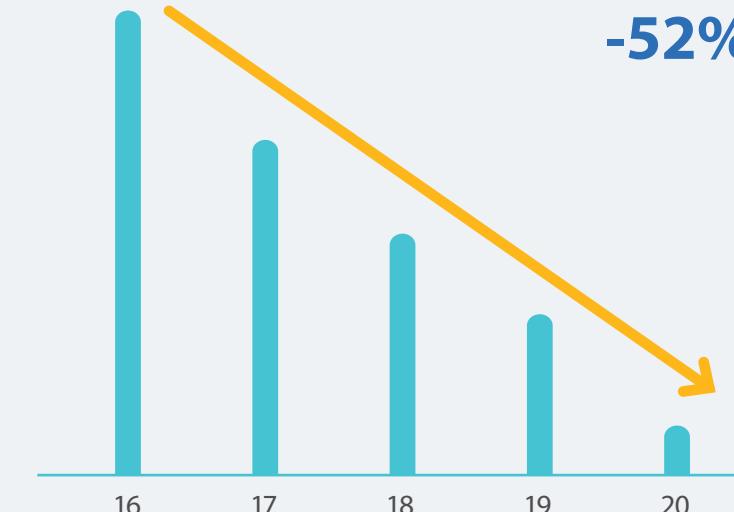




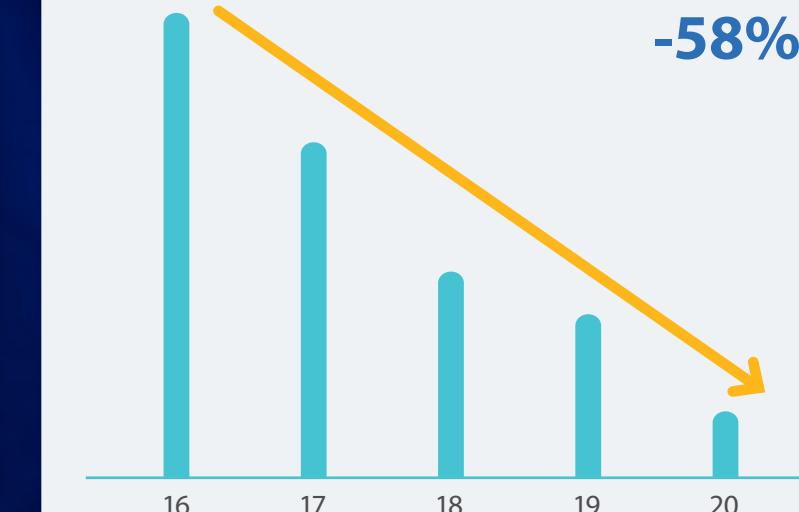
**Resulting from the proper adherence to safety measures by our associates in Mexico, during the last five years, we have been able to reduce associate accident rates in stores**



**Reduction of associate accidents in store in Central America**

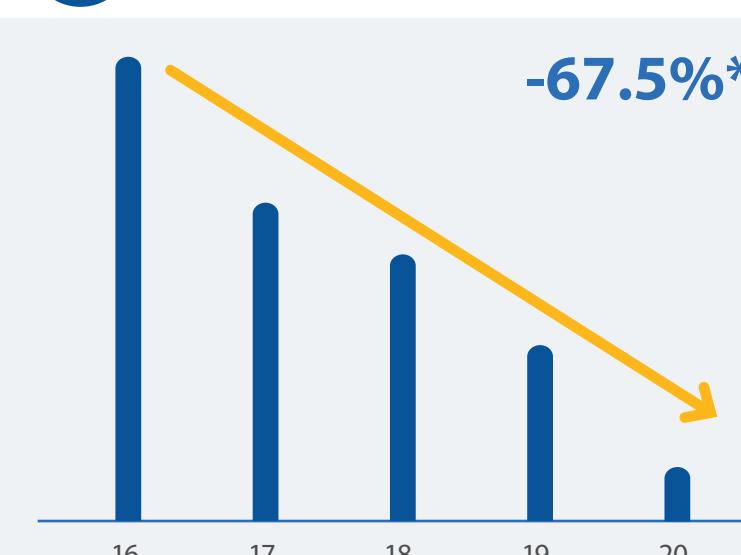


**Reduction of customer accidents in Central America**



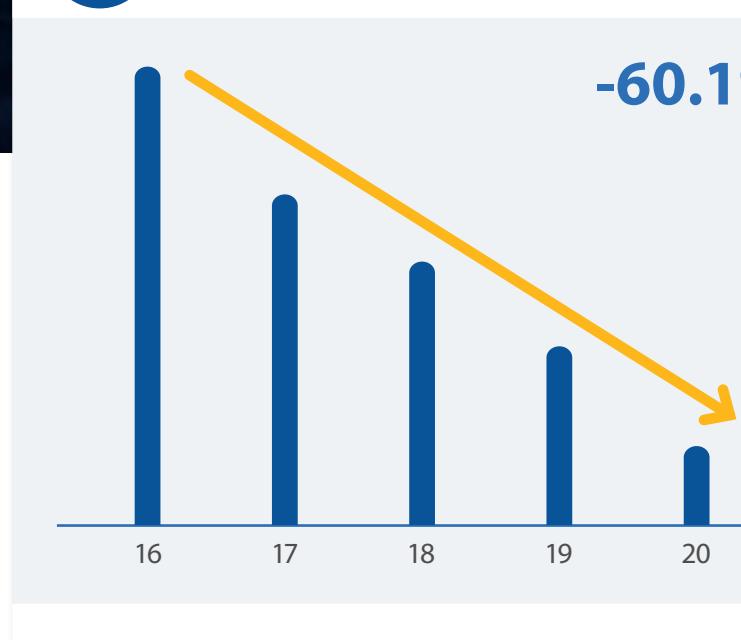
**Reduction of customer accidents in Mexico**

**-67.5%\*\***



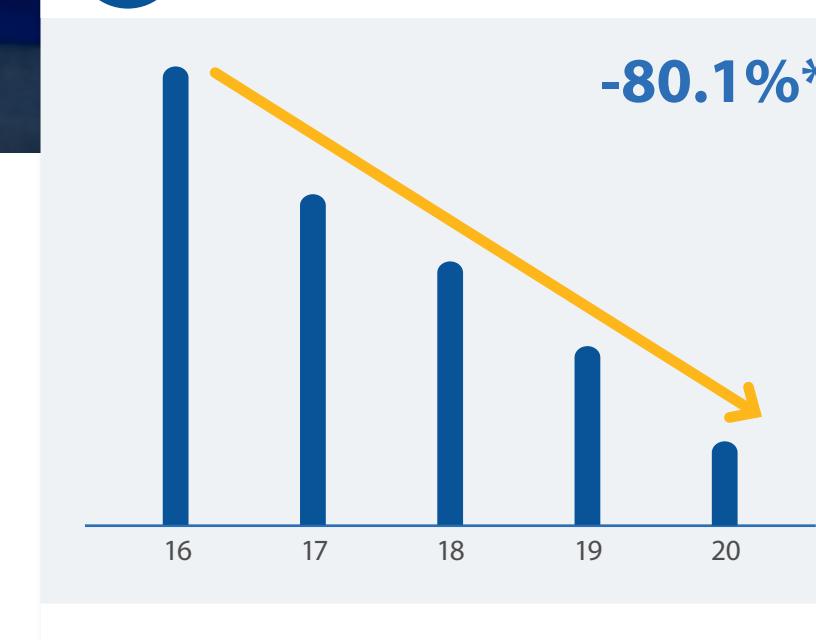
**Reduction of associate accidents in store in Mexico**

**-60.1%**



**Reduction of associate accidents in our DCs in Mexico**

**-80.1%\***



\*OSHA factor = Disabling Accidents/Hours Worked

\*\*Ticket factor = Accidents/Million tickets



To communicate our standards and controls, we developed **One Point Lessons (LUP's)**. It is a form of visual communication through which, in a simplified way, we reinforce with our associates in Mexico the guidelines and controls to carry out a safe operation, such as: safe unloading, safe use of machinery, standards for ladder use, permits for dangerous work, manual for contractors, among others.

 **KPIs for Associate Sick Leave and Accidents**

	Mexico			Central America		
	2018	2019	2020	2018	2019	2020
Days of sick leave	86,452	67,277	61,776	29,620	19,471	9,300
Work-related accidents	7,996	7,192	5,811	1,322	999	768





## ZERO-ACCIDENT PROGRAM FOR CONTRACTORS

We continue strengthening our Zero Accident Policy, which is not only focused on taking care of our associates and customers, but also our suppliers. This year we provided greater continuity to our safety program, focusing on our contractors.

Moreover, different protection measures stemming from the COVID-19 pandemic were implemented, such as:

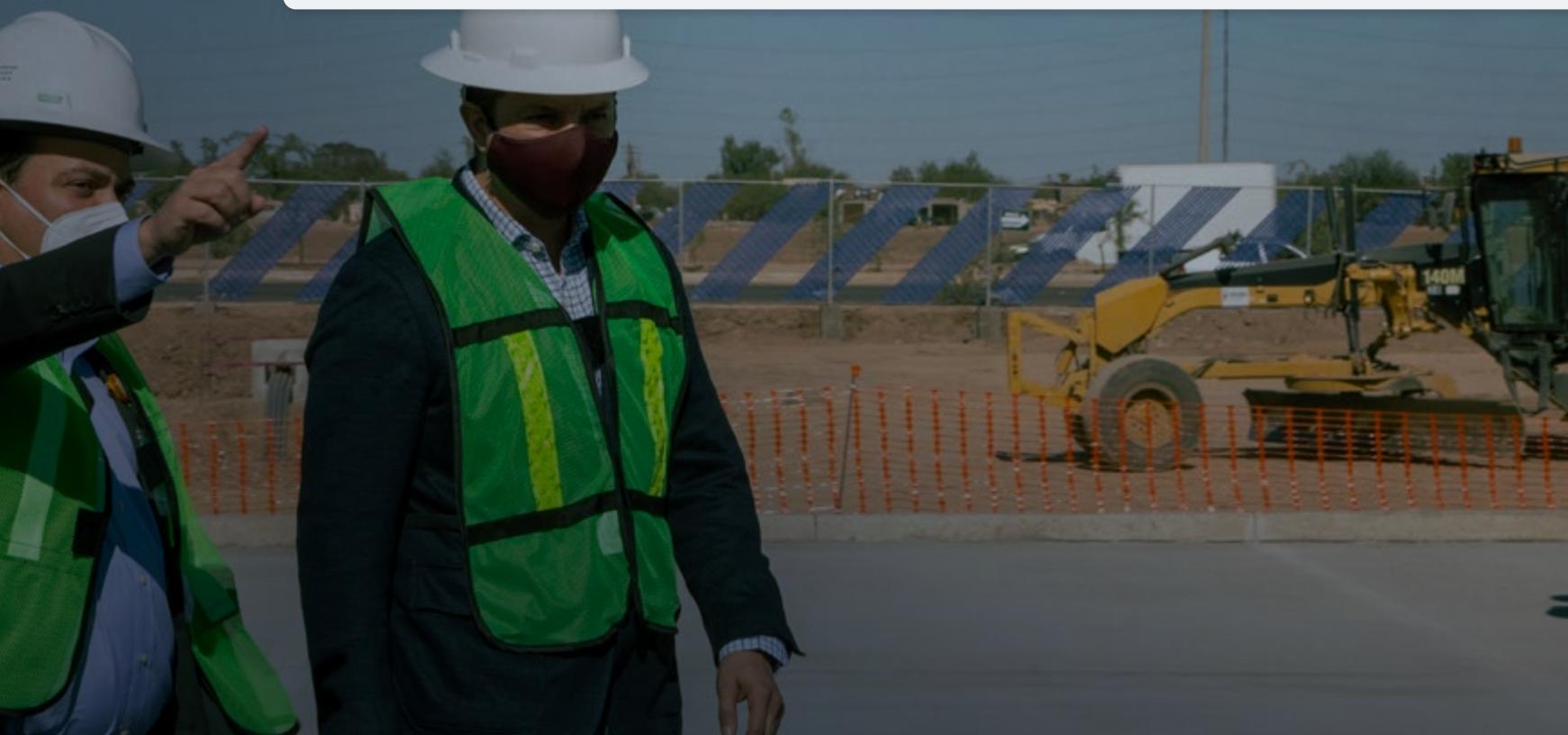
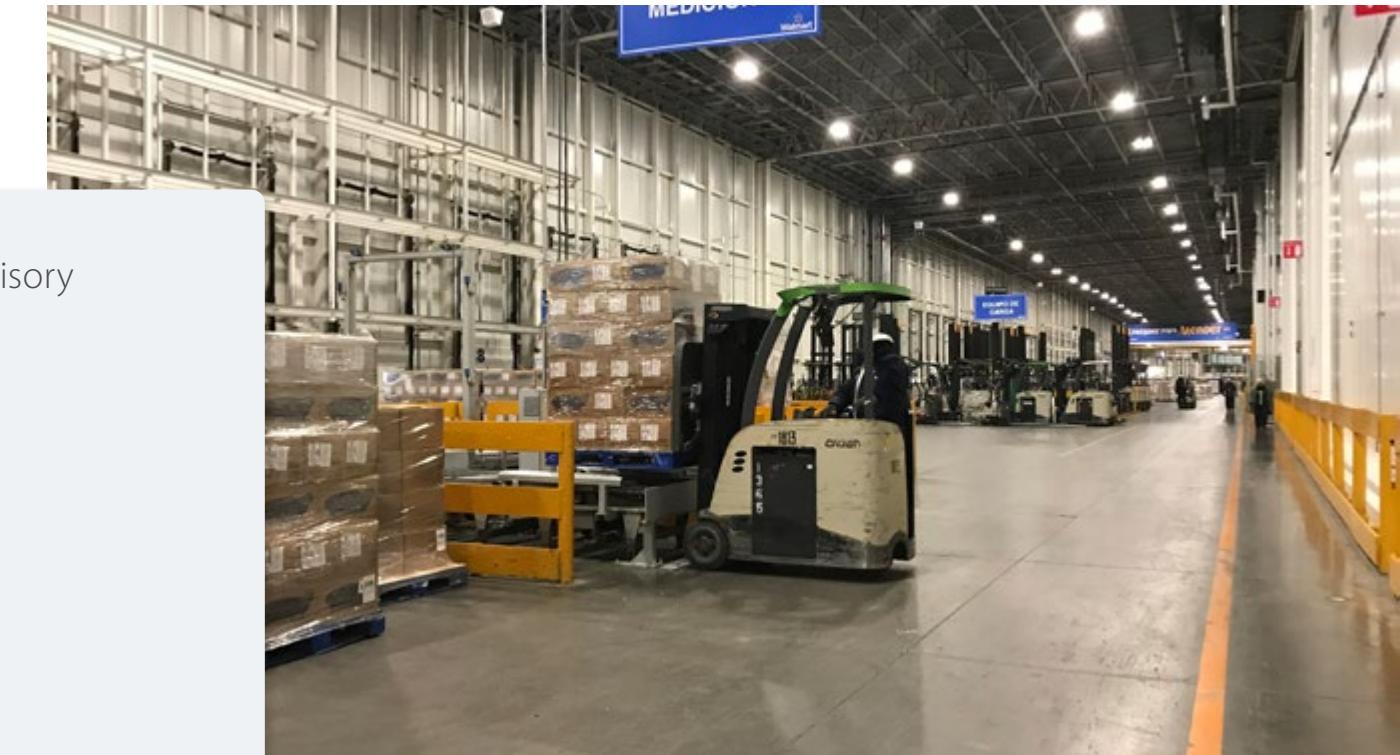
- COVID-19 prevention protocols with recommendations and input to prevent risks
- Safety talks on implementation of safe-distancing protocols
- Group organizing for mealtime
- Hand-washing stations and footwear sanitization
- Safety boards, with pictures and diagrams



**During 2020, 4,286 contractors, 16 construction residents, and 138 Red Helmets received training; and 180 health and safety inspections were conducted to our contractors**

## Standards and Controls for Contractor Behavior

- 1 Safety policy
- 2 Site Safety Manual
- 3 Safety KPI's
- 4 Golden Rules for Construction
- 5 S&H Leadership Training
- 6 Supervision Red Helmets/ Site and Red Helmets / 50 Contractors
- 7 Safety Training for Staff and Supervisory Red Helmets
- 8 Activity-Based Risk Analysis JHA
- 9 Daily Safety Talks
- 10 Top Risk Awareness Campaigns
- 11 Standards Inspection checklist
- 12 Identification



In addition to previously-described standards, we have disciplinary measures that enable us to guarantee the safety of all those involved in a construction project. Construction and remodeling contractors have safety clauses included in their contracts, detailing the sanction to be levied according to the violation and the seriousness of the accident, which can result in termination of the agreement. This program is being extended to contractors for maintenance, special projects, and design.

**In light of any situation that may pose a risk to safety, our associates have the training to undertake immediate actions and notify the person in charge**

Likewise, the use of personal protection equipment, where required, is mandatory, with constant communication maintained on the importance of safety in our company.



## SAFE FAMILY PROGRAM

In Central America, in adherence to our commitment to maintain workplace environments safe and free of accidents, and based on the Zero-Accidents Mission program that focuses on creating a culture of safety, in 2020 we launched our new image and awareness campaign on accident prevention -Safe Family- through which we strive for a greater sense of ownership regarding personal safety, that of our workmates and of our customers. We also reinforced the 10 rules of safety specific to each business unit.

The program enables having workplaces free of accidents, stemming from duly observing and correcting unsafe behaviors, focusing mainly on the six primary causes for accidents in the region. To be able to observe with agility, we created an app to make store observations easier, and the control dashboard was automated so each store may have real-time information and be able to make better decisions on prevention.





## ETHICS

Our Statement of Ethics establishes the guidelines for honest, fair, and objective decision-making when operating -regardless of where any of us works- in full compliance with all corresponding laws and internal policies.

Our Statement of Ethics applies to all associates, at all levels of the organization, around the world, and to all members of the Board and committees of the company. In addition, we expect all our suppliers, consultants, and contractors to adhere to our Statement, thus acting correctly and consistently.



We conducted our activities under the highest of ethics and integrity standards

**As guidance for our associates in ethical decision-making, the following resources are at their disposal:**

- Annual training for our associates: In 2020, we gave over 116 thousand hours of training in our Statement of Ethics for our operations and staff associates, covering 87.7% and 98.4%, respectively, in Mexico; and 93% and 96.5% in Central America

GRI 410-1, 412-2, 410: 103-1, 103-2, 103-3

- WalmartEthics.com: This website is available in 14 languages, available worldwide, and provides a platform where stakeholders may ask questions, read our Code of Conduct, report ethical concerns, and provide follow-up on the same

GRI 406-1

- Integrity in Action Award: This is a program for global recognition of those associates who are models of integrity or who encourage others to do so. Company associates nominate candidates and Walmart recognizes those chosen as winners



**Throughout the year we conduct communication campaigns that help to sensitize our associates and to ensure full compliance with our Statement of Ethics**

## FORMAL CLAIM MECHANISMS

We encourage our associates to feel free to express any concern, with the tranquility of knowing they will be heard. Different formal mechanisms for making a claim have been established whereby our associates may express their concerns or report unsuitable behavior, without the fear of facing any repercussions for having done so.

### The mechanisms for making claims are:



#### Global Ethics Hotline:

Local and global telephone numbers are supplied for use by anyone for questions or concerns, 24/7. The Ethics Hotline is equipped to handle local languages spoken in each of the markets where we operate, including Spanish. The Hotline is managed by an independent third-party.



#### Website and email:

All mechanisms are available in our Statement of Ethics.



#### Open-Door Communication:

The most direct way of expressing any concern to a leader is through open communication.

## ANTI-CORRUPTION

GRI 205:103-1,103-2,103-3, 205-2, 205-3

Our Global Anticorruption Policy and the Global Anticorruption Procedures are a reflection of our commitment to maintain the highest standards in integrity and commitment, in keeping with all applicable legislation in the markets where we operate, through our [Global Anticorruption Policy](#),  and from our Global Anticorruption Procedures.

By not tolerating any bribes, acts of corruption or dishonest practices of any nature, we are able to accomplish our objectives with full transparency. In the case our associates have any suspicion or information regarding the violation of company policies, or have data on improper requests -even though rejected- they must report them immediately to the Global Ethics contact points mentioned hereinabove.

Our associates receive online training in anticorruption, which must be taken each year. The Board of Directors also receive training once every year.

We conduct annual risk evaluations to identify and assess risks associated with corruption to better assign the resources needed to tend to such matters. Our Continuous Improvement team regularly evaluates and implements the program and provides timely feedback, thus establishing the root-cause and providing the solution to identified situations. In addition, Global Internal Audit also conducts periodic and independent audits of our program.



**200,556 associates in México y 17,411 in Central America completed anticorruption training**



A personalized electronic system is used to detect and conduct due diligence on outside third parties wishing to represent us. All agreements executed with outside third parties must commit to complying with our Anticorruption Policy. This process must be renewed at least every two years. The approved supplier receives training in our policy, thus ensuring that they are familiar with the same and that they will comply with it throughout the entire commercial relationship with our company.

Each year a sample of our strategic partners are proactively audited by us in terms of several factors, including risks associated with the region where they operate, and the type of service rendered. This process allows us to examine third-party response to our anticorruption program, and to identify those areas where increased improvement to our training and controls is needed.

**406 suppliers in Mexico and 216 in Central America completed or renewed their anticorruption training in 2020**

# FOOD SAFETY

GRI 416-1  
SASB FB-FR-250A.1, FB-FR-260A.2

We have ongoing commitments to compliance with all laws and regulations for Food Safety applicable in all the markets in which we operate, and to provide safe, top quality products so people may save money and live better. Consequently, the Food Safety team is charged with supervising the comprehensive Food Safety management system.

This includes creating policies and procedures and ensuring compliance with the same so we may purchase, store, transport, prepare and sell safe food products that adhere to all regulations and to our own strict standards in this field. Throughout 2020, we achieved high food safety measures for our products, and we reinforced procedures for both instore as well as home delivered products.



5

units have HACCP Certification in Mexico

## FOOD SAFETY AUDIT PROGRAM - HIGH FIVE

These principles are measured through a system of unannounced monthly audits, by vendors who are experts in food safety with global authorization. They measure and monitor the five basics of hygienic food handling, as described below:

1

### Clean and healthy

Wash your hands when necessary.  
Not working with food when you are sick.  
Never touch ready-to-eat foods without gloves

2

### Wash, rinse, sanitize

Properly wash, rinse, and sanitize all food utensils and contact equipment.  
Properly store all equipment, utensils, and containers in designated locations.  
Keep the work area clean.

3

### Keep it cold, keep it hot

Keep cold/hot food at the temperature indicated by law.

4

### Cook and cool

Cook the food until it reaches a suitable internal temperature.  
Quickly cool food to the temperature required by local law.

5

### Avoid cross-contamination

Do not store raw foods over cooked or ready-to-eat foods.  
Never prepare ready-to-eat foods on the same surface or with the same utensils used to prepare raw animal protein.





## PROGRAM FOR PREVENTION OF FOOD FRAUD

A program we have implemented to ensure the products we market actually with the kind and primary ingredients stated on the packing or Our Brand items. This program also serves to verify product certification for those designated as organic, as well as the authenticity of alcoholic beverages such as tequila and mezcal sold in our units.

Included in the program is a risk matrix by product type, and actions are taken in keeping with the risk level, should something not duly stated be found.

### Analysis via accredited outside laboratories

**215**

analysis for in-kind identification of our meat raw materials and of kitchen products, 35 Mexico and 180 in Central America

**72**

analysis to verify the veracity of ingredients in Our Brand products (honey, milk, cheese, olive oil, 100% natural juices, and coffee), 35 in Mexico and 37 in Central America

**272**

certified and validated organic products

**155**

certified and validated alcoholic beverages





## PEST MANAGEMENT

Our goal is to protect the health of all customers and associates in our stores by keeping pests under control through the use of different tools that provide Integrated Pest Management. Therefore, we contribute to caring for health issues vis-à-vis the presence of insect-borne diseases (zika, chikungunya, dengue), as well as reducing product loss resulting from damage or contamination by pests.

All this is achieved because we have unannounced, monthly international audits, performed on the pest system in stores, clubs and DCs. Also, we visit all units at least twice a month to verify pest system maintenance and the applying of chemicals, if needed, with the purpose of identifying and mitigating any pest activity.

## GLOBAL FOOD SAFETY INITIATIVE (GFSI)

As members of the Local GFSI Group Mexico, it is mandatory for suppliers of Our Brands to become certified in these matters within a reasonable period of time, provided they do not have their own system. In addition to this, our meat plant located in Cuautitlán is SQF L-2 certified.

## AUDITS

We have an intensive audit program for our units, suppliers, plants, and DCs to ensure food safety in each one.

Our Brand Food	Mexico	Central America
Suppliers	335	241
Plants	390	241
Global Best Practices Market	19	15
Certification in Global Food Safety Initiative (GFSI)	371	217
Percentage of certified plants	95%	90%
Storage Best Practices Audit and Distribution to DC and non-consolidators of fresh	12	138





## FOOD SAFETY PROGRAM FOR PDV IN CENTRAL AMERICA:

In Central America, this program allows for maintaining the health status in stores and ensuring adherence to best practices for food handling. In this way, we contribute to the health of our customers. The stores are audited under our five basic rules for health safety and for Integrated Pest Management, which are implemented by the stores to guarantee these conditions.

**In 2020, we launched Care for you store like your home, which consists of practices that help the store to guarantee food safety, reinforcing the commitment we all have in caring for our stores and clubs**

## FOOD HANDLING CERTIFICATION IN DISTRIBUTION CENTERS

Since 2019, we have GFSI- BRC international certification in three DCs, with AA scores, guaranteeing operational processes in handling food products, thanks to the following:



Technical support and training for DC personnel in food handling



Procedural standardization

Reduced claims and shrink due to opportunities in the cold chain, impaired quality, and food safety risks



Compliance with domestic regulations and internal policies on food safety and quality

This certification consists of:



1 Establishing systems and processes focused on food quality and safety throughout DC operations



4 Personnel training in requirements and updating operational processes



2 Internal inspections for a pre-evaluation of compliance with BRC requirements



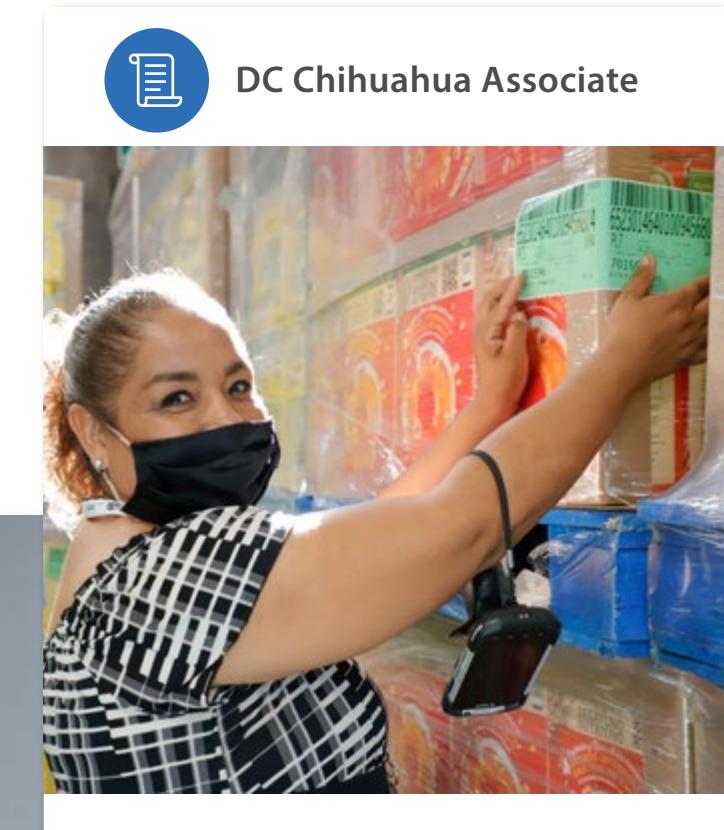
5 Establishing KPIs and improvement measures



3 Documenting operational processes



6 Conducting audits with third-party company to verify compliance with the GFSI BRC standard in food storage and distribution v4



GRI 418-1  
SASB FB-FR-230A.1, CG-MR-230A.2, CG-EC-230A.2,  
CG-EC-220A.1, CG-EC-220A.2



## PRIVACY

We are responsible at all times for protecting and maintaining personal data privacy for our associates, customers, members, and third parties, pursuant to all applicable laws and internal global policies.

Our Privacy Policy sets forth the guidelines so Walmart de México y Centroamérica associates may handle and protect the personal data with which they have access during their daily activities, guaranteeing the privacy, confidentiality and safety of said data from the moment it is obtained and throughout all stages where it is used. This policy also covers the requirements under which the company compiles, uses, processes, and destroys such personal information.

For further reinforcement of the above, we have [Privacy Notification](https://www.walmartmexico.com/aviso-de-privacidad) (https://www.walmartmexico.com/aviso-de-privacidad) and a Policy on Maintaining Registries. Each privacy notification describes the data to be gathered and the purpose

for said gathering, which is recurrently reviewed to ensure that the purposes for use of personal data are correct and in force.

We have available mechanisms so the owners of personal data may make informed decisions on its use, in addition to the means by which these owners may exercise their rights to access, verify, cancel and object (AVCO). We have also developed official channels so our associates or third parties may report any leaking of personal data and take immediate action needed to protect said data; and protocols for the rapid and efficient response to cases of data leaks, including an Incident Response Committee, consisting of representatives from key areas in the organization.

In Central America we received a claim from a customer, and we are awaiting a resolution from authority.



**We had no confirmed incidents in 2020 on the violation of privacy or leaking of customer data in Mexico**

GRI 304-1, 304-2, 304-3, 304-4, 306-3, 307: 103-1, 103-2, 103-3, 307-1

## ENVIRONMENTAL

While conducting all business activities, from the forecasting, design and construction of new units to the operation of the same, we strictly adhere to all applicable regulatory and environmental obligations. Environmental Compliance is in charge of leading the Environmental Compliance Program for all areas and business units belonging to Walmart Mexico, with the purpose of meeting obligations regarding environmental impact, toxic and non-toxic waste generation, wastewater quality, and atmospheric emissions.

There were no significant fines this year in the region, that is, above 10,000 thousand dollars. In Mexico, 2 significant spillovers occurred, which jointly represented 7,500 diesel liters, polluting 24.23 m<sup>3</sup> of natural soil. The restoration cost was of 1.52 million pesos. In Central America, we did not have any significant spillover.

Insofar as new-unit construction, we have an Environmental Impact Program whose purpose is to establish the controls needed to prevent and mitigate impacts at the building sites for new stores and clubs. For this aim there are specific environmental audit procedures, environmental impact and existing vegetation studies, the obtaining of environmental licenses and permits, in addition to compliance with limitations and environmental impact measures.

In Central America, none of the stores opening in 2020 which were analyzed, reported impacts in biodiversity and none are found within or close to protected areas. Also, none of them are located in areas of high biodiversity value, from which we do not report any impact.

In 2020, a protected species project was created in Mexico: Bodega Aurrera Avenida Nichupté, located in Quintana Roo (impacted surface area: 0.021 km<sup>2</sup>).

On the other hand, in 2019 we built three stores with protected species involved -one having forest vegetation- which are still in operation today:



1

**Bodega Aurrera Cabo Miramar**  
(impacted surface area: 0.012 km<sup>2</sup>)

2

**Mi Bodega Tanquián de Escobedo**  
(impacted surface area: 0.004 km<sup>2</sup>)

3

**Bodega Aurrera Las Palmas**  
(impacted surface area: 0.013 km<sup>2</sup>)



## HEALTH AND WELLNESS

GRI 416-1

With the purpose of continuing to guarantee the optimum operation of our pharmacies and doctor's offices, Health and Wellness, jointly with Operations is in charge of supervising full compliance with all legal requirements and market best practices.

Regulatory controls to be followed are also established and implemented, validating that all products sold in our units have the proper quality and distribution.

Our Integrated Pharmacy System enables timely medication control via digital means.



**In Mexico we operated 399 doctors' offices and 1,413 pharmacies that sell approximately 5,000 medicines, supplements, and medical devices**



### Medimart México



**+500** Medimart Medicine

**37**

Medimart suppliers

**75**

plants that manufacture  
Medimart products

**72**

audits completed of Medimart suppliers

**131**

analysis of Medimart products  
with labs authorized by COFEPRIS\*  
regarding quality parameters

**+4,500**

non-Medimart Medication

**+100**

suppliers of non-Medimart supplies

\*Federal Commission for the Protection Against Sanitary Risk

### ESTABLISHMENTS



**1,413** pharmacies

**1,407**

internal auditing of pharmacy

**837**

independent auditing by health authority



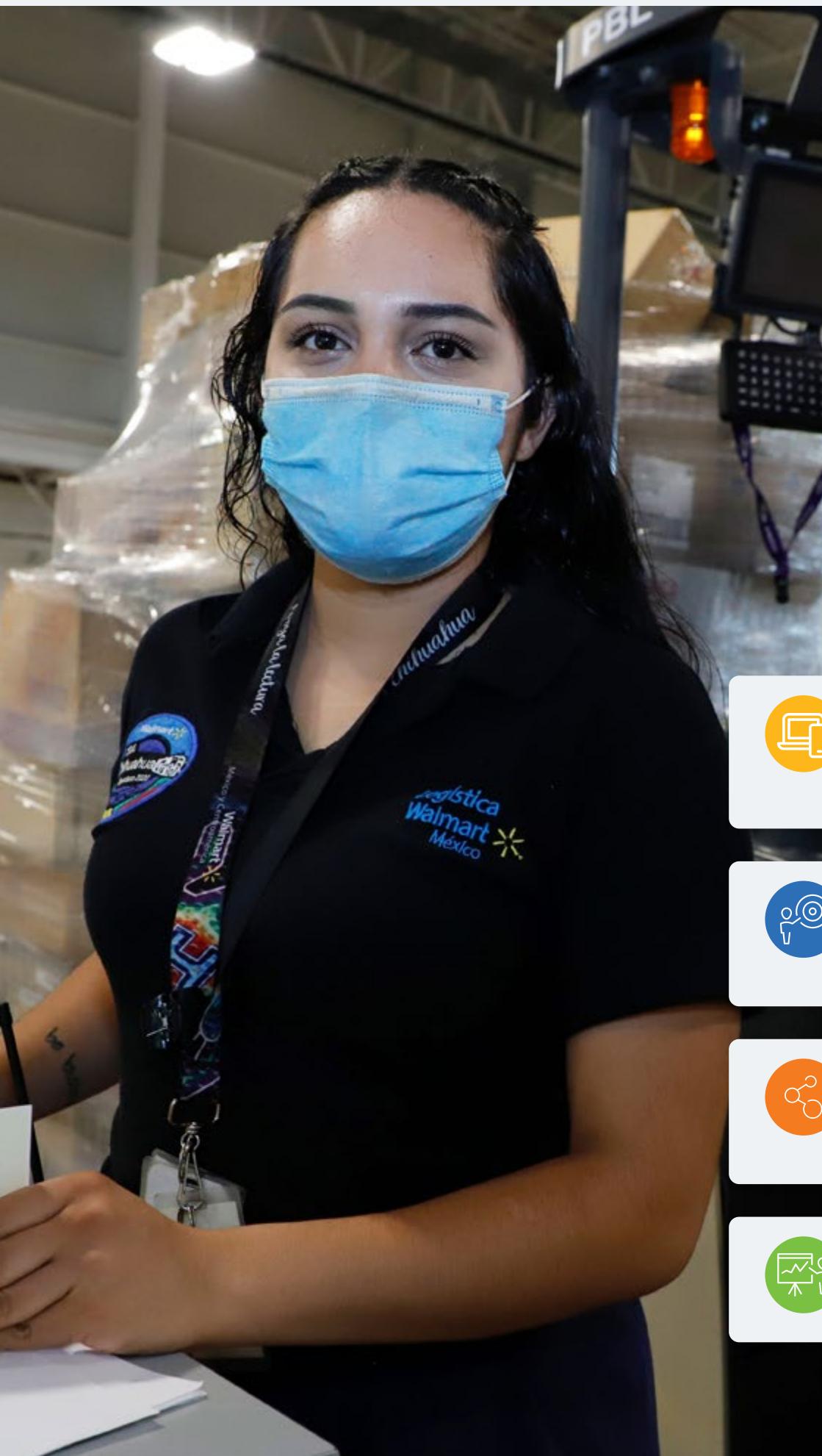
**399** doctors' offices in stores

**177**

internal auditing of doctors' offices

**9**

independent auditing of  
doctors' offices



## PREVENTION OF MONEY LAUNDERING

It is our obligation to undertake any and all measures needed to prevent, detect, and combat money laundering. In keeping with applicable legislation, we have developed policies, procedures, and controls that allow us to identify actions or operations involving illegal resources, and avoid criminal organizations from using the company in committing this crime.

### The following are among the primary measures used to prevent money laundering:



Technological tools that serve to monitor, analyze and report risk-based potentially unusual operations



Training for associates so they may learn to identify and report warning signs on possible operations involving illicitly-obtained resources



Official reporting channels available to associates and third parties to report unusual activities



Monitoring of our financial services to prevent and detect operations with illicitly- obtained resource

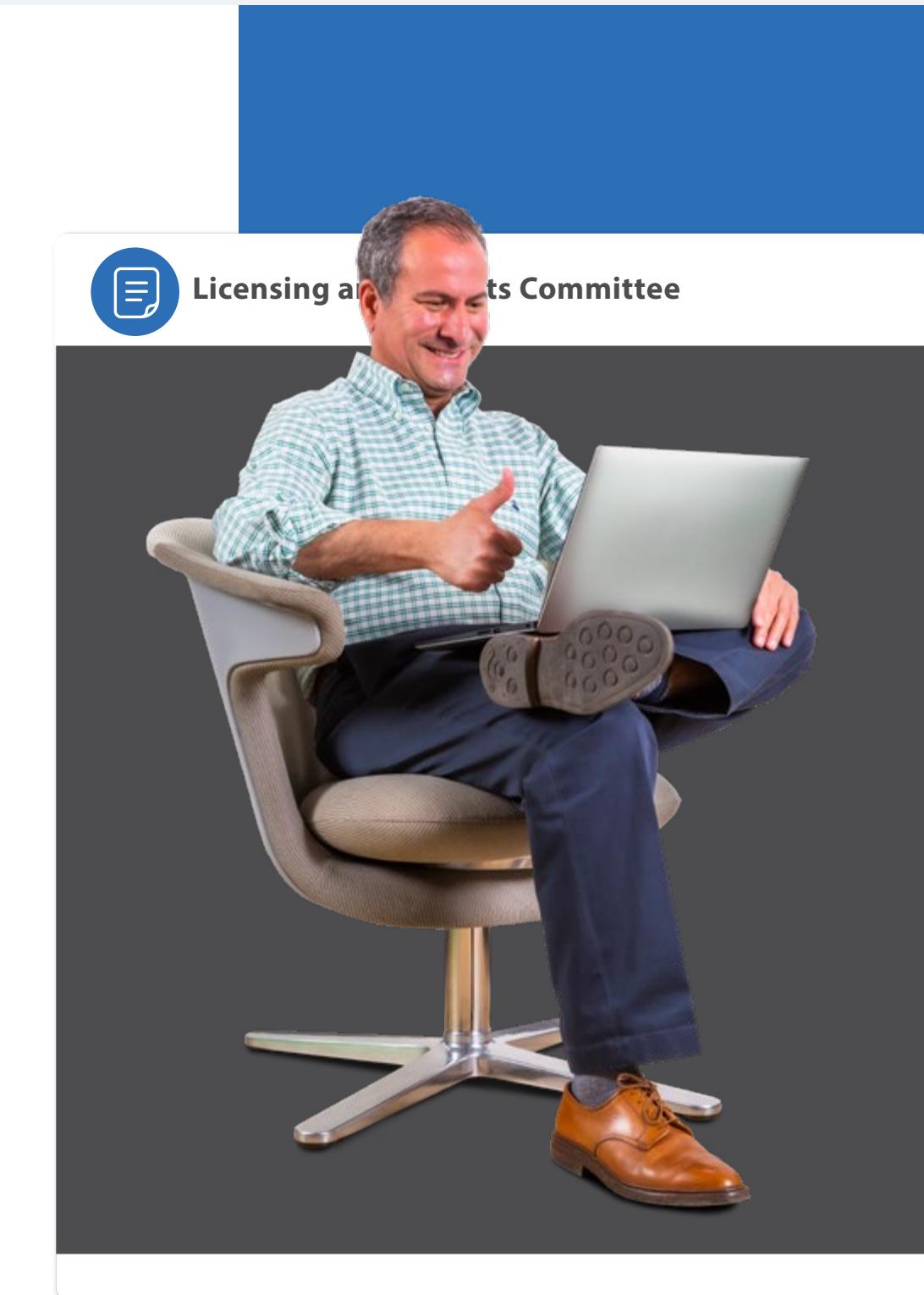
We created a Money-Laundering Prevention Committee with representatives from different areas, which meets every two months and whose objective is to provide visibility on the primary risks in this matter, and make decisions for the proper mitigation.

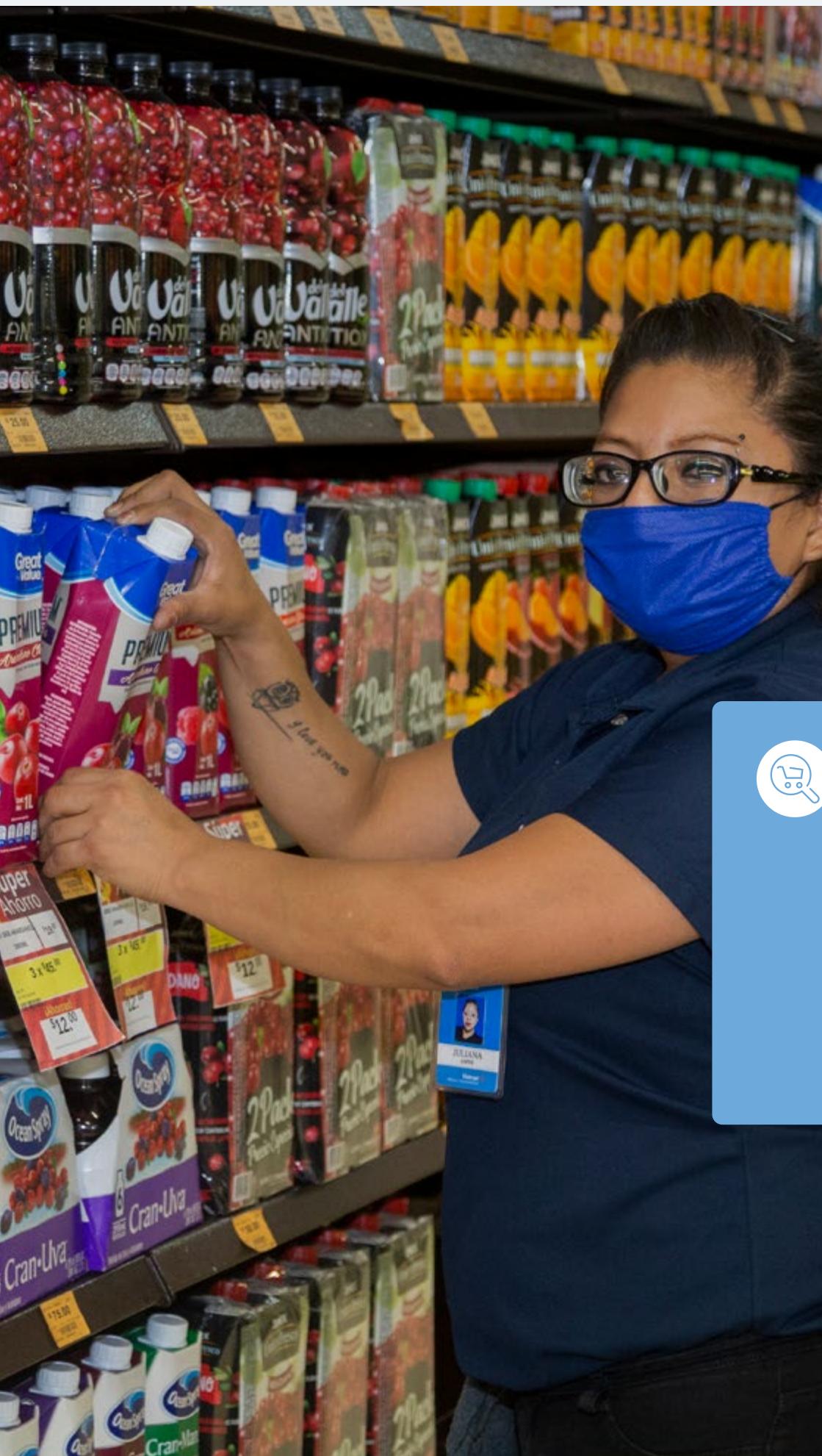
In our efforts to continue mitigating current or potential risks identified to date, and to ensuring compliance with applicable legislation in the field of Money Laundering Prevention, a series of controls have been implemented, including due diligence of third parties with which we conduct business, in terms of risk level (suppliers, vendors, institutional customers, etc); monitoring high-risk transactions; complying with regulatory obligation; reinforcing money-laundering and fraud-prevention issues through proper training and communication.

## LICENSES AND PERMITS

In order to be able to build and operate our units, in 2020 we needed over 29,000 licenses. Our Global Licensing Management system -GLM- facilitates managing and following up on these licenses to reduce the risk of expiration and to provide traceability to licenses throughout the whole cycle, including monitoring the payment of processing fees.

Follow-up begins with site locating, where an expert evaluates license feasibility prior to obtaining project authorization, so as not to run the risk of having low-feasibility projects; to the start of construction and operation of the new business, where a License and Permit Committee -with associates having expertise different from those who file for the licenses- analyzes all documents and evaluates if the project complies with any and all applicable regulations, also determining if unit construction or operation may begin.





## PRODUCT SAFETY

GRI 416-1

Another of our obligations is to guarantee product safety for any item sold to our customers from cosmetics, apparel, footwear, to general merchandise. We ensure compliance with established safety, regulations, and quality.

All “high-risk” categories are monitored each year. Random monitoring is conducted when the merchandise reaches the POS, which consists of employing EMA/Cofepris, accredited testing methods to verify that the products are in compliance with measures safeguarding the health and protection of our consumers. Likewise, corrective and preventive action plans are prepared in the case of discovering anomalies with our suppliers.



**62 items from different categories were monitored in 2020, including toys, power strips, tires, school supplies, and Christmas lights; 3% had findings that were in no way related to safety, but rather inconsistencies in the commercial information on the product**

Review protocols include plant audits; certification regarding regulation in force that are provided by the suppliers; and finished-product inspections at supplier plants, checking product safety requirements, among others, emphasizing those bearing Our Brands.



We design and offer training for suppliers and buyers, in subjects related to product safety and quality control to establish compliance indicators measuring performance at each delivery and, if the case, create improvement plans.

Textile products and footwear undergo laboratory testing and national and place-of-origin inspections, factory reviews, or at our points of sale. Whenever required, the product withdrawal process from our stores and clubs is enforced.

We also continuously audit Our Brands suppliers to ensure compliance with quality and safety requirements -both regulatory as well as Walmart standards.

**18,791**

inspections to DCs to domestic suppliers

**2,004**

inspections at origin to import suppliers

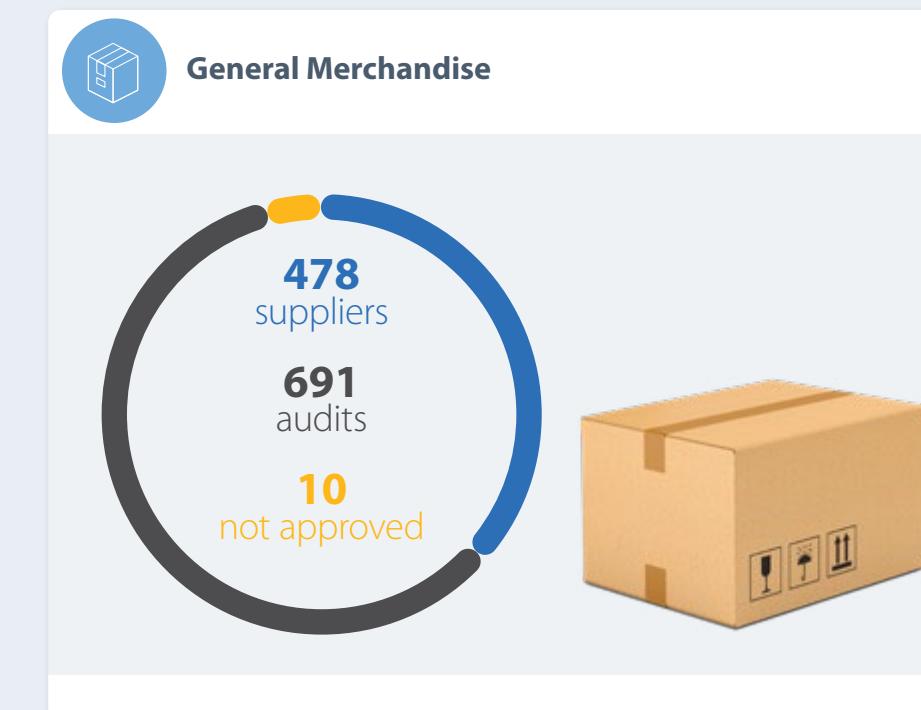
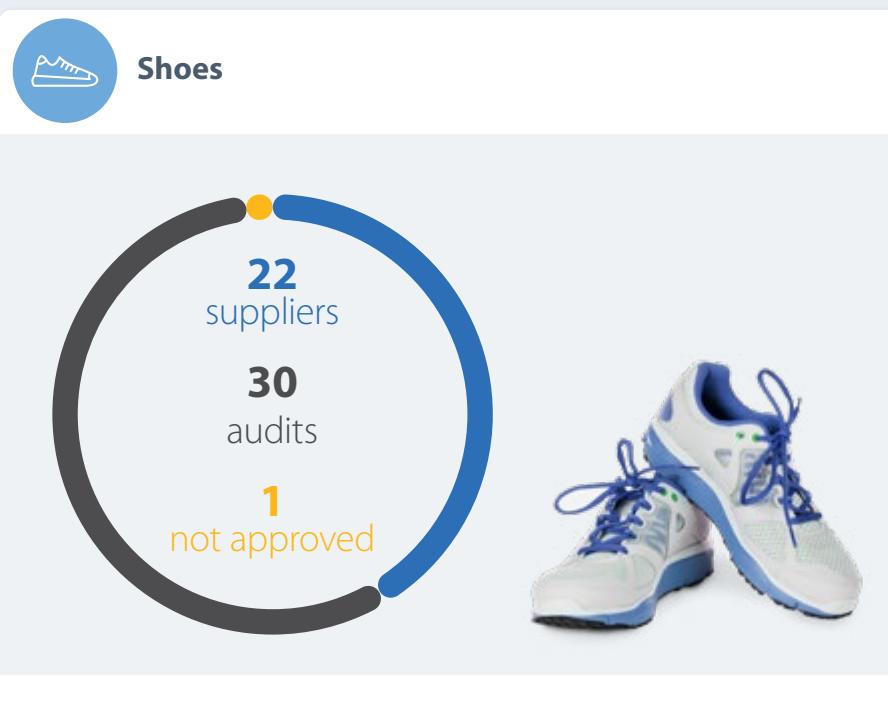
**1,466**

inspections at origin for import suppliers of Global Sourcing

We constantly assess our suppliers

### Our Brands' suppliers assessed in Mexico

GRI 416-1





## LABOR AND EMPLOYMENT

We are responsible for guaranteeing the labor rights of our associates, including wages and payments; benefits; and fair, equal and inclusive treatment.

GRI 401: 103-2, 103-3 , 402: 103-1, 103-2, 103-3, 402-1



**The following policies, among others, help to fulfill this responsibility:**



**Policy on Scheduling and Posting Work Shifts:** We guarantee our associates their rights, pursuant to all labor laws governing work shifts and quality of life



**Policy on Harassment and Discrimination Prevention:** We guarantee no differentiation in treatment due to gender, age, religion, sexual preference, or political ideology of our associates, in addition to the prevention of harassment

Likewise, we conduct ongoing campaigns in all units to ensure overtime payment, respect for breaks and work schedules, and to prevent harassment and discrimination.

## TRADE

Through our trade program we make sure that the importing and exporting of company merchandise complies with all applicable laws and regulations; likewise, we ensure the proper obtainment of permits, certifications, and the payment of corresponding duties for these operations.

As part of this program, our import process maintains a safe and [protected chain of supply](#), in addition we make sure that Walmart does not engage in business, or sell products originating in or coming from specific countries that contravene Walmart's interests.

In the aim of ensuring that all standards and controls are correctly followed, we conduct a monitoring process. There is a specific program for imports with digital recording of product additions, whereby the country of origin is identified. Moreover, there is a monitoring protocol for exports and customs agents, which is applicable to the entire company, including eCommerce.



## ANTITRUST

GRI 206-1

The Global Policy on Antitrust Laws, amended in 2020, is a reflection of our commitment to maintaining the highest standards in ethics and to always comply with antitrust and free enterprise legislation in all those countries where we operate.

By the same token, we have established controls for avoiding antitrade behaviors or practices. Among the primary ones are our behavior guidelines and regulations, in addition to communication campaigns and training to guarantee that all negotiations, contact with suppliers and/or competitors are in strict adherence with corresponding regulations.



All commercial areas and certain staff areas of the company received training last year in antitrust issues, with the purpose of familiarizing them with possible scenarios that may emerge, and the principles applicable to each one, obtaining a score of 96%. In separate sessions, Vice Presidents and Top Management were equally trained, obtaining a score of 100%.

We did not incur in fines related with unfair competition, monopoly practices, and against free competition.

On November 23, 2020, we received a notification from the Federal Economic Competition Commission (COFECE), in connection to an ex officio investigation initiated in the wholesale supply and distribution of consumer goods, retail and related services market for an alleged commission of relative monopolistic practices.

The company is confident that its actions have always adhered to applicable legislation, and that its participation in the Mexican market has always resulted in lower prices for the consumer, particularly benefiting lower-income Mexican families, and in remote areas of the country that have not been served by others; which we will demonstrate before the corresponding authorities and in the appropriate forums, in which we will exercise our rights.



# INFORMATION SECURITY

SASB FB-FR-230A.2, CG-MR-230A.1, CG-EC-230A.1



**The information security program was created to provide our brand portfolio worldwide with comprehensive, profitable and risk-based security services**

We guarantee protection for information and information systems against unauthorized access, use, dissemination, alteration, or destruction, thus providing confidentiality, safety, and availability. Our objective is to maintain company information safe through better understanding of this subject and guidelines by our associates and business partners.

We also ensure best practices are followed to identify risks, protect information, detect suspicious activities and to be prepared to respond to future incidents.

Our company has policies, standards, procedures and security for information, with the purpose of regulating and raising awareness among our associates and suppliers concerning the importance of the information and the technological resources used in the company. We also provide training for our associates so they may better understand the importance of adopting behaviors in line with our information security guidelines.



## Security in every transaction

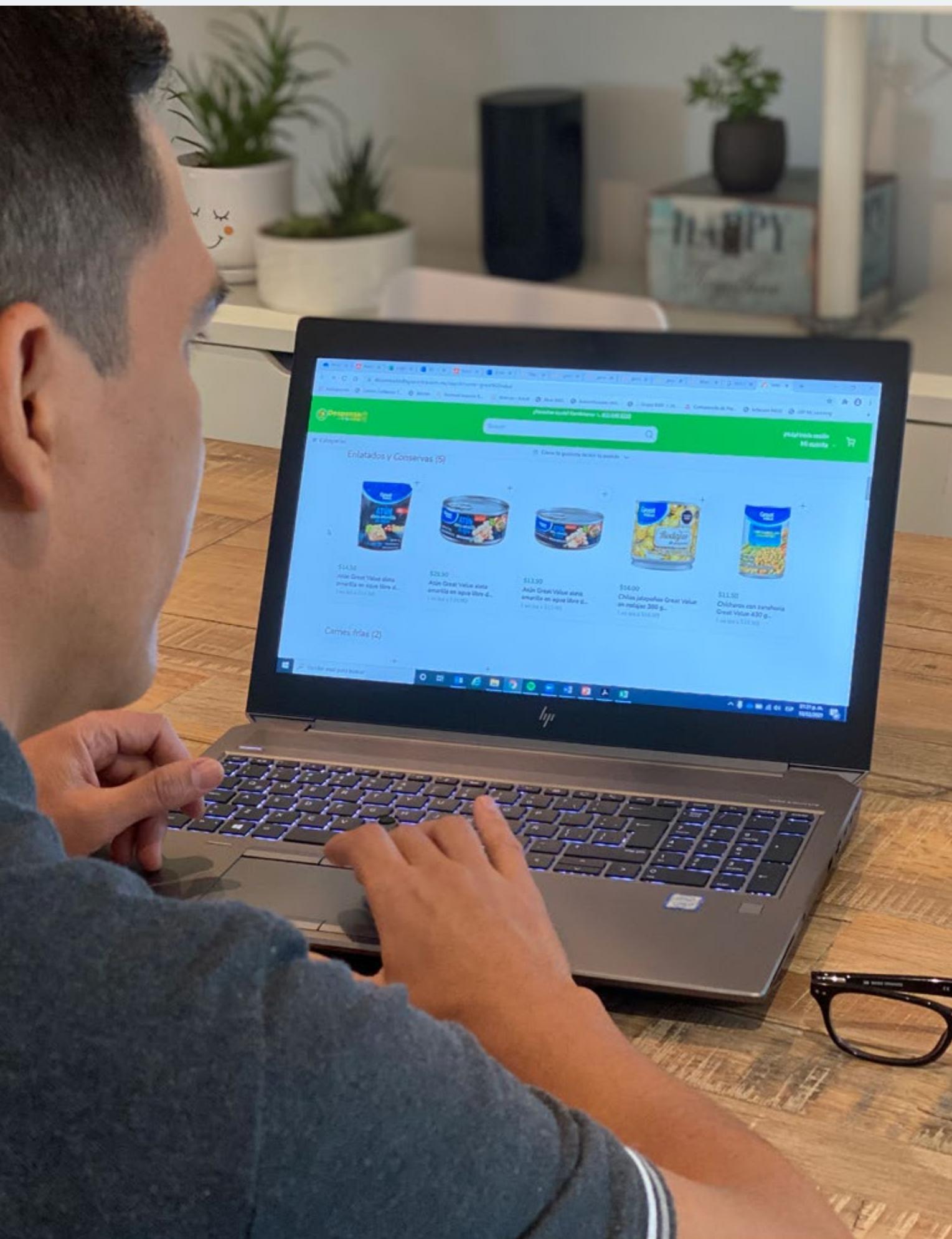
Vulnerabilities present in company information assets are identified and managed with the following elements in mind: vulnerability-analysis scheduling; results documenting; and results classifying, basing attention prioritization on the severity of the risk. Moreover, we provide the guidelines for designing vulnerability remediation plans; penetration-testing protocols for critical assets; and documentation of test results, requesting correction of opportunities detected.

Our Audit and Corporate Practices Committees are committed to the strategy of information security, thus making the review process a fundamental part of their activities. [A review is conducted every four months of all mitigation initiatives, trends, risks, and strategies.](#) Furthermore, each market where we operate has its own information security leader who is also part of the committee that reviews and defines the cybersecurity strategy.

Our ecosystem is complex, as we handle millions of transactions per second. Each year we receive upwards of 1.5 billion cyberattacks. Subsequently we have business continuity plans that allow us to establish controls to supply the tools and resources needed to perform our activities after any contingency jeopardizing operability by impacting the pillars of continuity: associates, facilities, systems, and third parties.

In 2020 we modernized our technological ecosystem and implemented safe and sustainable capabilities for the future. Our computer infrastructure and communications in stores, DCs and offices were improved. Similarly, we implemented proactive security monitoring and corrected access controls for key applications.

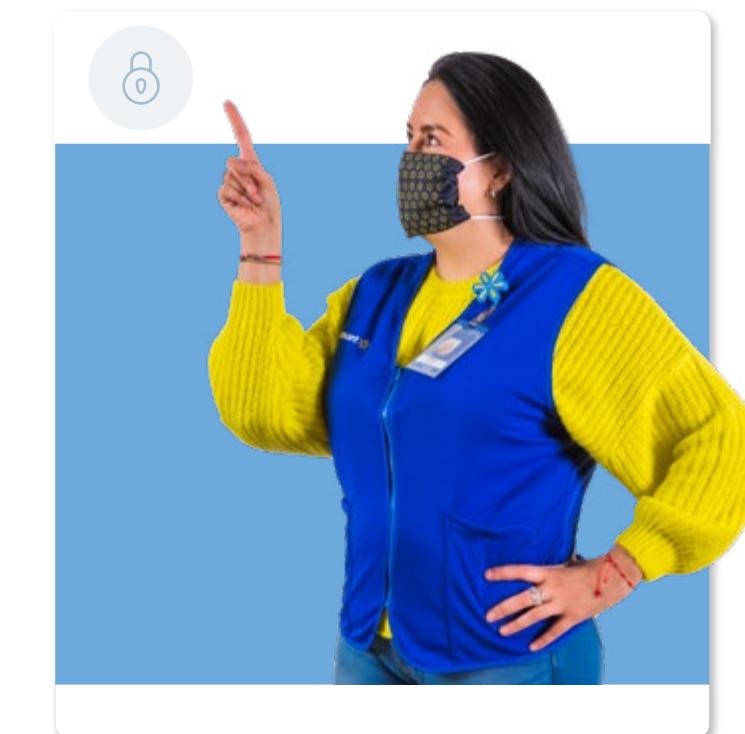
Insofar as fraud prevention, we doubled the number of audits as compared to 2019. Regarding security, requests for information on internal and outside reviews increased. In addition to the internal audit plan, compliance reviews took place for Sarbanes-Oxley, the Payment Card Industry and NIST Cybersecurity Framework..



## DIGITAL CITIZENSHIP

Throughout 2020 we continued working on our new global area -Digital Citizenship. This area focuses on ensuring data management and technology based on our goal of being the most reliable omnichannel chain.

Digital Citizenship advises the company on matters related to privacy; the ethical use of data and governing the same; emerging technologies; cybersecurity; and record management. It is charged not only with the legality related to the use of data or technology in any specific manner, but also the effect of its use on our relationship of trust with our customers and stakeholders.

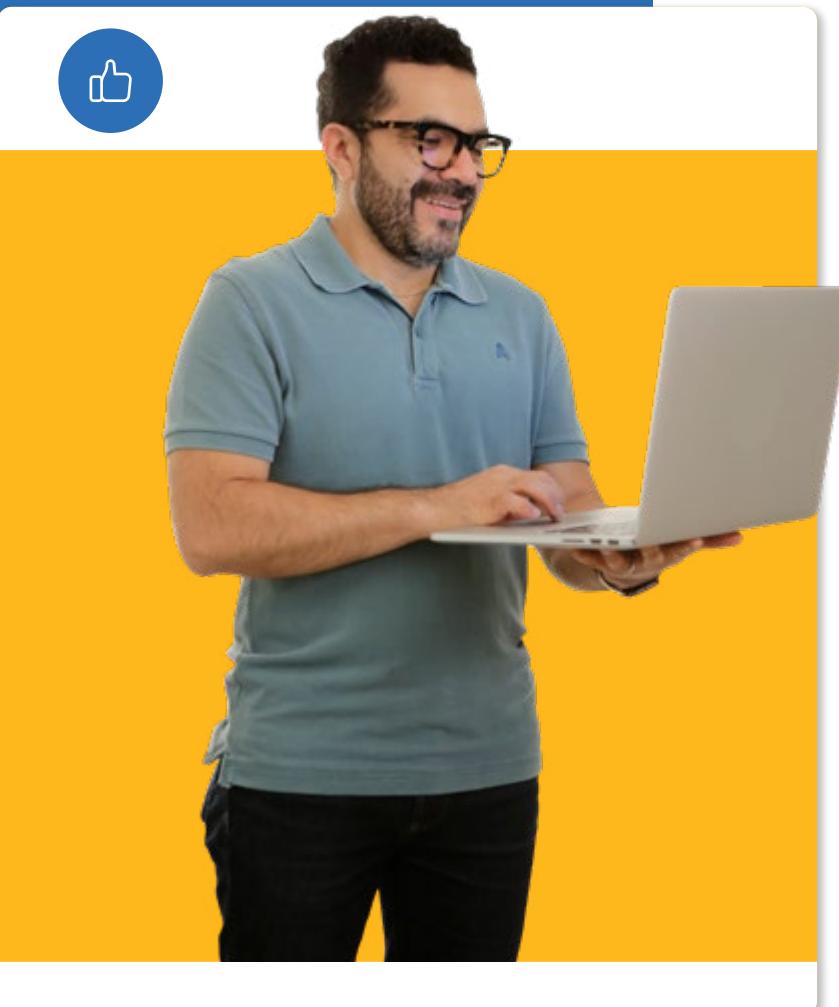




# RISK ASSESSMENT

GRI 102-111,102-15, 102-30

**Every year, the Risk Assessment is performed by the Global Audit Services area following the methodology established by Walmart Inc, adapting it to the Mexico and Central America conditions**



## EXTERNAL RISK FACTORS



### ECONOMIC

- Financial markets, unemployment, mergers & acquisitions



### POLITICAL

- Government/policy changes, laws and regulations



### NATURAL ENVIRONMENT

- Natural disasters such as hurricanes, earthquakes, global warming



### TECHNOLOGICAL

- Emerging technologies that represent competitive advantage/disadvantage



### SOCIAL

- Shifts in demographics or social behaviors



### COMPETITION

- Financial condition and market share of competitors, new market entrants

## INTERNAL RISK FACTORS



### COMPLIANCE

- With laws and regulations, internal policies and standards



### TECHNOLOGY

- Systems and data availability and integrity, development and deployment



### PROCESS

- Complexity, level of automation



### PERSONNEL

- Employee capability, fraud, health and safety



### INFRASTRUCTURE

- Availability of assets



## Relevance of the eight major risk categories is considered:

### 1 Regulatory Compliance

Compliance with laws and regulations

### 2 Financial Accuracy

Effectiveness of the entity's financial reporting

### 3 Customer Trust

Actions or conditions that degrade customer confidence in the company brand, mission, or community standing

### 4 Support Business Operational Impact

Interruptions resulting from inadequate or failed internal processes, people and systems within business support functions

### 5 Core Business Operational Impact

Loss (including risks to financial performance and condition) resulting from inadequate or failed internal processes, people and systems that support core business functions

### 6 Strategic

Relating to high-level goals, aligned with the entity's mission/vision

### 7 Internal Compliance

compliance with company policies and procedures, contracts, ethics and business conduct standards and other voluntary corporate standards

### 8 Efficiency and Effectiveness

Optimization of company resources to support the business mission and reward shareholders



## Additionally taken into account are risk considerations that help define the magnitude and probability of losses stemming from unfavorable events or activities, such as:



### Operational Disruption

Events such as natural disasters, terrorism, interruption of key suppliers, faulty process changes, system failures, prolonged adverse weather conditions



### Impact on Earnings

Competitive pressures, market economic conditions, financial governance, sustainability of the business model



### Impact on Strategic Initiatives

Changes in leadership, lack of access to capital or liquidity, actions of competitors, changes in broad economic conditions, adverse actions by foreign governments



### Changes in Leadership

Historical leadership change outcomes, succession planning, training and development



### Level of Automation

Business reliance on technology and systems, historical dependability, the ability to revert to manual alternatives, entity's adoption rate of emerging technology



### Customer Insights

Concerns expressed by business and technology leadership



### Compliance Requirements

The ability of the entity to comply with laws, regulations and policies, occurrence of fraudulent, illegal or unethical acts, changing laws, ongoing liabilities and disputes, unsafe products or handling, etc.



### Changes in Process

Maturity of processes within the entity, process change management, quality assurance functions, process owner expertise, process documentation



### Historic Audit Results

Issues identified during previous audit activities that are relevant to the auditable group or component, management tone, status of remediation efforts



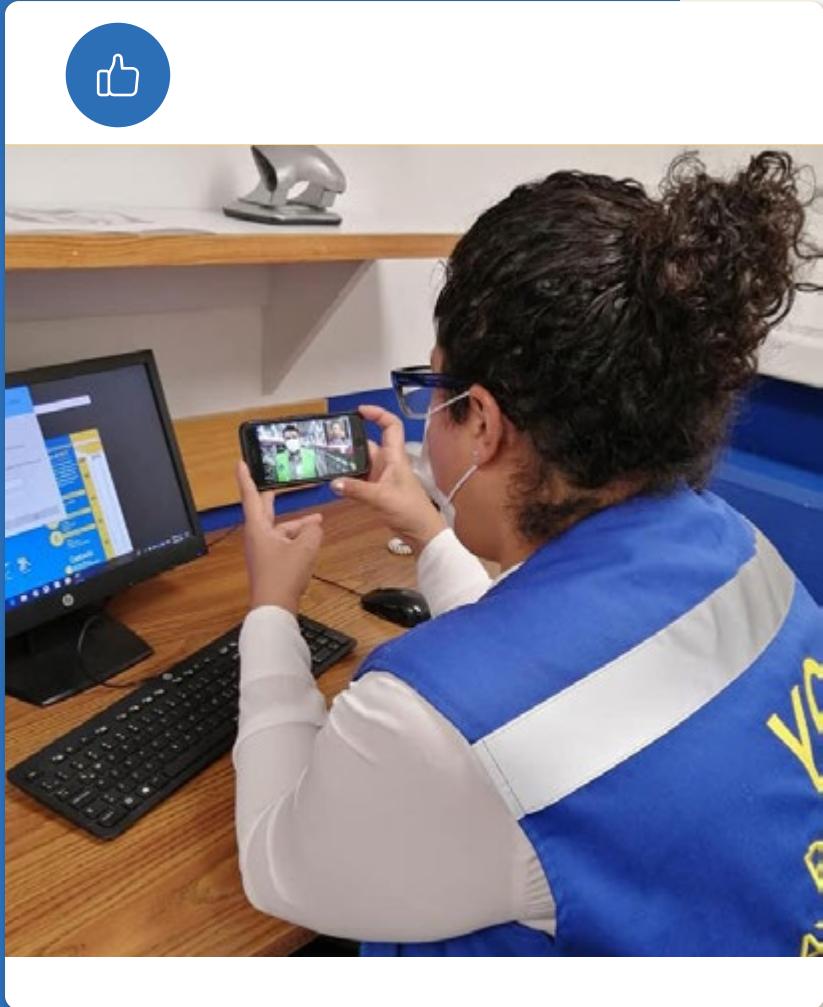
### Other Risk Assessments

Results of assessments conducted by internal and external parties that are relevant to the auditable group or component



### GFT Insights

Guidance provided by Global Functional Teams in the form of questionnaires, newsletter, interactive meetings, etc.



## ENTERPRISE RISK MANAGEMENT

Furthermore, during 2020 we implemented an initiative named Enterprise Risk Management (ERM), which focuses on determining and prioritizing the primary risks for the company. The goal of the initiative is to prepare a consolidated record of business risks, defining their probability and impact and then, based on this, establishing mitigation plans.

To conduct this process, we created a list of risks in line with five macro areas, enabling us to identify the risk type, its materialization, develop an action plan for risk mitigation, and subsequently designating the areas in charge of managing it.

- 1 Strategic**
- 2 Operational**
- 3 Regulatory and Compliance**
- 4 Financial**
- 5 Reputational**



**We also worked with dedicated teams, comprising risk owners and managers whose primary responsibilities are:**

- Overseeing primary risk management
- Ensuring risk management strategies have been developed
- Leading risk identification, gathering, and evaluation for each business unit
- Detecting, prioritizing and reporting emerging risks
- Proactively identifying and managing the primary functional risks
- Informing on the status of the mitigation plans

# HUMAN RIGHTS DECLARATION

GRI 412:103-1,103-2,103-3



Sam Walton, the founder of Walmart, wanted his company to help people save money and live better. As a retail chain, Walmart touches the lives of many people, from our associates to the suppliers who provide the goods and services we sell to our customers -the citizens of the communities we serve.

We feel it is the responsibility of companies to respect human rights, and we strive to use our capacities and influence in achieving results and positive changes. Our approach to human rights is based on our culture and beliefs -customer service, respect for the individual, strive for excellence, and act with integrity.



**We published our Human Rights Declaration in 2018**

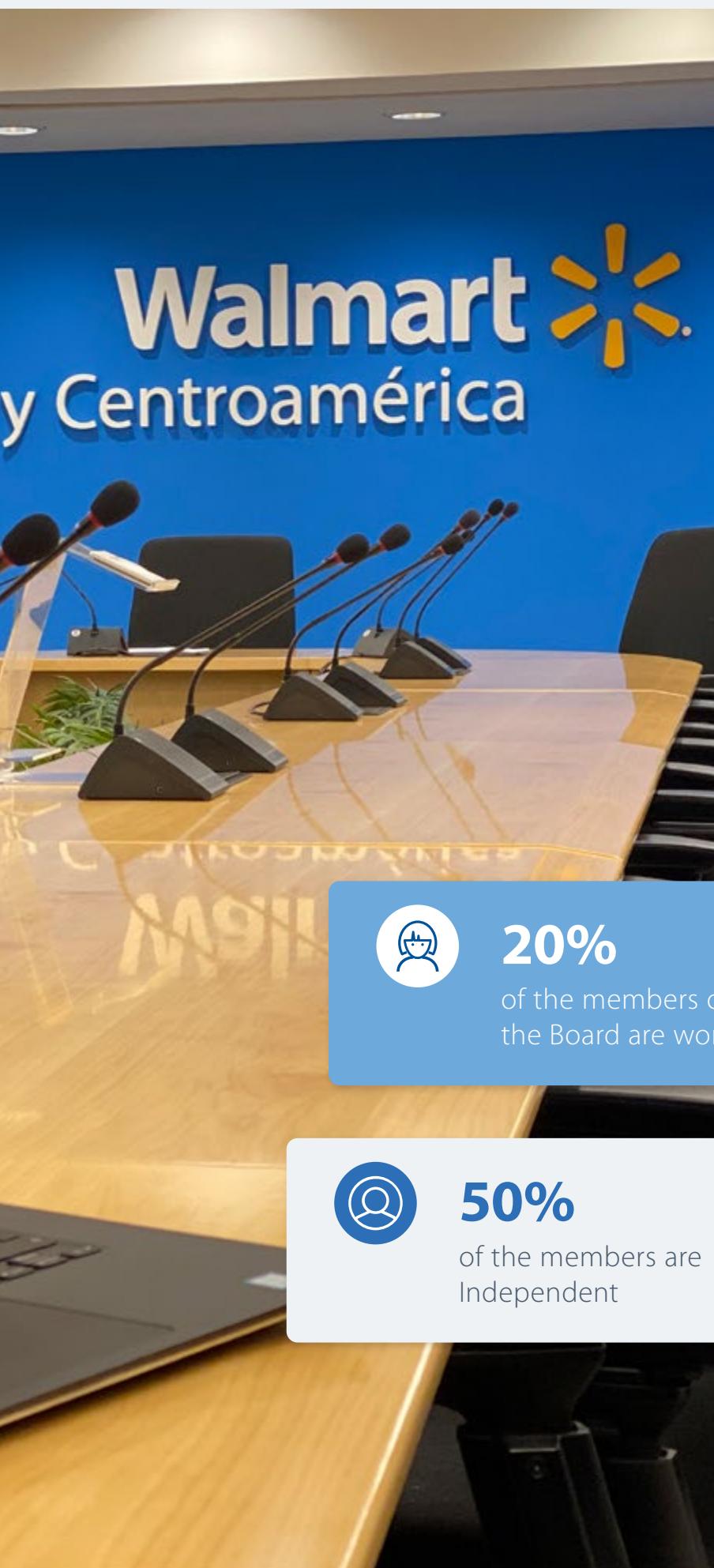
Our Statement is a reflection of our respect for human rights and expresses our culture and values, based on international instruments like the UN Guiding Principles on Business and Human Rights (UNGPs) and the International Labor Organization Declaration of 1998 on fundamental principles and rights at work. [If you wish to become familiar with our Declaration of Human Rights, click here](#) 



## CORPORATE GOVERNANCE

GRI 102-18

**Our company is built on the foundations of integrity and the highest of standards in ethics; we always guarantee strict adherence to all applicable legislation in those countries where we operate**



## BOARD OF DIRECTORS

GRI 102-22, 102-24, 405-1  
SASB CG-EC-330a.3, CG-MR-330a.1

### Makeup and Frequency

- The Board is comprised solely by statutory members
- Members are appointed each year by the Ordinary Shareholders' Assembly
- Independent Directors must constitute a minimum of 25% of total amount; at December 31, 2020, 50% of all Directors are independent
- Minority shareholders, whose shares represent a minimum of 10% of owners' equity have the right to choose a Director, who in turn may be removed only when other Board members are so removed
- To date, 29.49 % of company shares are traded among the investor public
- The participation of officers for the company and its subsidiaries is limited, and only the CEO is a member of the Board.
- The Board of Directors meets a minimum of four times a year; there were 11 sessions held throughout 2020. The average attendance at these meetings was 89.9%.



**20%**

of the members of the Board are women



**50%**

of the members are Independent

	<b>Chairman</b>	<small>GRI 102-23</small>	Enrique Ostalé, member since 2013
	<b>Members</b>		Member since
		Adolfo Cerezo*	2012
		Ernesto Cervera*	2014
		Kirsten Evans	2018
		Guilherme Loureiro	2016
		Richard Mayfield	2015
		Roberto Newell*	2014
		Christopher Nicholas	2019
		Eric Perez Grovas*	2014
		Blanca Treviño*	2006

Members at Dec. 31, 2020

\*Independent Directors

### Other Practices

- Independent Directors are experienced in the core business and strategic areas of the company
- The Board has access to independent consultants
- The Chairman of the Board may neither act as Secretary nor preside any Board Committee



**The Board of Directors receives the support of two committees for its duties; said committees are charged with in-depth analysis of matters related to its field of expertise and offer make recommendations to the Board so it may study the information and make the best decision, creating value for our shareholders and stakeholders**

In 2020 we initiated work on specific gender equality guidelines for the Board of Directors; with the support of Heidrick & Struggles, we are currently defining proper profiles and improving the selection process for Directors.

## PRIMARY RESPONSIBILITIES:

GRI 405-1, 102-20, 102-22, 102-26, 102-27



**Appoint** the President and CEO of the company



Work with Top Management to **develop overall strategies** for the company and its subsidiaries



Approve **information and communication policies** regarding shareholders and the market



Act as **adviser/consultant** for company Top Management



**Oversee management and operation** of the company and its subsidiaries



Ensure that overall strategy is **in line with company principles on Corporate Responsibility**



## BIOS OF THE MEMBERS OF THE BOARD OF DIRECTORS



### Enrique Ostalé

Recently retired as Executive Vice President, president and CEO of Walmart Latin America, UK and Africa, he is the current Chairman of the Board of Directors of Walmart Mexico and Central America, and Walmart Chile. He has a degree in Commercial Engineering with a major in Business Administration from Adolfo Ibáñez University in Chile; and an MSc in Accounting and Finance from the London School of Economics (LSE).

Enrique assumed his extended role at Walmart in February 2016, after serving as President and CEO of Walmart de México y Centroamérica, and LATAM. From 2006 to February 2013, Enrique served as President and CEO of Walmart Chile. His experience in this latter position included his leadership for the successful transition of the D&S chain -acquired by Walmart Stores Inc. in 2009- into today's Walmart Chile. Part of his work involved imprinting the seal of Walmart's corporate culture on the organization, adopting along with his team the mission of *helping people save money so they can live better*, and making the incorporation sustainability one of the operational pillars of the business.

Ostalé joined D&S in 1989, working initially as a manager of its financial division, then the merchandising division, and subsequently as manager of its *Líder* format before becoming its CFO. In 2000, he left the company to take up a position as CEO of Emol, an online service of El Mercurio newspaper. Between 2002 and 2006, he was dean of the Business School of Adolfo Ibáñez University before returning to D&S as its General Manager, President and CEO.

In 2012, he received the "Executive of the Year" award, from Ernst & Young and El Mercurio.



### Adolfo Cerezo

His BS is in Chemical Engineering from UNAM -the National Autonomous University of Mexico- and he has an MBA from the IPADE Business School.

Adolfo has taken postgraduate courses at the University of Southern California's Future Research Center and the Harvard Business School.

He worked for TELMEX as Chief Finance Officer from 1991 to August 2011, when he retired. Before holding this position he held several positions since joining TELMEX in 1978, including Treasurer and Financial Analysis Manager.

He has been a member of Banco Inbursa's Board of Directors, a member of the Executive Committee for all TELMEX subsidiaries, a World Bank Consultant, Chairman of the Mexican Stock Exchange Issuers' Committee, Professor at the IPN -National Polytechnic Institute- master-level courses, and a speaker at various finance and telecommunications forums.



## Ernesto Cervera

CEO and co-founder of GEA since 1990, he was born in Mexico City in 1958. An economist from ITAM (1984), his B.A. dissertation received first place in the Tlacaelel Consulting Award granted by International Consultants, and honors from the Banamex National Economics Award.

In 1986 he received his Master's Degree in Economics, and in 1988 advanced to Ph.D. candidacy at UCLA. From 1987-1988 he was awarded the Sloan Fellowship for research on foreign trade.

From January 2006 to the present, he is the CEO of Grupo de Economistas y Asociados (GEA), a firm for which he has been partner-consultant since 1990, and where he has participated in more than 200 consultancy projects.



## Kirsten S. Evans

Executive Vice President for Marketing at Walmart Canada. Kirsten is responsible for leading Walmart Canada's marketing strategy and the Walmart Media Group, along with the Financial Services business unit.

Prior to her international assignment, Kirsten was Senior Vice President for Corporate Marketing in Walmart US, where she was responsible for the Walmart brand and media strategies, and for supporting strategic initiatives for Merchandising and omnichannel growth. Kirsten was actively involved in integrating Walmart's enterprise marketing teams to improve customer experience and gain scale in an ever-changing retail environment.

Kirsten was named to Ad Age's 2016 Women to Watch and is a founding executive member of the Walmart Entertainment Council, whose charter is to elevate partnerships and opportunities with leading entertainment companies.



## Guilherme Loureiro

Guilherme Loureiro is Executive President and CEO of Walmart México y Centroamérica since February 2016. He started his career in Walmart in 2012, assuming the role of Executive President and CEO of Walmart Brazil in 2013.

He worked over 20 years in Unilever, performing several roles in different markets including Global Manager of M&A, CEO Mexico, Global Head of Strategy, Chairman of Unilver Ventures, and CFO for the Americas.

Guilherme holds a BA in Business Administration, a Master's and a PhD in Business Administration from Universidad Fundação Getulio Vargas, in São Paulo; and he has attended the TGMP at Harvard.



## Richard Mayfield

Executive Vice President and Regional CEO for Walmart de México y Centroamérica, Canada and the U.K.

Before being appointed to his current role, he served as Senior Vice President and CFO for the Walmart region of Europe, Middle East and Africa (EMEA); International Strategy, Mergers and Acquisitions; and Financial Services.

Richard joined Walmart Inc. as Financial Director for Walmart's U.K. business, ASDA. He has a broad range of experience in financial and strategic leadership roles at retailers, including Kingfisher, House of Fraser and Waitrose, as well as strategy consulting experience with L.E.K. Consulting.

Richard has a BSc in Economy from the University of Cambridge, and is a Fellow of the Royal Society of the Arts.



## Roberto Newell

Vice President and Senior Fellow of the Instituto Mexicano para la Competitividad, A.C., (IMCO), a privately sponsored, independent think-thank located in Mexico City, whose mandate is to analyze and propose policies that will enhance Mexico's competitiveness in the global economy.

During 2003, he served as Deputy Secretary for Agribusiness in Mexico's federal government, having previously served in the same administration as the CEO of the *Fideicomiso de las Empresas Expropiadas del Sector Azucarero* (Trust for Expropriated Sugar-Industry Companies) a holding company that operated the 27 sugar mills that were taken over by Mexico's government as part of a turn-around program for these failed sugar mills.

Between 1984 and 2001, Mr. Newell worked for McKinsey & Co., Inc., the international consulting firm. He retired as a Director (senior partner) of the Firm.

During his years as a consultant, he served clients throughout Latin America, the Caribbean and the United States. His clients included companies in the financial and telecommunications sectors, but Newell also served several national governments on issues of deregulation, privatization, and financial sector crisis.



## Chris Nicholas

The Executive Vice President and Chief Financial Officer of Walmart International. In this complex division of Walmart operations, Chris leads the International Finance team and has additional commercial responsibilities including international supplier leverage and cost analytics.

Chris joined the company in 2018 as Deputy CFO for Walmart International where he partnered with the business to lead key strategic and financial initiatives.

He has more than 17 years of experience in retail and spent the last decade serving in leadership roles with Tesco, The Salling Group; and most recently the Coles Group, where he held a combined position of Finance Director and Merchandise Director. He played a key role in leading Coles through unprecedented change within the Australian Supermarket industry.

He graduated from the University of Manchester Institute of Science and Technology with a Bachelor of Science (Hons) in Management Science and is a Chartered accountant (ACMA).



## Eric Pérez-Grovas

A co-founder and managing partner of Jaguar Ventures, an investment fund created by Mexican eCommerce entrepreneurs dedicated to investing in internet-based business models.

He graduated with honors in Industrial Engineering, specializing in Finance at the Technological Institute of Monterrey. He also holds a master's degree in Business Administration and Public Administration from Stanford University. At the latter university, Eric was elected co-president of the Association of Latin American Students of the School of Business and Vice President of the Association of Mexican Students in Stanford.

Prior to founding Jaguar, Eric acquired experience in electronic commerce starting in 1999, when he opened and directed *Mercado Libre Mexico*. Since then he has served as executive director, investor and adviser in various Internet companies. He is currently on the Board of sites such as Aventones.com, Gaudena.com, Viajamex.com, Yaxi.mx, Conekta.io and Yogome.com. He also provides support to entrepreneurs as a mentor to Endeavor Mexico. Eric Pérez-Grovas worked in the Strategic Consulting department for McKinsey & Co. and for Bain & Co. In these firms he participated in various strategic planning projects for companies in Mexico, the US, and South America, in addition to his experience in consulting.

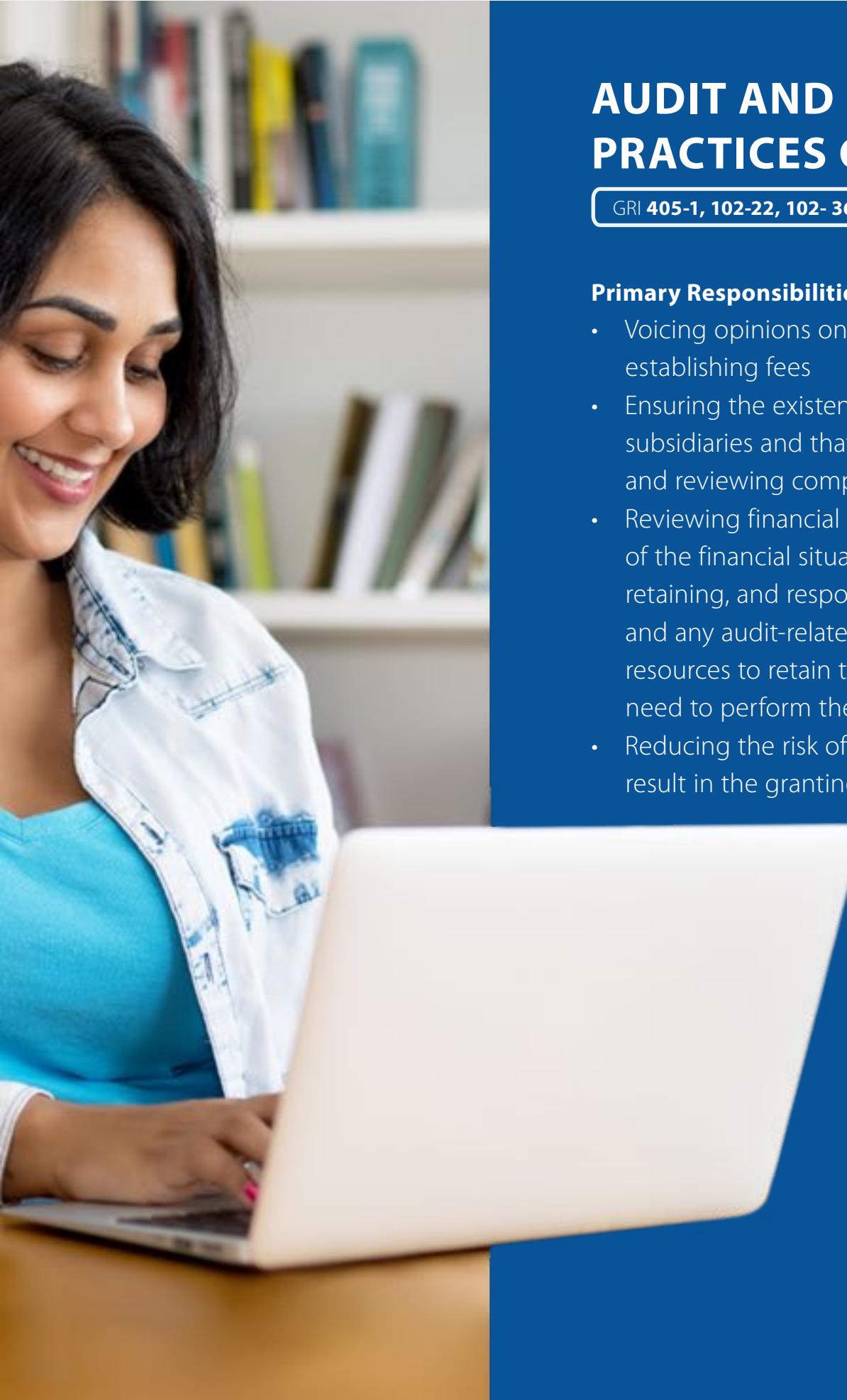


## Blanca Treviño

Blanca Treviño is Co-Founder, President and CEO of Softtek, a global company dedicated to helping organizations evolve through digital technology. Throughout her 30-year career at Softtek, Blanca has gained international recognition as a promoter of the IT services industry in and from emerging countries —and most prominently from Mexico- with the rise of the Nearshore model.

She has spoken at conferences for the World Economic Forum, World Bank, Inter-American Development Bank, Kellogg School of Management, Harvard Business School, and Fortune. In 2019, WITI inducted Blanca into the Women in Technology Hall of Fame, and in 2018 she received the "Education Leadership Award" from Educando (formerly, Worldfund), for her contributions and influence towards improving education in Mexico.

Blanca serves as the Vice President of the Mexican Business Council, is a member of the MIT School of Engineering Advisory Board, and a board member of Walmart Mexico, the Americas Society and Council of the Americas, the Iberoamerican Council for Productivity and Competitiveness, Grupo Lala, The Mexican Stock Exchange, as well as universities, including her alma mater, ITESM (the Institute of Technology and Higher Learning of Monterrey).



## AUDIT AND CORPORATE PRACTICES COMMITTEES

GRI 405-1, 102-22, 102-36

### Primary Responsibilities

- Voicing opinions on the hiring of the Independent Auditor for the company and establishing fees
- Ensuring the existence of a proper internal control system for the company and subsidiaries and that it meets any and all applicable accounting and legal provisions, and reviewing company transactions with related parties
- Reviewing financial statements and ensuring they are a true and accurate reflection of the financial situation for the company. There is also a set procedure for receiving, retaining, and responding to claims concerning accounting practices and controls, and any audit-related issues. Moreover, they have the authority and necessary resources to retain the services of legal counsel and/or any other outside consultant need to perform their duties
- Reducing the risk of conducting operations such that could affect company worth or result in the granting of favorable conditions to any one group of shareholders

- Approving policies for the use of property pertaining company net worth
- Authorizing related-party transactions, CEO remuneration, and remuneration policies regarding important company officers
- Serving as support for the Board of Directors in producing reports on accounting practices
- Holding private meetings and receiving periodic reports from Internal Audit, Legal, Compliance, and Ethics
- Calling shareholder meetings and making sure the order of business includes all points deemed necessary

These committees have four statutory Directors, all of them independent



Adolfo Cerezo

Ernesto Cervera

Roberto Newell

Eric Pérez-Grovas

Blanca Treviño

### Primary Requirements and Practices



All board members must be **independent Directors** and experts in finance



Independent auditors are forbidden from providing consultancy services to the company



The partner from the independent auditing firm that renders the opinion on the financial statements shall be periodically rotated



## WALMART DE MÉXICO FOUNDATION BOARD

GRI 405-1, 102-20, 102-22

888

Trustees

—  
Guilherme Loureiro  
Roberto Delgado Gallart\*  
Kathleen McLaughlin  
Alberto Sepúlveda  
José Luis Torres\*  
Adriana Velázquez  
Jorge Familiar Haro\*  
Marinela Servitje \*  
Cristian Barrientos  
Eduardo de la Garza

Trustees at December 31, 2020

\*Independent trustees



Fundación  
**Walmart**®  
México



# INDEXES, AWARDS AND RANKINGS

As a demonstration of our commitment to doing the right thing and addressing environmental, social, and economic issues, in 2020 we continued to be part of various indexes and were granted multiple awards.



## INDEXES

**S&P/BMV Total Mexico ESG Index**



Member of the newly created the S&P/BMV Total Mexico ESG Index

**DJSI MILA Pacific Alliance Index**

Member of  
**Dow Jones Sustainability Indices**  
Powered by the S&P Global CSA

**Bloomberg Gender-Equality Index**



Member of the Bloomberg Gender Equality Index, for the 4<sup>th</sup> consecutive year

**FTSE4Good Emerging Index**



Member of the FTSE4Good Emerging Index, for the 5<sup>th</sup> consecutive year



## AWARDS MEXICO



### Top Ten Most Outstanding Women in Mexico

Recognition of top ten most outstanding women in Mexico: for Gisela Noble, Director of the Walmart Mexico Foundation



Alianza por la inclusión laboral de personas con discapacidad

Éntrelé 2020 recognition, for the creation of inclusive environments



### The Most Influential Female Lawyers

Recognition for the Most Influential Female Lawyers, given to Adriana Velázquez Villaseñor, Vice President for Ethics and Compliance of Walmart Mexico



### Trusted Brand Award 2020

Trusted Brand Award 2020, awarded to Walmart de México y Centroamérica by Reader's Digest



### Empresa Socialmente Responsable

Award for Corporate Social Responsibility, granted by Centro Mexicano para la Filantropía, for the 20th consecutive year



### Sustainability Leaders

Recognition for Sustainability Leaders, awarded to Claudia De la Vega, Director of Corporate Affairs



### LGBT 2020: Best Places to Work

Certification Best Places to Work LGBT 2020



### Titans in Technology 2020

Recognition Titans in Technology 2020, for Guilherme Loureiro, CEO for Walmart de México y Centroamérica



## RANKINGS MEXICO

### EXPANSION

- 3<sup>rd</sup> among the Top 500 most important companies in Mexico
- 6<sup>th</sup> in Super Companies 2020



- 3<sup>rd</sup> under of The Most Ethical Companies, in the category of Ethical Philosophy of the Business

### mejores empleos

- 5<sup>th</sup> among the Top 50 Companies With the Best Jobs

### KANTAR

- 3<sup>rd</sup> among The 30 Most Valuable Mexican Brands for 2020 by the format Bodega Aurrera

### las empresas verdes.

- 1<sup>st</sup> for Report: Status of Companies Regarding SDGs
- 4<sup>th</sup> under Philanthropic Companies and Foundations
- 5<sup>th</sup> for Green Companies 2020



- 1<sup>st</sup> in the Top Employers in the Country
- 6<sup>th</sup> among the Top 10 Retail Companies in Mexico
- 6<sup>th</sup> among the Top 1,000 most important companies in Mexico



- 1<sup>st</sup> in the self-service sector
- 2<sup>nd</sup> in the Top 100 Companies with the best responsibility and corporate governance in Mexico

### Merca2.0

mercadotecnia publicidad medios

- 5<sup>th</sup> in eCommerce Merca2.0 for Walmart.com.mx
- 8<sup>th</sup> in eCommerce Merca2.0 for Sams.com.mx
- 9<sup>th</sup> in Top 500 Digital Brands



- 1<sup>st</sup> in the Top 100 companies with the best reputation within the self-service sector
- 3<sup>rd</sup> in the Top 100 companies with the best reputation in Mexico



- 9<sup>th</sup> among Brands With Solidarity During the Pandemic.



## AWARDS CENTRAL AMERICA



Costa Rica



Recognition for supporting labor inclusion for persons with disabilities, within the celebration of World Down Syndrome Day



Nicaragua



UCC

Recognition for participating in the Virtual Employment Fair



Honduras



Recognition as a Socially Responsible Enterprise, for the 13<sup>th</sup> consecutive year



# MANAGEMENT'S DISCUSSION AND ANALYSIS



This year our business proved to be resilient, constantly innovating and working with discipline in order to earn our customers' loyalty, while delivering results.

In 2020, the circumstances required us to work remotely, yet closer and more integrated than ever with our associates from stores, clubs and DCs. We are very pleased with how our associates are embracing agile as the way of working, with our progress in omnichannel and with how we managed to keep our customers and associates at the center of all our decisions.

Being true to our purpose of helping people save money and live better, now all our formats have an omnichannel offering that allows us to make things easier for our customers and help them stay safe during these unprecedented times.

## DISCLOSURE OF NATURE OF BUSINESS

Walmart de México y Centroamérica is a leading retail sector company in the region.

As of December 31, 2020, it operated 3,489 units, throughout 6 countries (Costa Rica, Guatemala, Honduras, El Salvador, México, and Nicaragua), including self-service stores, membership clubs and omnichannel sales.

Walmart shares trade in the Mexican Stock Exchange since 1977; the ticker symbol is WALMEX.



## MEXICO

During the year, total revenues increased 8.0%.

Throughout the year, we worked with our suppliers to continue to provide the lowest prices to our customers through programs like "Los Esenciales". We were able to expand our price gap by 50 basis points and to expand gross profit by 20 basis points for the full year.

When we look at the full year, the team managed to keep the operating discipline, despite the high expense environment we experienced. Excluding one-time effects, expenses as percentage of sales were quite similar to 2019 levels. Underlying 2020 results were positive. Operating income grew 9.5%, 150 basis points ahead of total revenues growth and we were able to maintain our double-digit EBITDA margin of 11.4%.

During the year, same-store sales increased 6.7%, which led to an 11.1% two-year stack.

## PERFORMANCE BY REGION

During the year, all the regions in Mexico grew in same-store sales. The North and Metro regions had the highest performance, followed by the South and Center regions.

## PERFORMANCE BY FORMAT

Sam's Club continued to post the highest same-store sales growth, followed by Walmart, Superama and Bodega.

## PERFORMANCE BY DIVISION

Looking at same-store sales by category, Food & Consumables and General Merchandise posted the highest growth driven by in-home consumption.





## OMNICHANNEL MEXICO

SASB CG-EC-000.B, CG-EC-000.C, CG-EC-000.A

While same-store sales growth continues to be strong and sustainable, eCommerce contribution to total sales growth is accelerating.

During the year, contribution increased 5 times compared to 2019, reaching 260 basis points. eCommerce sales growth was 171% for the full year.

eCommerce sales represented 3.8% of Mexico sales during the year, 2.5 times the penetration we had on 2019.

## PERFORMANCE VS. THE MARKET

We have been able to outpace the self-service and clubs market measured by ANTAD for 6 consecutive years now. In 2020, we sequentially expanded the same-store sales growth gap compared to ANTAD, reaching a 130 basis points gap for the full year.

Our Every Day Low Price proposition continues to gain strength, and our efforts to operate with discipline and continuously improve our service levels are allowing us to gain our customers' loyalty.



## CENTRAL AMERICA

Note: Sales growth percentages related to Central America are determined on a constant currency basis.

Topline growth continued to be softer in the region given the macro environment and the restrictions in place to contain COVID-19 pandemic. The team did a great job, in the commercial proposal adjustment to increase essential items supply, and reinforcing our pricing positioning to drive sales. Despite price investments, we worked together with our suppliers and were able to maintain a 24.2% gross profit margin in the region.

The team managed to keep expenses under control in such challenging times. We were able to achieve 10 basis points of expense leverage during the year, despite the additional costs incurred due to the pandemic. It is an example of our commitment to costs control and discipline.

As a result, EBITDA margin expanded by 20 basis points in the year.

We continue to face a challenging environment, yet we are managing to grow ahead of the market and to gain share in most of the countries.

Nicaragua, El Salvador and Guatemala managed to grow same-store sales, while in Costa Rica and Honduras sales were softer, given the macro environment and the restrictions in place to contain COVID-19 pandemic.

## OMNICHANNEL CENTRAL AMERICA

We would like to highlight the omnichannel progress in Central America, which allowed us to serve our customers amid these unprecedented times. It is amazing how the team stepped-up to the challenge and provided an essential service to our customers.

We turned the challenge into an opportunity and enabled On Demand and pickup to continue providing an essential service, now online.

Our omnichannel proposal has been well received. In order to give an idea of the potential, eCommerce sales already represent 1% of total sales, and in some stores, the penetration has reached 20% of their total sales.

We will focus on service levels and on providing the best shopping experience; we believe it is critical to continue investing to improve our omni value proposition in order to win our customers' loyalty.





## NEW STORES

We continue to invest in Mexico and in Central America despite an uncertain environment, as we believe in the long-term potential of the region.

We resumed new store growth at a faster pace. Following authorities' guidelines for construction and making sure conditions were safe, during the year, we opened 82 new stores: 63 in Mexico and 19 in Central America. This included two new Walmart Express stores, which had amazing results in their opening month. We're very excited about the potential of this format.

For the year, new stores contribution to total sales growth was 1.5%.

## FINANCIAL POSITION, LIQUIDITY AND CAPITAL ALLOCATION

Our financial strength becomes increasingly important at these times.

Operating cash flow generation has increased annually 9.2% (CAGR from 2010 to 2020) and we will continue to focus on further improving our cash position by managing the business in a disciplined way, so we can continue to invest and generate returns.





## CAPEX

Last year we were not able to implement our investment plans as we expected to, but we managed to make strategic investments to better position our business, while continuing to generate returns.

We invested 16.7 billion pesos: 43% of the investment was allocated to the remodeling and maintenance of existing stores, 27% to the opening of new stores, 16% to eCommerce and technology, and 14% to the logistics network redesign.

We decided to shift our investment focus to omnichannel, automation, and technology projects to accelerate the implementation of our strategy.

## DIVIDENDS

We are committed to delivering consistent returns to shareholders while investing for the future.

On February 17th, 2021, the Walmex's Board of Directors agreed to recommend a proposal to shareholders for an ordinary dividend of 0.90 pesos per share and an extraordinary dividend of 0.73 pesos per share; total dividends added up to 1.63 pesos per share payable in two installments, one in November and the other one in December 2021.

We expect the proposal to be approved at the Annual Shareholders' Meeting to be held on March 23, 2021.

We also generated returns in the form of capital gains. For the last five years, our stock price has reached a new maximum each year, despite the volatility in the environment.





# REPORT BY THE AUDIT AND CORPORATE PRACTICES COMMITTEES

**WAL-MART DE MÉXICO, S.A.B. DE C.V.**

**TO THE BOARD OF DIRECTORS OF WAL-MART DE MÉXICO S.A.B. DE C.V.**

**TO WHOM IT MAY CONCERN:**

In compliance with Article 43 of the Securities Market Act (LMV, acronym in Spanish) and the internal regulations of the Committees I oversee, as well as the approval issued by the Board of Directors of Wal-Mart de México, S.A.B. of C.V. (which together with its subsidiaries, is hereinafter referred to as the Company), we hereby inform you of the activities performed during the reporting period ending on December 31, 2020.

In addition to considering the provisions established by the LMV, during the performance of our work, we complied with the provisions established by the Best Corporate Practices Code issued by the Business Coordination Council (Consejo Coordinador Empresarial, A.C.), the Company's Code of Ethics, the General Internal Regulations of the Mexican Stock Exchange, and the general provisions of the LMV.

While 2020 brought challenges caused by the pandemic, they led to efficiencies and different ways of doing things. In compliance with our oversight process, the Audit and Corporate Practices Committees have held regular quarterly meetings to analyze the overall situation regarding matters of material importance to the Company in the fields of finance, accounting, legal, operations, and ethics. Supplementing our participation over the course of the year, with meetings held with the office of the CEO, Finance, Legal, and the reports filed by the Company's key officers at our request, such as those described as follows:

**1. Regarding Corporate Practices, the Company's management kept us regularly informed, having no observations on the following:**

- a) The performance evaluation processes for relevant officers.
- b) The transactions with related parties, during the reporting period with an itemized description of the characteristics of significant transactions and their corresponding transfer pricing studies. Those items are mentioned in note 12 of the Financial Statements.
- c) The proposal for the short and long term compensation plan update, including incentives for the employees of the company's subsidiaries and related companies.
- d) The Board of Directors granted no exemptions whatsoever to any Director, executive, or anyone with a position of authority, as indicated under Article 28, Section III, subsection f) of the LMV.

**2. Regarding Audit:**

- a) We analyzed the status of the Company's internal control system and received detailed information about the programs and the internal and external audit work performed.
- b) We also reviewed the main aspects that require improvement and followed up on the preventive and corrective measures implemented by management. Therefore, in our opinion, the Company complies the effectiveness requirements established to operate in an adequate control environment.



- c) We assessed the performance of the external auditors who are responsible for issuing an opinion on the reasonability of the Company's financial statements and their adherence to International Financial Information Standards. In this regard, we believe that the partners at Mancera, S.C. (a Member of EY Global) comply with all the professional quality requirements. Furthermore, before beginning to provide the services, we assessed the independence requirements of the necessary intellectual and economic measures. As a result, we recommended assigning them to examine and issue the report on the Company's financial statements.
- d) We were informed of the additional or complementary services that the auditors mentioned above provided the Company in 2020. We do not believe that these services were substantial or that the independence and objectivity of the auditor are compromised.
- e) We reviewed the Company's quarterly and annual financial statements and recommend their approval by the Board of Directors for publication.
- f) We were informed of the accounting policies approved and applied during the fiscal year 2020 and their modifications.
- g) We followed up on relevant observations made by the shareholders, directors, relevant managers, employees, and, in general, any third party regarding accounting, internal controls, and internal or external auditing matters.
- h) We followed up on the agreements adopted at the shareholders' meetings by the Company's board of directors.
- i) We were informed about the status of the Company's investment plan and the financial impact produced by its current energy contracts.

- j) We were informed about the legal contingencies that the Company is exposed to and that are recognized in the financial statements based on their probability of occurrence.
- k) We were informed of the progress made in terms of cybersecurity.
- l) Lastly, we received periodic reports about the Company's Ethics and Compliance matters and its measures to reinforce these issues.

Based on the work completed and the external auditors' opinion, we believe that the Company's accounting and information policies and criteria are suitable and sufficient and have been consistently applied. Therefore, the information provided by the CEO is a reasonable reflection of the Company's financial situation and results.

According to the above, we recommend that the Board of Directors file the financial statements for Wal-Mart de México, S.A.B. de C.V. and subsidiaries for the period ended December 31, 2020, and present them to the Annual Meeting of Shareholders for approval.

**Sincerely yours,**



**Adolfo Cerezo.**

Chairman of the Audit and Corporate Practices Committees  
Mexico City, February 17, 2021



**WAL-MART DE MEXICO, S.A.B. DE C.V., AND SUBISIDIARIES**

# **CONSOLIDATED FINANCIAL STATEMENTS**

Years Ended December 31, 2020 and 2019

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Report of Independent Auditors

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- Statements of Financial Position
- Statements of Changes in Equity
- Statements of Cash Flows
- Notes to Financial Statements



# REPORT OF INDEPENDENT AUDITORS

## TO THE SHAREHOLDERS OF

### WAL-MART DE MÉXICO, S.A.B. DE C.V.

#### OPINION

We have audited the accompanying consolidated financial statements of Wal-Mart de México, S.A.B. de C.V. and subsidiaries (hereinafter "the Company"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wal-Mart de México, S.A.B. de C.V. and subsidiaries as at 31 December 2020 and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### BASIS FOR AUDIT OPINION

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent from Wal-Mart de México, S.A.B. de C.V. within the meaning of the Code of Ethics for Accounting Professionals of the International Ethics Standards Board for Accountants (IESBA) and the ethical requirements applicable to our audit of the consolidated financial statements in Mexico established by the Code of Ethics of the Mexican Institute of Public Accountants (IMCP, Spanish acronym) and have fulfilled our other responsibilities under those relevant ethical requirements and the Code of Ethics of the IESBA.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

#### IMPAIRMENT ASSESSMENT OF PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS, INVESTMENT PROPERTIES AND INTANGIBLES

##### Description and why it was considered a key audit matter

We have considered as a key audit matter the impairment analysis of property and equipment, right-of-use assets, investment properties and intangibles, because the determination of the recovery value is complex, it involves a high degree of judgment from the Company's management and requires significant judgments and assumptions to be made that are affected by future conditions, such as profitability and economic conditions, discount rates, operating



margins, the weighted average cost of capital, capitalization rate and others, which are sensitive and are affected by economic changes and market conditions, among other factors. Additionally, the calculation of the recoverable value carries the risk that the future cash flows used in its determination differ from expectations, or that the results are different from the originally estimated values. In addition, the balances of long-lived assets subject to the determination of the recovery value for impairment tests are significant as of December 31, 2020.

Notes 3 and 8 to 11 of the accompanying consolidated financial statements include the disclosures on the impairment assessment of property and equipment, right-of-use assets, investment properties and intangibles.

### How we responded to the key audit matter

We evaluated the design and tested the effectiveness of significant controls with respect to the impairment analysis process for long-lived assets as of December 31, 2020.

We analyze the assumptions and hypotheses used by the Company's management for the identification and grouping of long-lived assets in each cash-generating unit (CGU).

We evaluated the financial projections of future cash flows used by the Company's management in the impairment analysis of each CGU that we consider within our scope, verifying the information with which said projections were prepared and analyzing their consistency with historical trends and future business plans. We evaluated the composition of the CGUs and the assets subject to impairment analysis assigned within each CGU. We analyzed the key assumptions, considering the sensitivity of those assumptions. We involved our valuation specialists to assist us in evaluating the reasonableness of the key assumptions and the methodology used by the Company's Management in its impairment analysis according to International Accounting Standard ("IAS") 36, Impairment of assets. We independently recalculated the arithmetic calculations of the valuation models used and analyzed the uniformity of the definition of CGU applied by the Company.

We obtained evidence from the impairment study prepared by the Company's management on its long-lived assets and we evaluated the competence, technical capabilities and objectivity of the management's external valuation specialist.

We also evaluated the adequacy of the disclosures related to the identification and determination of the recoverable value of property and equipment, right-of-use assets, investment properties and intangibles of the accompanying consolidated financial statements as of December 31, 2020.

### OTHER INFORMATION

The other information comprises the financial and non-financial information (other than the financial statements and our audit report) presented in the annual report by the Company submitted to the National Banking and Securities Commission (the Commission) and in the annual report submitted to the shareholders for the year ended as at 31 December 2020. Management is responsible for the other information. We expect to obtain the other information after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when we have access to it and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we conclude that there is a material misstatement of the other information contained in the Annual Report filed with the Commission and/or in the annual report submitted to the Company's shareholders, we are required to report that fact to those charged with governance and to describe the matter in our statement on the Annual Report required by the Commission.

### RESPONSIBILITIES OF MANAGEMENT AND OF THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carlos Carrillo.

Mancera, S.C.  
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Ernst & Young Global Limited

**C.P.C. Carlos Carrillo Contreras**

Mexico City, February 17, 2021



# WAL-MART DE MEXICO, S.A.B. DE C.V., AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands of Mexican pesos)

	For the years ended December 31	
	2020	2019
Net sales	\$ 696,710,854	\$ 641,824,646
Other revenues (Note 19)	5,023,310	5,021,788
Total revenues	701,734,164	646,846,434
Cost of sales	( 539,694,249)	( 498,795,631)
Gross profit	162,039,915	148,050,803
General expenses (Note 20)	( 105,041,809)	( 94,426,416)
Income before other income and expenses	56,998,106	53,624,387
Other income	1,069,547	1,113,372
Other expenses	( 620,372)	( 735,073)
Operating income	57,447,281	54,002,686
Financial income (Note 21)	3,512,917	2,260,056
Financial expenses (Note 21)	( 11,496,111)	( 7,060,623)
Income before income taxes	49,464,087	49,202,119
Income taxes (Note 16)	( 16,029,226)	( 11,304,347)
Consolidated net income	\$ 33,434,861	\$ 37,897,772

	For the years ended December 31	
	2020	2019
Other comprehensive income items:		
<b>Items that do not reclassify to profit or loss of the year:</b>		
Actuarial results on employee benefits, net of income taxes	\$ ( 423,816)	\$ ( 496,214)
Items that may be reclassified subsequently to profit or loss:		
<b>Cumulative translation adjustment</b>		
Cumulative translation adjustment	( 305,573)	( 281,475)
Other comprehensive (loss) income	( 729,389)	( 777,689)
Comprehensive income	\$ 32,705,472	\$ 37,120,083
Basic earnings per share (in pesos)	\$ 1.915	\$ 2.170

The accompanying notes are an integral part of these financial statements.



# WAL-MART DE MEXICO, S.A.B. DE C.V., AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands of Mexican pesos)

	December 31,			December 31,	
	2020	2019		2020	2019
Assets			Liabilities and equity		
Current assets:			Current liabilities:		
Cash and cash equivalents (Note 5)	\$ 35,670,360	\$ 30,857,090	Accounts payable	\$ 92,356,297	\$ 87,115,823
Accounts receivable, net (Note 6 and 12)	16,993,754	13,716,962	Short-term lease liability	3,216,799	3,044,328
Inventories (Note 7)	68,360,474	67,553,214	Other accounts payable (Note 13)	24,840,589	21,117,370
Prepaid expenses and other	700,350	1,777,900	Income taxes payable	2,656,232	2,221,427
Total current assets	121,724,938	113,905,166	Total current liabilities	123,069,917	113,498,948
Non-current assets:			Long-term liabilities:		
Property and equipment, net (Note 8)	134,828,617	132,119,505	Leases and other long-term liabilities (Note 15)	60,706,593	58,698,700
Right-of-use asset (Note 9)	50,319,784	49,675,185	Income tax liabilities (Note 16)	6,402,935	6,741,568
Investment properties, net (Note 10)	6,305,920	6,644,218	Employee benefits (Note 17)	2,584,963	2,088,286
Intangible assets, net (Note 11)	37,552,016	37,083,590	Total liabilities	192,764,408	181,027,502
Deferred tax assets (Note 16)	9,108,261	7,908,566	Equity (Note 18):		
Other non-current assets	2,043,565	1,836,039	Capital stock	45,468,428	45,468,428
Total assets	\$ 361,883,101	\$ 349,172,269	Retained earnings	111,361,546	108,860,208
			Other comprehensive income items	14,411,368	15,140,757
			Premium on sale of shares	4,543,745	4,318,104
			Employee stock option plan fund	( 6,666,394)	( 5,642,730)
			Total equity	169,118,693	168,144,767
			Total liabilities and equity	\$ 361,883,101	\$ 349,172,269

The accompanying notes are an integral part of these financial statements.



# WAL-MART DE MEXICO, S.A.B. DE C.V., AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(Amounts in thousands of Mexican pesos)

	Retained earnings				Other comprehensive income items	Premium on sale of shares	Employee stock option plan fund	Total equity
	Capital stock	Legal Reserve	Retained earnings					
<b>Balance at December 31, 2018</b>	\$ 45,468,428	\$ 9,104,745	\$ 95,533,942		\$ 15,918,446	\$ 4,014,804	\$ ( 5,126,291)	\$ 164,914,074
Movements in employee stock option plan fund						303,300	( 516,439)	( 213,139)
Adoption effect IFRS 16			( 1,604,117)					( 1,604,117)
Adoption effect IFRIC 23			( 1,822,120)					( 1,822,120)
Dividends declared			( 30,250,014)					( 30,250,014)
Comprehensive income			37,897,772	( 777,689)				37,120,083
<b>Balance at December 31, 2019</b>	45,468,428	9,104,745	99,755,463		15,140,757	4,318,104	( 5,642,730)	168,144,767
Movements in employee stock option plan fund						225,641	( 1,023,664)	( 798,023)
Dividends declared			( 30,933,523)					( 30,933,523)
Comprehensive income			33,434,861	( 729,389)				32,705,472
<b>Balance at December 31, 2020</b>	<b>\$ 45,468,428</b>	<b>\$ 9,104,745</b>	<b>\$ 102,256,801</b>		<b>\$ 14,411,368</b>	<b>\$ 4,543,745</b>	<b>\$ ( 6,666,394)</b>	<b>\$ 169,118,693</b>

The accompanying notes are an integral part of these financial statements.



# WAL-MART DE MEXICO, S.A.B. DE C.V. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of Mexican pesos)

	For the years ended December 31,			For the years ended December 31,	
	2020	2019		2020	2019
<b>Operating activities</b>			<b>Investing activities</b>		
Income before income taxes	\$ 49,464,087	\$ 49,202,119	Long-lived assets with defined useful lives	\$ ( 16,728,102)	\$ ( 20,574,830)
Items related to investing activities:			Interest collected	986,291	1,218,688
Depreciation and amortization	17,939,624	17,002,507	Proceeds from sale of property and equipment	397,872	218,959
Loss from disposal of property and equipment and impairment	( 58,314)	126,777	Employee stock option plan fund	( 1,184,945)	( 543,916)
Stock option compensation expense	386,922	330,777	Net cash flow used in investing activities	( 16,528,884)	( 19,681,099)
Interest earned	( 986,291)	( 1,218,688)			
Items related to financing activities:			<b>Financing activities</b>		
Interest on lease liabilities	6,409,888	6,209,972	Dividends paid	( 30,933,523)	( 35,957,290)
Unrealized exchange rate fluctuation	( 615,274)	112,162	Interest paid	( 94,861)	( 244,617)
Provision of labor obligations	585,943	496,173	Payment of leases liability	( 8,675,223)	( 8,076,297)
Interest accrued	94,861	244,617	Net cash flow used in investing activities	( 39,703,607)	( 44,278,204)
Cash flow from operating activities	73,221,446	72,506,416			
			Effect of changes in the value of cash	( 327,305)	( 1,369,700)
<b>Variances in:</b>			Net increase (decrease) in cash and cash equivalents	4,813,270	( 7,972,508)
Accounts receivable	( 2,711,141)	( 1,980,704)	Cash and cash equivalents at beginning of year	30,857,090	38,829,598
Inventories	( 562,523)	( 4,385,071)	Cash and cash equivalents at end of year	\$ 35,670,360	\$ 30,857,090
Prepaid expenses and other	706,083	106,526			
Accounts payable	4,938,201	2,153,057	Non-cash transactions:		
Other accounts payable	2,703,941	( 912,022)	Additions of right of use assets	\$ 1,819,675	\$ 2,447,597
Income tax paid	( 16,191,826)	( 9,450,296)	Right of use assets remeasurements	2,853,228	5,670,229
Employee benefits	( 731,115)	( 681,411)			
Net cash flow from Operating activities	61,373,066	57,356,495			

The accompanying notes are an integral part of these financial statements.



## WAL-MART DE MEXICO, S.A.B. DE C.V. AND SUBSIDIARIES

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2020 and 2019

(Amounts in thousands of Mexican pesos, except where otherwise indicated)

GRI 102-5

### 1. DESCRIPTION OF THE BUSINESS

#### a) Corporate information

Wal-Mart de Mexico, S.A.B. de C.V. (**WALMEX**, "the Company" or "the Group") is a Mexican company incorporated under the laws of Mexico and listed on the Mexican Stock Exchange, whose headquarters are located at Nextengo #78, Santa Cruz Acatlán, 02770, in Mexico City. The principal shareholder of **WALMEX** is Walmart, Inc., a U.S. Corporation, through Intersalt, S. de R.L. de C.V., a Mexican company that holds equity interest of 70.51% in the Company.

**WALMEX** holds 100% of equity interest in the following groups of companies in Mexico and Central America:

Group	Line of business
<b>Nueva Walmart</b>	Operation in 2020 of 2,088 Bodega Aurrerá discount stores, 287 Walmart hipermarkets, 89 Superama supermarkets, 6 Walmart Express supermarkets and 164 Sam's Club membership self-service wholesale stores.
<b>Import companies</b>	Import of goods for resale.
<b>Real estate</b>	Property developments and management of real estate companies.
<b>Service companies</b>	Rendering of professional services to Group companies and not-for-profit services to the community at large, as well as shareholding.
<b>Walmart Central America</b>	Operation in 2020 of 563 discount stores (Despensa Familiar and Palí), 100 supermarkets (Paiz, La Despensa de Don Juan, La Unión and Más x Menos), 157 Bodegas (Maxi Bodega and Maxi Palí); and 35 Walmart hypermarkets. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.



## b) Transactions and relevant events

On May 25, 2020, **WALMEX** made a payment of \$8,079 million pesos to the Mexican Tax Authorities (SAT by its acronym in Spanish) to finalize substantial tax matters (including the sale of VIPS restaurant division to Alsea). This amount is recognized in the following items in the financial statements of the year ended on December 31, 2020: general expenses (VAT) of \$1,813 million; financial expenses (surcharges) of \$2,406 million; income tax (current tax) of \$3,856 million and income tax pending to recover (balance sheet) of \$4 million.

## 2. NEW ACCOUNTING PRONOUNCEMENTS

### a) International Financial Reporting Standards ("IFRS") new and revised effective as of January 1, 2020

#### Amendments to IFRS 3, "Business Combinations"

The IASB (International Accounting Standard Board) issued amendments to the definition of a "business" to help entities determine whether an acquired set of activities and assets needs to be considered as a business or not. The modifications must be applied to transactions that are business combinations or asset acquisitions for which the acquisition date is on or after January 1, 2020. These modifications did not have impact on the consolidated financial statements.

#### Amendments to IFRS 7, IFRS 9 and IAS 39, "Interest Rate Benchmark Reform"

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Company as it does not have any interest rate hedge relationships.

#### IAS 1, "Financial statements presentation" and IAS 8, "Accounting policies, changes in accounting estimations and errors"

The amendments provide a new definition of "material" that states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those

financial statements, which provide financial information about a specific reporting entity". The amendments clarify that materiality will depend on the nature or magnitude of the information, either individually or in combination with other information, in the context of the financial statements. These modifications have not had an impact on **WALMEX**'s consolidated financial statements and no future impacts are expected.

#### Amendments to Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Company.

#### Amendments to IFRS 16, "Covid-19 Related Rent Concessions"

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. This amendment had no significant impact on the consolidated financial statements of the Company.

### b) IFRS issued but not yet effective

#### IFRS 17, "Insurance Contracts"

This IFRS will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities



that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

IFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

#### Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- Changes in criteria to classify a liability as current or non-current.
- Considerations about substantial right to defer the liability settlement.
- Settlement definition and possibility of settling liabilities in cash, other economic resources, or entity's equity instruments.
- New disclosures by liabilities deferrals.

Classification as current or non-current liability will not be affected by the probability that the entity exercises or not its deferral right.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

#### Reference to the Conceptual Framework – Amendments to IFRS 3, "Business Combinations"

In May 2020, the IASB issued Amendments to IFRS 3 "Business Combinations" - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 "Levies", if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

#### Amendments to IAS 16, "Property, Plant and Equipment: Proceeds before Intended Use"

In May 2020, the IASB issued these amendments, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, directly in the income statement.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

#### Amendments to IAS 37, "Onerous Contracts – Costs of Fulfilling a Contract"

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs



directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

IFRS annual improvements 2018-2020

[IFRS 1, "First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter"](#)

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

[IFRS 9, "Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities"](#)

The amendment mentions when derecognize a financial liability that has been modified or exchanged, it must be evaluated whether the terms are substantially different between the new or modified financial liability and the original financial liability. A substantial difference is considered when the present value of the discounted cash flows under the new conditions, including commissions paid net, differs at least 10 percent from the present value of discounted cash flows that still remain from the original financial liability, using for discounting, the original effective interest rate.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

[IAS 41, "Agriculture – Taxation in fair value measurements"](#)

The amendment removes the requirement in paragraph 22 of IAS 41 where entities needed to exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies is described below. These policies have been applied consistently with those applied in the year ended December 31, 2019.

#### a) Basis of preparation

The accompanying consolidated financial statements have been prepared in conformity with the IFRS issued by the International Accounting Standards Board (IASB), and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), including those issued previously by the former Standard Interpretations Committee (SIC).

The consolidated statements of comprehensive income were prepared based on the function of its components, which allows disclosure of cost of sales separately from other costs, operating and administrative expenses, with both expenses recognized in the statement of income at the time they are incurred.



Prior to the consolidation process, the financial statements of the Company's foreign subsidiaries are prepared under IFRS and translated to Mexican pesos using the average exchange rate for the consolidated statement of comprehensive income and the year-end exchange rate for the consolidated statement of financial position.

The cumulative translation adjustment is the effect of translating the financial statements of the Company's foreign subsidiaries into Mexican pesos. This effect is recognized in equity.

The statement of cash flows is prepared using the indirect method.

The preparation of consolidated financial statements requires the use of accounting estimates and assumptions based on historical experience and other factors and therefore, the actual results may differ from estimates. The estimates and assumptions are reviewed periodically and mainly include the following:

- Accounting estimates for impairment of inventory, property and equipment, right of use assets, investment properties, goodwill and the successful probability of legal and tax contingencies.
- Assumptions such as discount rates used to determine leases liabilities; annually, the Company reviews the useful lives for property and equipment and intangible assets with definite lives; labor obligation present value factors determined through actuarial valuations using economic assumptions, such as discount rate, inflation rate, salary increase rate and minimum salary increase rate; and determination of the recoverable value involving significant judgments such as future cash flows, the discount rate and the interest rate; fair value of derivative financial instruments and investment properties.

**WALMEX** has sufficient resources to continue operating as a going concern. The accompanying consolidated financial statements have been prepared on a going-concern basis and on a historical-cost basis, except for financial assets and liabilities and derivative financial instruments, which are fair valued as of the end of every period. The Mexican peso is the Company's functional and reporting currency.

## b) Consolidation

The accompanying consolidated financial statements include the financial statements of **WALMEX**, entities in which the Company was deemed the primary beneficiary and those of its Mexican and foreign subsidiaries or investee in which has control, which are grouped as

described in Note 1, and prepared considering the same accounting period. Subsidiaries or investees are consolidated from the date on which control is assumed by **WALMEX**, and until such control is lost. The results of subsidiaries or investee acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of sale, as appropriate.

Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e. the existing rights that give it the current ability to conduct the relevant activities of the investee),
- Exposure to, or rights to, variable returns from its participation in the investee.
- The ability to use its power over the investee to affect its returns.

Transactions and related party balances are eliminated in the consolidation.

The Company consolidates in its financial statements the balances and operations of the investees Cargill Protein S. de R.L. de C.V. and Cargill Protein Servicios S. de R.L. de C.V., according to the agreement established with them to provide services for meat processing, through which the Company obtains control solely and exclusively from the accounting point of view and applying accounting principles but not legal ones, through the right to variable returns for its participation in these entities. Net income for the consolidated period considers a remaining attributable to the results of the investees of \$(39,343) in 2020 and \$(12,797) in 2019; and the statement of financial position contains a remaining attributable to the minority interest of the investees of \$(52,139) and \$(16,289), respectively.

## c) Financial assets and liabilities and fair value measurement

The Company determines the classification of financial assets and liabilities at initial recognition as described below:

- I. **Financial assets.** These assets are classified in one of the following categories, as required: financial assets at fair value through profit or loss, accounts receivable, investments held to maturity. The Company's financial assets primarily consist of cash and cash equivalents, trade receivables and other accounts receivable which are initially recognized at fair value. Fair value of an asset is the price in which such asset would be sold in an ordinary transaction with third parties, capable of participating in the transaction.



**II. Financial liabilities.** These liabilities are classified in accounts payable, other accounts payable and lease liabilities; these liabilities are initially recognized at fair value and subsequently valued to amortized cost using the effective interest rate method. The liabilities from derivatives are recognized initially and subsequently at fair value. Fair value of a liability is the amount that would be paid to transfer the responsibility to a new creditor in an ordinary transaction among those parties.

Assets and liabilities carried at fair value are measured using the fair value hierarchy, which prioritizes the inputs used in measuring fair value. The levels of the fair value hierarchy are as follows:

**Level 1.** Quoted prices for identical instruments in active markets;

**Level 2.** Other valuations including quoted prices for similar instruments in active markets that are directly or indirectly observable, and;

**Level 3.** Unobservable data inputs, for which the Company develops its own assumptions and valuations.

Subsequent measurement of the Company's financial assets and liabilities is determined based on their classification.

The Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

#### **d) Cash and cash equivalents**

Cash and cash equivalents principally consist of bank deposits, credit and debit card transfer transactions that process in less than seven days, and highly liquid investments with maturities of less than 90 days, plus accrued interest. Cash is stated at fair value.

Cash that is restricted and cannot be exchanged or used to settle a liability for a minimum period of twelve months is presented in a separate line item in the statement of financial position and is excluded from cash and cash equivalents in the cash flow statement.

#### **e) Derivative financial instruments**

The Company has entered into currency hedging through Over the Counter (OTC) currency forward transactions (Fx-forwards) to mitigate the effects caused by variability in the exchange

rate of foreign currency on its accounts payable related to import goods for sale. The maximum length of these contracts is six months.

Derivatives are initially recognized at fair value at the date the derivative contract is subscribed and subsequently revalued at fair value at the end of the reporting period. The resulting gain or loss is recognized immediately as a part of the financial income (expense) line in the consolidated statement of comprehensive income.

In accordance with our standards of corporate governance, the Company manages only Fx-forwards as derivative financial instruments.

#### **f) Accounts receivable and provision for impairment of other accounts receivable**

**WALMEX** recognizes the impairment of its receivables by applying the simplified approach allowed by IFRS 9 "Financial Instruments", recognizing the expected credit losses as of the creation of the account receivable. These assets are grouped according to the characteristics of credit risk and the days past due, with the expected loss provision for each risk group determined based on the historical credit loss and experience of the Company, adjusted for specific factors for debtors and effects in the economic environment.

#### **g) Inventories**

Inventories are valued using the retail method, except for merchandise for Sam's Club, distribution centers, Agro-Industrial development (grains, edibles and meat) and perishable divisions, which are stated using the weighted average cost method. These methods are consistent with those applied in the prior year. Inventories, including obsolete, slow-moving and defective items or items in poor condition, are stated at the lower of cost and net realizable value.

Freight and buying allowances are capitalized in inventory and are recognized in the cost of sales based on the turnover of the inventories that gave rise to them.

#### **h) Prepaid expenses**

Prepaid expenses are recorded at cost and recognized as current assets in the consolidated statement of financial position as of the date the prepayments are made. Once the goods or services related to the prepayments are received, they should be charged to the income statement or capitalized in the corresponding asset line when there is certainty that the acquired goods will generate future economic benefits.



## i) Property and equipment

Property and equipment are recorded at acquisition cost and are presented net of accumulated depreciation.

Depreciation of property and equipment is computed on a straight-line basis at the following annual rates:

Buildings, facilities and leasehold improvements:

• Constructions and structures	2.5% to	5.0%
• Facilities and adaptations	5.0% to	12.5%
• Construction finishes	10.0% to	25.0%

Furniture and equipment

Computer equipment

Transportation equipment

5.0% to 33.3%

12.5% to 33.3%

10.0% to 33.3%

Construction in progress mostly consists of investments made by the Company, mainly for the construction of new stores and improvements; they are recognized at cost, and once complete, the Company reclassifies work in process to property and the depreciation begins.

## j) Investment properties

Investment properties consist of land, buildings and constructions and facilities in properties that are leased to others and are maintained to obtain economic benefits through the collection of rent. Investment properties are measured initially at cost, including transaction costs. After initial recognition, they continue to be valued at cost less depreciation and accumulated losses due to impairment.

Depreciation of investment properties is computed on a straight-line basis at the following annual rates:

Buildings, facilities and leasehold improvements:

• Constructions and structures	2.5% to	5.0%
• Facilities and adaptations	5.0% to	12.5%
• Finishes of construction	10.0% to	25.0%

## k) Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercises of judgement about whether it depends on a specified asset, whether the Company obtains substantially all the economics benefits from the use of that asset, and whether the Company has the right to direct the use of the assets.

**WALMEX** as a lessee

**WALMEX** recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using incremental interest rate of **WALMEX**.

After initial recognition, the lease liability is measured at amortized cost using the effective interest method. These liabilities are re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if **WALMEX** changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**WALMEX** as a lessor

The company obtains rental income from investment properties. Fixed and variable rental income is recognized when accrued, and such revenues are presented as a part of other revenues line within the consolidated statement of comprehensive income.

**I) Impairment of long term definite useful life assets**

The long-term definite useful life assets are subject to impairment tests only when there is objective evidence of impairment.

The Company recognizes impairment in the value of this type of assets by applying the expected present value technique to determine value in use, considering each store as the minimum cash-generating unit.

The present value technique requires detailed budget calculations, which are prepared separately for each cash-generating unit where the assets are located. These budgets generally cover five years and, in case of a longer period, an expected growth rate is applied.

Impairment losses are recognized in the consolidated statement of comprehensive income as a part of other expenses.

When an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased by the reviewed estimate of the recoverable amount, not exceeding the carrying amount that would have been determined had no impairment loss been recognized in prior years. The reversal of an impairment loss is recognized immediately in the comprehensive income statement.

**m) Intangible assets**

Intangible assets are recognized when they have the following characteristics: they are identifiable, they give rise to future economic benefits and the Company has control over such benefits.

Intangible assets are valued at the lower of acquisition cost or fair value at the acquisition date and are classified based on their useful lives, which may be definite or indefinite. Indefinite-lived assets are not amortized; however, they are subject to annual impairment tests. Definite-lived assets are amortized using the straight-line method at rates between 7.7% and 33.3%.

**n) Goodwill**

Goodwill represents the excess of the purchase price over the fair value of the net assets of Walmart Central America at the acquisition date and is not subject to amortization.

Goodwill was assigned applying the perpetuity value technique to determine the goodwill's value in use, considering each Central American country (Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador) as a minimum cash generating unit.

Goodwill is tested for impairment annually. The Company engages the services of an independent expert to test its goodwill for impairment. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of value of money over time and the specific risks affecting such assets.

Future cash flows consider the business plan and projections used by management in its decision making for the following five years.

Goodwill is translated at the closing exchange rate and such translation is recognized in other comprehensive income.

**o) Liabilities and provisions**

Accrued liabilities represent current obligations (legal or assumed) for past events where an outflow of economic resources is possible and can be reasonably estimated. Reimbursements are recognized net of any related obligation when it is certain that the reimbursement will be obtained. Provision expenses are presented in the consolidated statement of comprehensive income net of any corresponding reimbursements.



## p) Income taxes

### Current and deferred income

Income taxes are classified as current and deferred and are recognized in the consolidated statement of comprehensive income in the year they are expensed or accrued, except when they come from items directly recognized in other comprehensive income, in which case, the corresponding taxes are recognized in equity.

Current income taxes are determined based on the tax laws approved in the countries where **WALMEX** has operations and are the result of applying the applicable tax rates at the date of the consolidated financial statements on the taxable profits of each entity of the Group. Current income taxes are presented as a current liability/asset net of prepayments made during the year.

Deferred income taxes result from applying the applicable enacted or substantively enacted income tax rate at the reporting date to all temporary differences between the financial reporting and tax values of assets and liabilities in the consolidated balance sheet. Deferred tax assets are only recognized when it is probable that sufficient taxable profit will be available against which the deductions for temporary differences can be taken. The deferred tax liabilities are generally recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred assets to be used. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The deferred income tax on temporary differences arising from investments in subsidiaries is recognized, unless the period of reversal of temporary differences is controlled by **WALMEX** and it is probable that the temporary differences will not reverse in the near future.

The Company offsets tax assets and liabilities only if it has a legally enforceable right to offset tax assets and liabilities and deferred tax assets and liabilities relating to income taxes that pertain to the same authority.

### Uncertain tax positions

The Company reviews its criteria for the recognition and measurement of income taxes when there are uncertain tax positions. Uncertain tax positions are those tax positions where there is uncertainty about whether the competent tax authority of each of the countries where **WALMEX** operates will accept the tax position under current tax laws.

If the Company concludes that a particular tax treatment is likely to be accepted, it determines the taxable profit (tax loss), tax basis, unused tax losses, unused tax credits, or tax rates consistent with the tax treatment included in its tax return. If the Company concludes that a particular tax treatment is unlikely to be accepted, the entity uses the most probable amount or expected value of the tax treatment that the authority would accept when determining the tax profit (tax loss), tax basis, non-tax losses used, unused tax credits or tax rates.

## q) Employee benefits

Employees in Mexico are entitled to a seniority premium in accordance with the Mexican Federal Labor Law. Also, **WALMEX** employees in each of the six countries are entitled to termination benefits to be paid in accordance with each country's respective labor laws. These employee benefits are recognized as expenses during the years in which services are rendered, based on actuarial computations performed by independent experts using the projected unit credit method.

In Mexico, the seniority premium is granted to employees who retire from the Company with a minimum of fifteen years of seniority. The amount paid to the associate is equivalent to twelve days for each year worked, without exceeding the amount for each day of twice the minimum wage. The Company has set up a defined benefits trust fund to cover seniority premiums accruing to employees. Employees make no contributions to this fund.

In Central America, the termination benefits for associates are paid when required in the case of unjustified dismissal or death, in accordance with the Labor Law of each country where the Company operates. The benefits range from 20 days to one month of salary for each year of uninterrupted service.

All other payments to which employees or their beneficiaries are entitled in the event of involuntary retirement or death are expensed as incurred, in accordance with the federal labor laws of each country.



**WALMEX** recognizes the actuarial gains and losses as they accrue directly in the consolidated statement of comprehensive income, and in the statement of changes in equity.

### r) Equity

#### Legal reserve:

At December 31, 2020, the Company's legal reserve amounts to \$9,104,745, which represents 20% of its capital stock, which under the Mexican Corporations Act is the maximum level the balance of the reserve can reach.

#### Dividends:

The company recognize a liability to pay dividends when these are decreed and are approved through a shareholders meeting. The corresponding accrual is recognized as a decrease in stockholders' equity directly.

#### Employee stock option plan fund and stock option compensation:

The employee stock option plan fund is comprised of **WALMEX** shares which are acquired in the secondary market and are presented at acquisition cost. The plan is designed to grant stock options to executives of the companies of the Group, as approved by the Mexican National Banking and Securities Commission.

The shares subject to the plan are assigned, taking as a reference the weighted average price of the purchase and sale transactions in the secondary market of such shares.

The current policy has two grant plans to executives; the first one grant stock options and the second one grant restricted shares (the last one is offered only to certain executive levels). In the stock option plan, the term to exercise the option is released in four years in two equal parts: 50% in two years and the remaining 50% by the end of the fourth year. The term to exercise the rights is 10 years from the grant date.

The vesting period for the restricted shares plan is 3 years and the term to exercise the option is up to 10 years starting from the date of the assignment. The amount of the restricted shares is

subject to compliance with certain metrics that are evaluated for assignment after the first year, which may cause the original allocation to decrease or increase within a range of 0% to 150%

According to the previous policy, **WALMEX** executives may exercise their option to acquire shares in equal parts over five years. The right to exercise the employee stock option expired after ten years as of the grant date or after sixty days following the date of the employee's termination and there was no restricted share plan.

The compensation cost of stock options is recognized in general expenses in the consolidated statement of comprehensive income at fair value.

#### Premium on sale of shares:

The premium on sale of shares represents the difference between the cost of shares and the value at which such shares were sold, net of the corresponding income tax.

### s) Revenue recognition

Revenue from merchandise sales, including online sales ("e-Commerce") is recognized in the consolidated statement of comprehensive income at the time the obligation is satisfied (when "control" of the goods has been transferred to the customer). Revenue from services is recognized at the time the service is provided.

Extended warranties, service commissions and cell phone airtime are recognized net in the net sales line in the consolidated statement of comprehensive income at time the service is provided.

Sam's Club membership income is deferred over the twelve-month term of the membership and presented in the other revenue line in the consolidated statement of comprehensive income.

Rental income is recognized as it accrues over the terms of the lease agreements entered with third parties and presented in the other revenue line in the consolidated statement of comprehensive income.

Revenues from the sale of waste and parking lots are recognized in other revenue line at the time the property is transferred upon delivery of the goods or at the time the services are provided.



### t) Basic earnings per share

Basic earnings per share is the result of dividing the net income of the year attributable to owners of the parent by the weighted average number of outstanding shares. Diluted earnings per share are the same as basic earnings per share since there is currently no potentially dilutive common stock.

The effect on earnings per share, which represents the remainder attributable to the results of the investees in 2020 and 2019 is of \$0.002 and \$0.001 pesos per share, respectively.

### u) Operating segments

Segment financial information is prepared based on the information used by the Chief Operating Decision Maker "CODM" to make business decisions and assess the Company's performance. Segment information is presented based on the geographical zones in which the Company operates.

### v) Foreign currency transactions

The Company's foreign currency denominated assets and liabilities are translated to the functional currency at the prevailing exchange rate at the date of the consolidated statement of financial position. Exchange differences are recognized in the consolidated statement of comprehensive income in the financial income (expenses) lines.

## 4. RISK MANAGEMENT

### a) General risk factors

The Company is exposed to the effects of future events that could affect the purchasing power and/or buying habits of the population. These events may be economic, political or social in nature and some of the most important are described below:

**I. Changes in exchange rates.** Exchange rate fluctuations tend to put upward pressure on inflation and reduce the population's purchasing power, which could ultimately adversely affect the Company's sales, in particular due to the purchase of imported goods.

**II. Competition.** The retail sector has become very competitive in recent years, which has led to the need for all the players in the market to constantly look for ways to set

themselves apart from the competition. This puts the Company's market share at risk. Other factors affecting the Company's market share could be the business expansion of its competitors and the possible entrance of new competitors into the market.

**III. Inflation.** A significant increase in inflation rates could have a direct effect on the purchasing power of the Company's customers and the demand for its products and services, as well as employment and salaries.

**IV. Changes in government regulations.** The Company is exposed to the changes in different laws and regulations, which, after becoming effective, could affect the Company's operating results, such as an impact on sales, expenses for payroll indirect taxes and changes in applicable rates. Currently, the level of scrutiny and discretion by the tax authorities has greatly increased. Mexican legal courts have changed their position favoring the authorities and ignoring violations of form and procedure.

**V. Recent developments.** During 2020, there have been events at the international and national level that have had an impact on the volatility of economic and market indicators as Mexico as well as Central America.

These events in Mexico and Central America are derived from the contingency generated by the COVID-19 pandemic, as well as the decrease in oil prices. This has led to a depreciation of the Mexican peso, limitations in the people mobility, loss of jobs and consequently a reduction in their capacity to generate income; increase in operating expenses due to additional support to associates and several health and safety measures; as well as higher risk of recovery of accounts receivable (mainly related to rents from tenants).

At the date of this report, the financial effect of the combination of these events did not have a significant adverse impact on the financial statements taken as a whole.

### b) Financial risk factors

The Company's activities are exposed to various financial risks such as exchange rate, interest rate and liquidity risk.

The Company manages those risks that impede or endanger its financial objectives, seeking to minimize potential negative effects through different strategies.

Exchange rate risk:

The Company operates with foreign companies and therefore is exposed to the risk of exchange rate operations with foreign currencies, particularly the US dollar ("USD").

At December 31, 2020 the exchange rate used to translate assets and liabilities denominated in US dollars was \$19.90 per dollar (\$18.93 in 2019).

Considering the net monetary position in dollars at December 31, 2020, if there was an increase or decrease in the exchange rate of the US dollar against the Mexican peso of 5%, there would be a favorable or unfavorable effect on the financial income (expenses) and equity of the Company of \$204,313.

The Company has entered into Fx-forward contracts for foreign currency in order to protect itself from exposure to variability in the exchange rate for the payment of liabilities in Mexico related to the purchase of imported goods agreed in US dollars.

The valuation techniques used by the Company to determine and disclose the fair value of its financial instruments are based on the fair value hierarchy level 2. (See Note 3 "Summary of significant accounting policies - Financial assets and liabilities and fair value measurement").

At December 31, 2020 and 2019, the Company has Fx-forward contracts with a term of no more than four months recorded in other accounts payable, which are shown below:

	2020		2019	
Current contracts		<b>281</b>		292
Notional amount (millions of USD)	<b>US\$</b>	<b>163.83</b>	US\$	167.30
Notional amount (millions of Mexican Pesos)	<b>MXN\$</b>	<b>3,357.56</b>	MXN\$	3,247.20
Fair value, net (millions of pesos)	<b>MXN\$</b>	<b>( 82.19)</b>	MXN\$	( 55.90)

Each Fx-forwards operation contracted with the banking institutions is agreed by means of a confirmation letter and consists in the exchange in kind of currencies with the same counterpart that occurs simultaneously at the settlement date agreed in the confirmation letter.

Interest rate risk:

The Company has temporary investments in government paper which generate financial income. By reducing the interest rate, the financial income of the Company also decreases. The interest rate of these investments fluctuated during the year 2020 between 1.60% and 7.42%. As of December 31, 2020, the financial income amounted to \$986,291 (\$1,218,688 in 2019).

Considering the highly liquid instruments as of December 31, 2020, if there was an increase or decrease in the interest rate of 0.50%, there would be a favorable or unfavorable effect on the financial income of the Company of \$98,348.

Liquidity risk:

The Company is subject to liquidity risks to meet its payment obligations to suppliers, payment of taxes, acquisitions of fixed assets and other working capital requirements, which are settled through the cash flow generated in the operation. For this reason, in order to avoid the breach of its obligations, the Company has contracted lines of credit and overdraft with different Banks.

As of December 31, 2020, the credit and overdraft lines contracted and no used amounted \$41,001 million that give additional liquidity to that generated by the operating activities, if it is necessary.

## 5. CASH AND CASH EQUIVALENTS

An analysis of cash and cash equivalents as of December 31, 2020 and 2019, is as follows:

	2020	2019
Cash and cash in banks	\$ <b>26,577,187</b>	\$ 19,168,562
Highly marketable investments	<b>9,093,173</b>	11,688,528
	<b>\$ 35,670,360</b>	\$ 30,857,090

As of December 31, 2020, the restricted cash amounted \$188,487 (\$116,480 in 2019).



## 6. ACCOUNTS RECEIVABLE

An analysis of accounts receivable at December 31, 2020 and 2019, is as follows:

	<b>2020</b>	2019
Income tax, VAT, IEPS pending to recover	<b>\$ 13,304,798</b>	\$ 9,901,836
Trade receivables	<b>1,605,021</b>	2,307,348
Other accounts receivable	<b>2,554,894</b>	1,611,393
Related parties (Note 12)	<b>33,543</b>	95,736
Allowance for impairment of other receivables <sup>(1)</sup>	<b>( 504,502)</b>	( 199,351)
	<b>\$ 16,993,754</b>	\$ 13,716,962

Average aging to collect the accounts receivable to customers is 30 to 90 days.

<sup>(1)</sup> Includes \$187 million of allowance for impairment of other receivables corresponding to tenant rent receivables, which amounted to \$487 million (included within other accounts receivable line). Due to the contingency generated by the COVID-19 pandemic, the recovery risk of these receivables has increased.

## 7. INVENTORIES

An analysis of inventories as of December 31, 2020 and 2019, is as follows:

	<b>2020</b>	2019
Merchandise for sale	<b>\$ 64,648,896</b>	\$ 63,951,823
Agro-industrial development	<b>842,787</b>	841,245
	<b>65,491,683</b>	64,793,068
Merchandise in transit	<b>2,868,791</b>	2,760,146
	<b>\$ 68,360,474</b>	\$ 67,553,214

As of December 31, 2020 and 2019, the effect of inventory impairment is \$1,351,173 and \$1,326,742, respectively, which was included in cost of sales in the consolidated comprehensive income statement.



## 8. PROPERTY AND EQUIPMENT

An analysis of property and equipment at December 31, 2020 and 2019, is as follows:

	December 31, 2018	Additions	Disposals	Transfers	Translation effect	December 31, 2019		Additions	Disposals	Transfers	Translation effect	December 31, 2020
Cost:												
Land	\$ 30,180,274	\$ 405,314	\$ ( 15,251)	\$ 594,790	\$ ( 32,687)	\$ 31,132,440		\$ 417,018	\$ ( 56,797)	\$ 180,312	\$ 20,107	\$ 31,693,080
Buildings	63,088,410	1,281,157	( 814,475)	4,766,994	( 208,660)	68,113,426		1,337,321	( 209,148)	2,939,215	99,484	72,280,298
Facilities and leasehold improvements	44,846,897	572	( 538,637)	4,544,817	( 189,483)	48,664,166		968	( 2,260)	3,558,317	214,515	52,435,706
Furniture and equipment	75,374,158	4,112,212	( 2,613,994)	5,283,148	( 394,982)	81,760,542		3,928,784	( 16,255,015)	3,758,754	286,294	73,479,359
<b>Subtotal</b>	<b>213,489,739</b>	<b>5,799,255</b>	<b>( 3,982,357)</b>	<b>15,189,749</b>	<b>( 825,812)</b>	<b>229,670,574</b>		<b>5,684,091</b>	<b>( 16,523,220)</b>	<b>10,436,598</b>	<b>620,400</b>	<b>229,888,443</b>
Accumulated depreciation:												
Property	( 29,117,379)	( 2,629,693)	721,388	( 540,949)	62,479	( 31,504,154)		( 2,964,692)	141,274	( 118,591)	30,656	( 34,415,507)
Facilities and leasehold improvements	( 19,402,252)	( 2,837,370)	( 727,598)	229,299	84,227	( 22,653,694)		( 3,067,257)	5,160	( (19,132)	( 49,293)	( 25,784,216)
Furniture and equipment	( 44,287,573)	( 6,842,173)	2,494,515	6,103	203,465	( 48,425,663)		( 7,178,999)	16,074,474	36,502	( 5,490)	( 39,499,176)
<b>Subtotal</b>	<b>( 92,807,204)</b>	<b>( 12,309,236)</b>	<b>2,488,305</b>	<b>( 305,547)</b>	<b>350,171</b>	<b>( 102,583,511)</b>		<b>( 13,210,948)</b>	<b>16,220,908</b>	<b>( 101,221)</b>	<b>( 24,127)</b>	<b>( 99,698,899)</b>
Construction in progress	5,960,743	14,461,558	( 392,124)	( 14,964,314)	( 33,421)	5,032,442		10,224,241	8,870	( 10,467,560)	( 158,920)	4,639,073
<b>Total</b>	<b>\$ 126,643,278</b>	<b>\$ 7,951,577</b>	<b>\$ (1,886,176)</b>	<b>\$ ( 80,112)</b>	<b>\$ ( 509,062)</b>	<b>\$ 132,119,505</b>		<b>\$ 2,697,384</b>	<b>\$ ( 293,442)</b>	<b>\$ ( 132,183)</b>	<b>\$ 437,353</b>	<b>\$ 134,828,617</b>

Depreciation expense for the years ended December 31, 2020 and 2019, was \$12,876,087 and \$12,038,867, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income. The depreciation included in cost of sales was \$334,861 and \$270,369, respectively.

Property and equipment impairment for the years ended December 31, 2020 and 2019 was \$8,143 and \$8,076, respectively, and is presented in the disposals' column. Also, impairment reversal amounted to \$2,097 and \$37,564, respectively.



## 9. LEASES

**WALMEX** has executed property lease agreements. Leases are usually contracted for a period of 15 years. Some leases include a unilateral renewal option for an additional period. The Company evaluates at the beginning of the lease if it is reasonably certain that it exercises said renewal option.

In addition, the Company has also entered into finance leases for the rental of residual water treatment plants with lease terms of 10 years with purchase option at the end of the agreement; as well as other equipment leases with terms of 3 to 5 years.

**WALMEX** sub-leases some of its investment properties.

As of December 31, 2020 and 2019, the right of use assets balance is as follows:

	2020	2019
Balance at the beginning of the year	<b>\$ 49,675,185</b>	\$ 12,724,731
IFRS 16 initial adoption	-	33,812,340
Additions of right of use assets	<b>1,819,675</b>	2,447,597
Modifications and actualizations	<b>2,853,228</b>	5,670,229
Disposals	( 187,437)	( 473,459)
Depreciation of the period	( 3,893,398)	( 3,844,268)
Transfers	( 137,074)	( 851,965)
Translation effect	<b>189,605</b>	189,980
Balance at the end of the year	<b>\$ 50,319,784</b>	\$ 49,675,185

As of December 31, 2020, the balance of the right of use assets of properties amounted \$48,671,340 (\$47,488,942 in 2019) and furniture and equipment amounted \$1,648,444 (\$2,186,243 in 2019).

An analysis of leases liabilities is as follows:

Year	December 31, 2020
2021	<b>\$ 8,711,518</b>
2022	<b>8,348,178</b>
2023	<b>7,944,476</b>
2024	<b>7,685,599</b>
2025	<b>7,449,804</b>
2026 and thereafter	<b>101,595,596</b>
Nominal lease payments	<b>141,735,171</b>
Net present value adjustment	( 81,996,960)
Lease liabilities – net	<b>\$ 59,738,211</b>

The Company analyzes its services agreements that do not have the legal form of a lease to determine if the supplier transfers the use of an asset to **WALMEX**. After this analysis, **WALMEX** has determined that there are no material service agreements that must be classified as a lease.]

The amounts recognized in the consolidated statements of income for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Depreciation expense for the right of use assets, by type:		
Property	<b>\$ 3,514,541</b>	\$ 3,218,362
Equipment	<b>\$ 378,857</b>	\$ 625,906
Interest on lease liabilities	<b>\$ 6,409,888</b>	\$ 5,752,506
Expenses related to short-term leases	<b>\$ 379,211</b>	\$ 495,219
Expenses related to leases of low-value assets	<b>\$ 13,853</b>	\$ 4,260
Variable lease payments (not included in the measurement of lease liabilities)	<b>\$ 3,291,749</b>	\$ 2,656,794
Sub lease revenue	\$ ( 471,070)	\$ ( 114,085)



Amounts recognized in the consolidated statements of cash flow are as follow:

	2020	2019
Rent payments – principal	\$ 2,265,335	\$ 2,323,791
Rent payments – interest	\$ 6,409,888	\$ 5,752,506
Additions of right of use assets	\$ 1,819,675	\$ 2,447,597
Modifications and updates	\$ 2,853,228	\$ 5,670,229

## 10. INVESTMENT PROPERTIES

An analysis of investment properties as of December 31, 2020 and 2019 is as follows:

	December 31, 2018			Modifications and actualizations			December 31, 2019			Modifications and Actualizations			December 31, 2020		
	Additions	Disposals	Transfers	Additions	Disposals	Transfers	Additions	Disposals	Transfers	Additions	Disposals	Transfers	Additions	Disposals	
Land	\$ 2,553,534	\$ 12	\$ ( 6,669)	-	\$ 3,402	\$ 2,550,279	\$ .	\$ ( 63,264)	-	\$ 133,972	-	\$ 2,487,015			
Buildings	2,656,508	22,730	( 184,481)	1,654,160	1,802,852	5,951,769	14,595	( 38,302)	( 498)	133,972	( 498)	6,061,536			
Facilities and improvements	2,368,303	-	( 57,028)	-	( 658,693)	1,652,582	-	( 124,352)	-	-	-	1,528,230			
Subtotal	7,578,345	22,742	( 248,178)	1,654,160	1,147,561	10,154,630	14,595	( 225,918)	( 498)	133,972	( 498)	10,076,781			
Accumulated depreciation	( 2,724,375)	( 369,977)	61,997	( 126,102)	( 351,955)	( 3,510,412)	( 358,985)	99,961	( 1,465)	40	( 125,957)	40	( 3,770,861)		
Total	\$ 4,853,970	\$ ( 347,235)	\$ ( 186,181)	\$ 1,528,058	\$ 795,606	\$ 6,644,218	\$ ( 344,390)	\$ ( 125,957)	\$ ( 458)	\$ 132,507	\$ ( 458)	\$ 6,305,920			

Depreciation expense for the years ended December 31, 2020 and 2019 was \$358,985 and \$369,977, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income.

The investment properties of the Company consist of commercial properties located in Mexico. The administration determined that the investment properties are grouped according to the nature, characteristics and main client of each property.

As of December 31, 2020 and 2019, the fair values of the properties are based on Management's valuations. To calculate the value of a commercial property, the rental approach was used, applying the corresponding gross rent multiplier (GRM). The Company determines the estimated fair value based on its annual rental income before expenses, divided by the capitalization rate used in the real estate sector (Cap rate). Annual rental income before expenses for the year ended December 31, 2020 was reduced by 24% from the previous year mainly due to the contingency caused by the COVID-19 pandemic; On the other hand, the capitalization rates used for the year ended December 31, 2020 and 2019, were 8.5% in both periods. Effects on annual income and the update of the capitalization rate were considered in the calculation of the estimated fair value.

The Company's Management determined that there is no impairment in the investment properties as of December 31, 2020 and 2019. The estimated fair value of the investment properties as of December 31, 2020 and 2019 is \$ 7,011,501 and \$ 9,238,994, respectively. The Company compares the estimated fair value and the net book value to determine if there are impairment.



## 11. INTANGIBLE ASSETS

An analysis of intangible assets at December 31, 2020 and 2019, is as follows:

	December 31, 2018	Additions	Disposals	Transfers	Translation effect	December 31, 2019		Additions	Disposals	Transfers	Translation effect	December 31, 2020
Goodwill	\$ 34,989,210	\$ -	\$ -	\$ -	\$ 156,151	\$ 35,145,361		\$ -	\$ -	\$ -	\$ ( 147,981)	\$ 34,997,380
Trademarks	868,246	1,234	-	-	( 12,693)	856,787		625	-	-	13,902	871,314
Licenses and software	3,008,817	290,041	( 6,155)	136,142	247	3,429,092		804,550	( 14,657)	269,841	41,137	4,529,963
Customer base	215,024	-	-	-	4,076	219,100		-	-	-	( 3,875)	215,225
<b>Subtotal</b>	<b>39,081,297</b>	<b>291,275</b>	<b>( 6,155)</b>	<b>136,142</b>	<b>147,781</b>	<b>39,650,340</b>		<b>805,175</b>	<b>( 14,657)</b>	<b>269,841</b>	<b>( 96,817)</b>	<b>40,613,882</b>
Accumulated amortization	( 2,083,558)	( 479,026)	( 177)	329	( 4,318)	( 2,566,750)		( 476,293)	5,853	( 126)	( 24,550)	( 3,061,866)
<b>Total</b>	<b>\$ 36,997,739</b>	<b>\$ ( 187,751)</b>	<b>\$ ( 6,332)</b>	<b>\$ 136,471</b>	<b>\$ 143,463</b>	<b>\$ 37,083,590</b>		<b>\$ 328,882</b>	<b>\$ ( 8,804)</b>	<b>\$ 269,715</b>	<b>\$ ( 121,367)</b>	<b>\$ 37,552,016</b>

Trademarks represents the trademarks acquired at the time of the acquisition of Walmart Central America, including Pali, Despensa Familiar, Maxi Bodega, among others. Trademarks are translated at the year-end-exchange rate and the corresponding effect is recognized as a component of other comprehensive income.

Licenses, software and customer amortization expense for the years ended December 31, 2020 and 2019 was \$476,293 y \$479,026, respectively, and is included in the general expenses line of the consolidated statement of comprehensive income.

The assumptions used in the goodwill impairment test are:

- Net book value of long-lived assets with a defined and indefinite life.
- Projection period of financial and operational assumptions (Revenues, EBITDA, Working Capital and Capex) of 5 years for each cash-generating unit (CGU).
- Estimate of the terminal value in perpetuity based on the latest estimated flow, considering a growth between 0.8% and 4% in nominal terms, which correspond to the estimated average inflation for each CGU.
- Appropriate discount rate, based on the weighted average cost of capital (WACC) methodology, which vary in a range of 8.8% to 12.2% determined according to the associated risks for each CGU.
- The effect of the contingency caused by the COVID-19 pandemic did not have a significant impact on the growth of cash flows.

As a result of its impairment testing, the Company concluded that there was no impairment in the value of the Goodwill as of December 31, 2020 and 2019.



## 12. RELATED PARTIES

### a) Related party balances

As of December 31, 2020 and 2019, the consolidated statement of financial position includes the following balances with related parties:

	2020	2019
<b>Accounts receivable, net:</b>		
Walmart Inc. (Note 6)	<b>\$ 33,543</b>	\$ 95,736
<b>Accounts payable:</b>		
C.M.A. – U.S.A., L.L.C.	\$ 795,111	\$ 695,229
Swiss Asia Minor GmbH	<b>152,934</b>	101,254
	<b>\$ 948,045</b>	\$ 796,483
<b>Other accounts payable:</b>		
Walmart Inc.	\$ 1,088,239	\$ 1,223,695
Newgrange Platinum Services LTD	<b>228,591</b>	-
	<b>\$ 1,316,830</b>	\$ 1,223,695

Additionally, as of December 31, 2020 and 2019, the company has other accounts payable with others related parties of \$26,672 and \$25,146, respectively.

Balances with related parties consist of current accounts that bear no interest, are payable in cash and have no guarantees. Balances with related parties are considered recoverable and consequently, for the years ended December 31, 2020 and 2019, there were no uncollectible related party balances.

### b) Related party transactions

**WALMEX** has entered into the following open-ended agreements with related parties:

- Imports of goods for resale, which are interest-free and payable monthly with CMA USA LLC.
- Purchase commissions with Swiss Asia Minor GmbH that are payable on a recurring basis.
- Technical assistance and services with Walmart, Inc. that are payable monthly.
- Administrative and Operating services with Newgrange Platinum Service, LTD, that are payable monthly.
- Royalties for trademark use with Walmart, Inc., payable quarterly based on a percentage of sales of the retail businesses and Sam's.

The terms of the related party transactions are consistent with those of an arm's length transaction.

The Company had the following transactions with related parties during the years ended December 31, 2020 and 2019.

	2020	2019
<b>Purchases and commissions related to the import of goods for resale:</b>		
C.M.A. – U.S.A., L.L.C.	\$ 4,361,302	\$ 4,432,605
Swiss Asia Minor GmbH	<b>278,351</b>	255,494
	<b>\$ 4,639,653</b>	\$ 4,688,099
<b>Costs and expenses related to technical assistance, services and royalties:</b>		
Walmart Inc.	\$ 6,438,839	\$ 6,183,120
Newgrange Platinum Service, LTD	<b>417,956</b>	-
	<b>\$ 6,856,795</b>	\$ 6,183,120

For the years ended December 31, 2020 and 2019, the Company made transactions with other related parties of \$178,727 and \$125,500, respectively.



### c) Remuneration of principal officers

Remuneration to the Company's principal officers and Board of Directors for the years ended December 31, 2020 and 2019 is as follows:

	2020	2019
Short-term benefits	<b>\$ 1,352,873</b>	\$ 1,133,350
Termination benefits	<b>41,588</b>	84,491
Share-based payments	<b>149,400</b>	167,092
	<b>\$ 1,543,861</b>	\$ 1,384,933

### 13. OTHER ACCOUNTS PAYABLE

An analysis of other accounts payable as of December 31, 2020 and 2019, is as follows:

	2020	2019
Accrued liabilities and others	<b>\$ 19,467,070</b>	\$ 16,276,060
Dividends	<b>154,752</b>	136,999
Contingencies (Note 14)	<b>2,443,823</b>	2,131,626
Deferred revenue <sup>(a)</sup>	<b>1,458,114</b>	1,348,990
Related parties (Note 12)	<b>1,316,830</b>	1,223,695
	<b>\$ 24,840,589</b>	\$ 21,117,370

<sup>(a)</sup> Deferred income represents Sam's club memberships, unredeemed gift cards and deferred income for rentals related to the sale of Vips and Suburbia.

### 14. COMMITMENTS AND CONTINGENCIES

#### a) Commitments

As of December 31, 2020, the Company has entered into agreements with suppliers for the acquisition of inventories, property and equipment, maintenance services, as well as renewable energy supply services, as shown below:

Year	Amount
2021	<b>\$ 21,413,075</b>
2022	<b>\$ 1,649,988</b>
2023	<b>\$ 1,744,100</b>
2024	<b>\$ 1,812,240</b>
2025	<b>\$ 1,883,054</b>
2026 and thereafter	<b>\$ 14,440,005</b>

The Company has lease commitments as explained in Note 9.

#### b) Contingencies

The company is subject to several lawsuits and contingencies for legal proceedings (labor, civil, commercial and administrative proceedings) and tax proceedings. The Company has recognized a provision of \$2,443,823 as of December 31, 2020 (\$2,131,626 in 2019) which is presented in other accounts payable. In the opinion of the Company, none of the legal proceedings are significant either individually or as a whole.

### 15. LEASES AND OTHER LONG-TERM LIABILITIES

Leases and other long-term liabilities as of December 31, 2020 and 2019, includes:

	2020	2019
Long-term leases	<b>\$ 56,521,412</b>	\$ 54,168,291
Deferred rental income	<b>4,172,623</b>	4,522,312
Others	<b>12,558</b>	8,097
	<b>\$ 60,706,593</b>	\$ 58,698,700

### 16. INCOME TAXES

The income tax provision includes taxes payable by **WALMEX**'s subsidiaries in Mexico and abroad, determined in accordance with the tax laws in force in each country. At December 31, 2020, companies in Mexico determined and paid their income tax under the general tax law.



An analysis of income taxes charged to the income statement for the years ended December 31, 2020 and 2019, is as follows:

	2020	2019
Current income taxes:		
Mexico	<b>\$ ( 15,174,917)</b>	\$ ( 9,027,935)
Central America	<b>( 2,291,392)</b>	( 2,115,279)
Consolidated	<b>\$ ( 17,466,309)</b>	\$ ( 11,143,214)
Deferred income taxes:		
Mexico	<b>\$ 1,559,510</b>	\$ ( 81,137)
Central America	<b>( 122,427)</b>	( 79,996)
Consolidated	<b>1,437,083</b>	( 161,133)
	<b>\$ ( 16,029,226)</b>	\$ ( 11,304,347)

As of December 31, 2020 and 2019, the Company's effective tax rate is 32.4% and 23.0%, respectively. The difference between the statutory tax rate and Company's effective tax rate is mainly due to inflationary effects and other permanent items, among which is the taxes paid on May 2020 to the Mexican tax authorities (SAT) of \$3,856 million pesos to conclude substantial fiscal matters, as is mentioned in Note 1 paragraph b.

The income tax rates applicable to each country are shown below:

	Rate
Mexico	<b>30%</b>
Costa Rica	<b>30%</b>
Guatemala	<b>25%</b>
Honduras	<b>30%</b>
Nicaragua	<b>30%</b>
El Salvador	<b>30%</b>

An analysis of the effects of the long term income taxes (assets and liabilities), as of December 31, 2020 and 2019, is as follows:

	2020	2019
<b>Deferred tax assets:</b>		
Leases and other long-term liabilities	<b>\$ 3,193,277</b>	\$ 3,175,816
Other accounts payable	<b>2,795,104</b>	2,168,464
Inventories	<b>893,041</b>	826,628
Labor obligations	<b>860,356</b>	789,490
Tax losses carryforward from subsidiaries	<b>1,075,277</b>	908,628
Provision for impairment of other receivables	<b>127,346</b>	39,540
Other items	<b>163,860</b>	-
	<b>\$ 9,108,261</b>	\$ 7,908,566
<b>Deferred tax liabilities:</b>		
Property and equipment	<b>\$ 4,727,787</b>	\$ 4,278,470
Prepaid expenses	<b>293,405</b>	988,959
Other items	<b>33,550</b>	221,530
Subtotal	<b>\$ 5,054,742</b>	\$ 5,488,959
Long-term income tax	<b>\$ 1,348,193</b>	\$ 1,252,609
Income taxes	<b>\$ 6,402,935</b>	\$ 6,741,568

The deferred income tax asset derived from tax losses not amortized is recognized to the extent that the related tax benefit through future taxable profits is probable.

The Company has the following tax losses from subsidiaries that may be carried forward against future taxable income:

Year of expiration	Amount
2027	<b>\$ 283,283</b>
2028	<b>777,313</b>
2029	<b>2,079,675</b>
2030	<b>443,985</b>
	<b>\$ 3,584,256</b>

Changes in the assets and liabilities for long-term income taxes, net as of December 31, 2020



and 2019, is as follows:

	2020	2019
Balances as of beginning of the year	<b>\$ 1,166,998</b>	\$ 1,680,690
Income tax charged in the year	<b>1,691,467</b>	47,155
Excess of previous years	<b>( 254,384)</b>	( 219,828)
Other comprehensive income items	<b>171,100</b>	191,446
IFRIC 16 adoption	-	739,729
Long-term income taxes	<b>( 95,584)</b>	( 1,252,609)
Translation effect	<b>25,729</b>	( 19,585)
Balance as of end of the year	<b>\$ 2,705,326</b>	\$ 1,166,998

## 17. EMPLOYEE BENEFITS

As of December 31, 2020 and 2019, an analysis of the Company's assets and liabilities for seniority premiums and retirement benefits is as follows:

	Seniority premiums		Retirement benefits	
	2020	2019	2020	2019
Defined benefit obligations	<b>\$ 1,844,268</b>	1,489,633	<b>\$ 1,787,649</b>	1,528,323
Plan assets	<b>( 1,046,954)</b>	( 929,670)	-	-
Net projected liability	<b>\$ 797,314</b>	\$ 559,963	<b>\$ 1,787,649</b>	\$ 1,528,323

Changes in the net present value of the defined benefit obligations (DBO) as of December 31,

2020 and 2019, are shown below:

	Seniority premiums	Retirement benefits
	2020	2019
DBO at beginning of year	<b>\$ 1,489,633</b>	\$ 1,015,698
Net period cost charged to results:		
Labor cost from actual services	<b>194,426</b>	141,596
Interest cost on DBO	<b>110,799</b>	97,129
Other comprehensive income items	<b>192,933</b>	358,572
Benefits paid	<b>( 143,523)</b>	( 123,362)
Translation effect	-	-
DBO at end of the year	<b>\$ 1,844,268</b>	\$ 1,489,633
	<b>\$ 1,787,649</b>	\$ 1,528,323

Changes in the net present value of the plan assets (PA) as of December 31, 2020 and 2019, are shown below:

	Seniority premiums	Retirement benefits
	2020	2019
PA at beginning of year	<b>\$ ( 929,670)</b>	\$ ( 819,595)
Return on plan assets	<b>( 77,456)</b>	( 78,480)
Other comprehensive income items	<b>43,990</b>	5,191
Plan contributions	<b>( 227,229)</b>	( 160,075)
Benefits paid	<b>143,411</b>	123,289
PA at the end of the year	<b>\$ ( 1,046,954)</b>	\$ ( 929,670)

The valuation techniques used by the Company to determine and disclose the fair value of its financial instruments are based on a level 1 hierarchy.

As of December 31, 2020 and 2019, the plan assets have been invested through the trust mostly in money market instruments. As of December 31, 2020 and 2019, actuarial gains/losses from labor obligations, net of taxes are recognized as a component of other comprehensive income in the amount of \$1,292,664 and \$868,848, respectively.



The assumptions used in the actuarial valuations of Mexico and Central America are as follows:

<b>Financial:</b>	<b>México</b>		<b>Centroamérica</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Discount rate	<b>7.00%</b>	7.45%	<b>6.14% - 8.79%</b>	5.30% - 9.37%
Salary increase rate	<b>5.25%</b>	5.25%	<b>3.50% - 6.30%</b>	2.50% - 7.51%
Minimum salary increase rate	<b>4.50%</b>	4.50%	<b>2.00% - 5.00%</b>	2.00% - 5.00%
Inflation rate	<b>4.00%</b>	4.00%	<b>0.50% - 4.70%</b>	1.20% - 4.52%

<b>Biometrics:</b>	<b>México</b>		<b>Centroamérica</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Mortality	<b>IMSS 2009<sup>(1)</sup></b>	IMSS 2009 <sup>(1)</sup>	<b>RP-2000<sup>(2)</sup></b>	RP-2000 <sup>(2)</sup>
Disability	<b>21.04%</b>	21.10%	<b>15.40%</b>	15.40%
Retirement age	<b>65 years</b>	60 years	<b>50-65 years</b>	50-65 years

<sup>(1)</sup> Mexican Social Security Institute experience for males and females

<sup>(2)</sup> RP-2000 for Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador

A sensitivity analysis of the DBO as of December 31, 2020, is as follows:

	<b>Amount</b>
DBO at December 31, 2020	<b>\$ 3,631,917</b>
DBO at discount rate +1%	<b>\$ 3,417,238</b>
DBO at discount rate -1%	<b>\$ 4,023,554</b>
Effects over DBO:	
Discount rate +1%	<b>\$ ( 252,257)</b>
Discount rate -1%	<b>\$ 429,436</b>

The discount rate in Mexico is determined using the curve of government bonds issued by the Federal Government known as M Bonds. In Central America, the discount rate is determined using the curve of government bonds of United States of America plus the risk of each country.

## 18. EQUITY

- a) At an ordinary meeting held on March 24, 2020, the shareholders adopted the following resolutions:

1.- Approval of a cap of \$5,000,000 on the amount the Company would use in 2020 to repurchase its own shares. There was no repurchase of its own shares as of December 31, 2020.

2.- The shareholders declared an ordinary cash dividend of \$0.87 pesos per share, paid in three installments; the first one of \$0.27 pesos per share on June 24, and two of \$0.30 pesos per share the dates November 25, and December 16, 2020; and an extraordinary dividend to be paid in cash at a rate of \$0.92 pesos per share in two installments: \$0.45 pesos per share on November 25, 2020 and \$0.47 pesos per share on December 16, 2020.

- b) At an ordinary meeting held on March 21, 2019, the shareholders adopted the following resolutions:

1.- Approval of a cap of \$5,000,000 on the amount the Company would use in 2019 to repurchase its own shares. There was no repurchase of its own shares as of December 31, 2019.

2.- The shareholders declared an ordinary cash dividend of \$0.84 pesos per share, paid in three installments of \$0.28 pesos each on April 25, 2019; August 28, 2019 and November 27, 2019; and an extraordinary dividend to be paid in cash at a rate of \$0.91 pesos per share in three installments: \$0.35 pesos on April 25, 2019, \$0.30 pesos on August 28, 2019 and \$0.26 pesos on November 27, 2019.

After the dividend declared is approved at the shareholders' meeting, the Company reduces retained earnings and recognizes the accounts payable in the consolidated statement of financial position.



As of December 31, 2020 and 2019, the decreed dividends are as follows:

	2020	2019
Dividends in cash decreed and paid		
Ordinary dividend \$0.87 per share (\$0.84 in 2019)	<b>\$ 15,033,906</b>	\$ 14,520,791
Extraordinary dividend \$0.92 per share (\$0.91 in 2019)	<b>\$ 15,899,617</b>	15,729,223
	<b>\$ 30,933,523</b>	\$ 30,250,014

- c) **Capital stock is represented by one series of nominative, common or ordinary registered shares with no par value that can be freely subscribed. The Company's capital stock must be represented by a minimum of three billion shares and a maximum of one hundred billion shares.**

As of December 31, 2020 and 2019, an analysis of paid-in stock and the number of shares representing it is as follows:

Common stock	Amount
Fixed minimum capital	\$ 5,591,362
Variable capital	36,935,265
Subtotal	42,526,627
Inflation effects	2,941,801
Total	<b>\$ 45,468,428</b>
Number of freely subscribed common shares	<b>17,461,402,631</b>

- d) **Distributed earnings and capital reductions that exceed the net taxed profits account (CUFIN per its acronym in Spanish) and restated contributed capital account (CUCA per its acronym in Spanish) balances, are subject to income tax, in conformity with Articles 10 and 78 of the Mexican Income Tax Law.**

As of December 31, 2020 and 2019, the total balance of the tax accounts related to equity is \$63,746,299 and \$66,451,789, respectively, in conformity with the current tax laws.

- e) **The employee stock option plan fund consists of 178,390,481 WALMEX shares, which have been placed in a trust created for the plan.**

The total compensation cost charged to Operating results in the years December 31, 2020 and 2019 was \$386,922 and \$330,777, respectively, which represented no cash outflow for the Company and it is included in the general expenses line in the consolidated comprehensive income statement.

Changes in the stock option plan are as follows:

	Number of shares	Weighted average price per share (pesos)
<b>Balance as of December 31, 2018</b>	<b>159,552,202</b>	<b>38.38</b>
Granted	41,020,219	49.54
Exercised	( 30,471,230)	33.38
Cancelled	( 11,552,726)	43.34
<b>Balance as of December 31, 2019</b>	<b>158,548,465</b>	<b>41.87</b>
Granted	33,132,414	55.41
Exercised	( 23,651,790)	38.59
Cancelled	( 11,521,595)	47.21
<b>Balance as of December 31, 2020</b>	<b>156,507,494</b>	<b>44.64</b>
<b>Shares available for option grant:</b>		
As of December 31, 2020	21,882,987	
As of December 31, 2019	6,620,210	

As of December 31, 2020 and 2019, the granted and exercisable shares under the stock option plan fund are 156,507,494 and 60,704,490, respectively.



## 19. OTHER DISCLOSURES OF REVENUE

a) An analysis of the other revenue that forms part of the main activity of the Company is as follows:

	For the years ended December 31,	
	2020	2019
Memberships	\$ 1,991,653	\$ 1,783,884
Rental	2,032,467	2,063,744
Sale of waste	641,578	555,810
Bank bonuses	278,415	534,895
Parking	79,197	83,455
Total	\$ 5,023,310	\$ 5,021,788

As of December 31, 2020, rental income includes investment properties of \$541,698 (\$593,530 in 2019).

b) The Company analyzes and manages its operation through its geographical location and format.

An analysis of income from contracts with customers is as follows:

	For the years ended December 31,	
	2020	2019
<b>Mexico:</b>		
Self-service	61.0%	61.5%
Price clubs	20.8%	20.7%
<b>Central America:</b>	18.2%	17.8%

Of **WALMEX**'s total net sales, approximately \$21.6 billion and \$8.0 billion relates to electronic commerce in Mexico for the years ended December 31, 2020 and 2019, respectively. Electronic commerce sales in Mexico, including the gross value of the merchandise of suppliers made through Marketplace, are \$24.6 billion and \$9.3 billion, respectively.

In Central America, the net sales related to electronic commerce are \$962 million pesos for the year ended December 31, 2020, and includes the sales made through home delivery platforms.

## 20. COST OF SALES AND GENERAL EXPENSES

Cost of sales and general expenses are presented in the consolidated statement of comprehensive income and mainly include the purchase of merchandise, personnel expenses, depreciation and amortization, rent, advertising, maintenance, utilities, royalties, and technical assistance, and include the payment to Mexican tax authorities (SAT) of \$1,813 million of non-deductible expenses, to conclude substantial fiscal matters, made on May, 2020, as mentioned in Note 1 paragraph b.

## 21. FINANCIAL INCOME (EXPENSES)

An analysis of financial income (expenses) for the years ended December 31, 2020 and 2019, is as follows:

	2020	2019
<b>Financial income:</b>		
Financial income	\$ 986,291	\$ 1,218,688
Currency exchange gain	1,514,149	628,207
Income on changes in fair value of derivatives	1,012,477	413,161
	<b>\$ 3,512,917</b>	\$ 2,260,056

	2020	2019
<b>Financial expenses:</b>		
Interest on finance leases	\$ ( 6,409,888)	\$ ( 5,752,506)
Currency exchange loss	( 1,256,758)	( 619,192)
Loss on changes in fair value of derivatives	( 1,038,764)	( 396,321)
Other financial expenses	( 2,790,701)	( 292,604)
	<b>\$ ( 11,496,111)</b>	\$ ( 7,060,623)

Financial income primarily consists of interest earned on investments.

Other financial expenses include mainly the payment to Mexican tax authorities (SAT) of \$2,406 million to conclude substantial fiscal matters, made on May, 2020, as mentioned in Note 1 paragraph b.



## 22. SEGMENT FINANCIAL INFORMATION

Segment financial information is prepared based on the information used by the CODM to make business decisions.

An analysis of financial information by operating segments and geographical zones is as follows:

Year ended December 31, 2020			
Segment	Operating income	Financial expenses, net	Income before income taxes
Mexico	\$ 50,088,473	\$ ( 6,943,394)	\$ 43,145,079
Central America	7,358,808	( 1,039,800)	6,319,008
Consolidated	\$ 57,447,281	\$ ( 7,983,194)	\$ 49,464,087

Year ended December 31, 2019			
Segment	Operating income	Financial expenses, net	Income before income taxes
Mexico	\$ 47,403,081	\$ ( 4,125,047)	\$ 43,278,034
Central America	6,599,605	( 675,520)	5,924,085
Consolidated	\$ 54,002,686	\$ ( 4,800,567)	\$ 49,202,119

Segment	Purchase of long term definite- lived assets	Depreciation and amortization	Total assets	Current liabilities
Mexico	\$ 13,396,116	\$ 13,502,523	\$ 254,187,765	\$ 101,306,858
Central America	3,331,986	4,437,101	72,697,956	21,763,059
Goodwill	-	-	34,997,380	-
Consolidated	\$ 16,728,102	\$ 17,939,624	\$ 361,883,101	\$ 123,069,917

Year ended December 31, 2019				
Segment	Purchase of long term definite- lived assets	Depreciation and amortization	Total assets	Current liabilities
Mexico	\$ 15,391,225	\$ 13,178,163	\$ 247,035,722	\$ 93,743,259
Central America	5,183,605	3,824,344	66,991,186	19,755,689
Goodwill	-	-	35,145,361	-
Consolidated	\$ 20,574,830	\$ 17,002,507	\$ 349,172,269	\$ 113,498,948

An analysis of income from customer contracts is presented in note 19.

## 23. OTHER DISCLOSURES GRI 206-1

On November 23, 2020, **WALMEX** received a notification from the Federal Economic Competition Commission (COFECE), in connection to an ex officio investigation initiated in the wholesale supply and distribution of consumer goods, retail and related services market for an alleged commission of relative monopolistic practices.

**WALMEX** is confident that its actions have always adhered to applicable legislation, and that its participation in the Mexican market has always resulted in lower prices for the consumer, particularly benefiting lower-income Mexican families, and in remote areas of the country that have not been served by others; which we will demonstrate before the corresponding authorities and in the appropriate forums, in which we will exercise our rights.

## 24. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements and accompanying notes for the years ended December 31, 2020 and 2019, were approved by the Company's management and Board of Directors on February 17, 2021 and are subject to approval by the Shareholders meeting. Subsequent events are considered through this date.



## We provide additional information on a range of ESG subjects found in the following:

- Statement of Ethics [↗](#)
- Human Rights Declaration [↗](#)
- Materiality Analysis [↗](#)
- Labor Standards [↗](#)
- Anticorruption Policy [↗](#)
- Supplier Standards [↗](#)
- Responsible Sourcing [↗](#)
- Environmental Sustainability Policy [↗](#)
- Environmental Fisheries [↗](#)
- Deforestation Policy [↗](#)
- Work Schedule Policy [↗](#)
- Remuneration Equality Policy [↗](#)
- Freedom of Association Policy [↗](#)

# ABOUT THIS REPORT

GRI 102-46

In 2004 we began reporting on a wide range of ESG subjects. Walmart de México y Centroamérica strives to provide continuity to the clear and transparent publication of our performance.

This report has been prepared pursuant to the comprehensive option of the Global Reporting Initiative Standards -GRI-, and the Sustainability Accounting Standards Board -SASB-. Similarly, frameworks such as the UN SDOs and the Task Force on Climate-Related Financial Disclosures -TCFD- are reflected in the key subjects included in our reports. We also disclose our external reporting programs, such as the Carbon Disclosure Project -CDP.

The information contained in this document covers the period comprising January 1 to December 31, 2020. It describes the performance of all the business formats belonging to Walmart de México y Centroamérica, in the six countries where we operate. Said information covers unit operations, distribution centers, eCommerce, and offices.



# GRI CONTENT INDEX

GRI 102-50, 102-54, 102-55

## GRI STANDARDS

The report herein was structured in keeping with the principal guidelines published by the Global Reporting Initiative (GRI). At Walmart de México y Centroamérica we strive to provide continuity to the clear and transparent publishing of our performance; "This report has been prepared in accordance with the GRI Standards: Comprehensive option".

## SCOPE

This report outlines the performance of all the business formats belonging to Walmart de México y Centroamérica, in the six countries where we operate; its coverage includes the operation of our units, distribution centers, and offices.

## PERIOD

The information contained in this report covers the period from January 1 to December 31, 2020.



# GRI CONTENT INDEX

GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>GRI 101. FOUNDATION 2016</b>						
<b>GRI 102: GENERAL DISCLOSURES 2016</b>						
<b>1. Organizational Profile</b>						
<b>102-1</b>	Name of the organization	Walmart de México y Centroamérica.				
<b>102-2</b>	Activities, brands, products, and services	<a href="https://www.walmex.mx/en/our-company/">https://www.walmex.mx/en/our-company/</a>				
<b>102-3</b>	Location of headquarters	Mexico City, Mexico.				
<b>102-4</b>	Location of operations	<a href="https://www.walmex.mx/en/our-company/">https://www.walmex.mx/en/our-company/</a>				
<b>102-5</b>	Ownership and legal form	Pag. 288				
<b>102-6</b>	Markets served	<a href="https://www.walmex.mx/en/our-company/">https://www.walmex.mx/en/our-company/</a>				
<b>102-7</b>	Scale of the organization	<a href="https://www.walmex.mx/en/our-company/">https://www.walmex.mx/en/our-company/</a>				*
<b>102-8</b>	Information on employees and other workers	Pag. 77-82			CG-EC-330a.4.	*
<b>102-9</b>	Supply chain	Pag. 187, 198-202			FB-FR-000.C FB-FR-000.D	*
<b>102-10</b>	Significant changes to the organization and its supply chain	No significant changes.				
<b>102-11</b>	Precautionary Principle or approach	Pag. 145-148, 170, 172, 191, 192, 251-255,				
<b>102-12</b>	External initiatives	Pag. 33, 34, 209				
<b>102-13</b>	Membership of Associations	<a href="https://www.walmartmexico.com/responsabilidad-corporativa/gobierno-corporativo">https://www.walmartmexico.com/responsabilidad-corporativa/gobierno-corporativo</a>				
<b>2. Strategy</b>						
<b>102-14</b>	Statement from senior decision-maker	Pag. 5-12		7 & 8		
<b>102-15</b>	Key impacts, risks, and opportunities	Pag. 145-148, 170-173, 193-198, 251-255				*
	Discussion of the integration of environmental considerations into strategic planning for data center needs	Pag. 126-130			CG-EC-130a.3	



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>3. Ethics and Integrity</b>						
<b>102-16</b>	Values, principles, standards, and norms of behavior	<a href="https://files.walmex.mx/assets/files/Resp%20Corporativa/Descargables/ENG/Walmex_2021_Code_of_Conduct.pdf">https://files.walmex.mx/assets/files/Resp%20Corporativa/Descargables/ENG/Walmex_2021_Code_of_Conduct.pdf</a> Pag. 24-27				
<b>102-17</b>	Mechanisms for advice and concerns about ethics	Pag. 217-247				
<b>4. Governance</b>						
<b>102-18</b>	Governance structure	One member of the board was removed in October 2020 Pag. 257-259				
<b>102-19</b>	Delegating authority	Pag. 30-32				
<b>102-20</b>	Executive-level responsibility for economic, environmental, and social topics	Pag. 30-32, 259				
<b>102-21</b>	Consulting stakeholders on economic, environmental, and social topics	<a href="https://files.walmex.mx/assets/files/Responsabilidad-Social/2018/Walmex_Materiality_2018.pdf">https://files.walmex.mx/assets/files/Responsabilidad-Social/2018/Walmex_Materiality_2018.pdf</a>				
<b>102-22</b>	Composition of the highest governance body and its committees	Pag. 31, 258-259, 265, 266				
<b>102-23</b>	Chair of the highest governance body	Pag. 258, 265				
<b>102-24</b>	Nominating and selecting the highest governance body	Pag. 258				
<b>102-25</b>	Conflicts of interest	Not applicable.				
<b>102-26</b>	Role of highest governance body in setting purpose, values, and strategy	Pag. 259				
<b>102-27</b>	Collective knowledge of highest governance body	Pag. 259				
<b>102-28</b>	Evaluating the highest governance body's performance	<a href="https://files.walmex.mx/assets/files/Informacion%20financiera/Bylaws-2016.pdf">https://files.walmex.mx/assets/files/Informacion%20financiera/Bylaws-2016.pdf</a>				
<b>102-29</b>	Identifying and managing economic, environmental, and social impacts	Pag. 32				
<b>102-30</b>	Effectiveness of risk management processes	Pag. 32, 251-255				
<b>102-31</b>	Review of economic, environmental, and social topics	Pag. 28-32				
<b>102-32</b>	Highest governance body's role in sustainability reporting	The Corporate Responsibility Committee actively participates in defining the content of the Annual Report.			8, 5, 3, 12 & 13	
<b>102-33</b>	Communicating critical concerns	<a href="https://www.walmex.mx/en/corporate-governance/board-of-directors-en/">https://www.walmex.mx/en/corporate-governance/board-of-directors-en/</a>				
<b>102-34</b>	Nature and total number of critical concerns	<a href="https://www.walmex.mx/en/corporate-governance/board-of-directors-en/">https://www.walmex.mx/en/corporate-governance/board-of-directors-en/</a>				



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>102-35</b>	Remuneration policies	Pag. 93				
<b>102-36</b>	Process for determining remuneration	Pag. 93, 265				
<b>102-37</b>	Stakeholders' involvement in remuneration	<a href="https://www.walmex.mx/gobierno-corporativo/consejo-de-administracion/">https://www.walmex.mx/gobierno-corporativo/consejo-de-administracion/</a>				
<b>102-38</b>	Annual total compensation ratio					
<b>102-39</b>	Percentage increase in annual total compensation ratio	Pag. 309				
<b>5. Stakeholder engagement</b>						
<b>102-40</b>	List of stakeholder groups	Pag. 24		17		
<b>102-41</b>	Collective bargaining agreements	Pag. 94			FB-FR-310a.2	
<b>102-42</b>	Identifying and selecting stakeholders	Pag. 24				
<b>102-43</b>	Approach to stakeholder engagement	In Mexico we received 953,626 customer complaints. Customer satisfaction: The program Customer Pledges does not apply in Mexico. In Central America, the scale of measurement is 1 – 5. Pag. 24, 176-179				*
<b>102-44</b>	Key topics and concerns raised	<a href="https://files.walmex.mx/assets/files/ResponsabilidadSocial/2018/Walmex_Materialidad_2018.pdf">https://files.walmex.mx/assets/files/ResponsabilidadSocial/2018/Walmex_Materialidad_2018.pdf</a>				
<b>6. Reporting practice</b>						
<b>102-45</b>	Entities included in the consolidated financial statements	Pag. 123-124				
<b>102-46</b>	Defining report content and topic Boundaries	Pag. 313-314				
<b>102-47</b>	List of material topics	<a href="https://files.walmex.mx/assets/files/ResponsabilidadSocial/2018/Walmex_Materialidad_2018.pdf">https://files.walmex.mx/assets/files/ResponsabilidadSocial/2018/Walmex_Materialidad_2018.pdf</a>				
<b>102-48</b>	Restatements of information	Pag. 123-124, 137				
<b>102-49</b>	Changes in reporting	There were no changes.				
<b>102-50</b>	Reporting period	Pag. 314				
<b>102-51</b>	Date of most recent report	The last report was published in 2020 with information from 2019.				
<b>102-52</b>	Reporting cycle	The information in this Annual Report encompasses Jan. 1 to December 31, 2020, and corresponds to the operations for Walmart de México y Centroamérica.		12		
<b>102-53</b>	Contact point for questions regarding the report	Pag. 367				
<b>102-54</b>	Claims of reporting in accordance with the GRI Standards	Pag. 314				
<b>102-55</b>	GRI content index	Pag. 314				
<b>102-56</b>	External assurance	Pag. 337				



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>7. E-Commerce</b>						
	Data processing capacity, percentage outsourced	Pag. 62-63, 273			CG-EC-000.B	
	Number of shipments	Pag. 62-63, 273			CG-EC-000.C	
	Entity-defined measure of user activity	Pag. 62-63, 273			CG-EC-000.A	
<b>FINANCIAL VALUE</b>						
<b>GRI 201: Economic Performance 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 110-116				
<b>103-2</b>	The management approach and its components	Pag. 110-116				
<b>103-3</b>	Evaluation of the management approach	Pag. 110-116				
<b>201-1</b>	Direct economic value generated and distributed	In Mexico, 73% of channeled resources were from the company and 27% from members, customers and suppliers.				*
<b>201-2</b>	Financial implications and other risks and opportunities due to climate change	Pag. 145-148				
<b>201-3</b>	Defined benefit plan obligations and other retirement plans	Pag. 96-98				
<b>201-4</b>	Financial assistance received from government	Not available.				
<b>GRI 202: Market Presence 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	<a href="https://www.walmex.mx/en/our-company/#about-us">https://www.walmex.mx/en/our-company/#about-us</a>				
<b>103-2</b>	The management approach and its components	<a href="https://www.walmex.mx/en/our-company/#about-us">https://www.walmex.mx/en/our-company/#about-us</a>				
<b>103-3</b>	Evaluation of the management approach	<a href="https://www.walmex.mx/en/our-company/#about-us">https://www.walmex.mx/en/our-company/#about-us</a>				
<b>202-1</b>	Ratios of standard entry level wage by gender compared to local minimum wage	Our general pay band for the minimum level is 12% higher than the average minimum wage in Mexico. Pag. 93, 108			FB-FR-310a.1 CG-MR-310a.1	
<b>202-2</b>	Proportion of senior management hired from the local community	Not available.				



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>GRI 203: Indirect Economic Impacts 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	<a href="https://www.walmex.mx/quienes-somos/">https://www.walmex.mx/quienes-somos/</a>				
<b>103-2</b>	The management approach and its components	<a href="https://www.walmex.mx/quienes-somos/">https://www.walmex.mx/quienes-somos/</a>				
<b>103-3</b>	Evaluation of the management approach	<a href="https://www.walmex.mx/quienes-somos/">https://www.walmex.mx/quienes-somos/</a>				
<b>203-1</b>	Infrastructure investments and services supported	Pag. 124				
<b>203-2</b>	Significant indirect economic impacts	<a href="https://www.walmex.mx/quienes-somos/">https://www.walmex.mx/quienes-somos/</a>				*
<b>GRI 204: Procurement Practices 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 187-208				
<b>103-2</b>	The management approach and its components	Pag. 187-208				
<b>103-3</b>	Evaluation of the management approach	Pag. 187-208				
<b>204-1</b>	Proportion of spending on local suppliers	Produce: It is calculated the same way as EC9b a) Indicate the percentage of purchases to national/regional suppliers  The percentage of purchases from local suppliers where company activities in Mexico take place totaled 90%, 72% in the case of Central America.  The percentage of sales representing Our Brands was 11% in Mexico and 13.4% in Central America.  In Mexico, local supplier means the product or service distribution in the state or region of origin of the suppliers. In Central America, a local supplier distributes their products or service in the country of origin of said supplier. Pag. 187, 199-208	8			*



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification				
<b>GRI 205: Anti-corruption 2016</b>										
<b>GRI 103: Management Approach 2016</b>										
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 230-231	Principle 10	16		*				
<b>103-2</b>	The management approach and its components	Pag. 230-231								
<b>103-3</b>	Evaluation of the management approach	Pag. 230-231								
<b>205-1</b>	Operations assessed for risks related to corruption	Pag. 230-231								
<b>205-2</b>	Communication and training about anti-corruption policies and procedures	Members of the governance entity who received training in Mexico regarding anticorruption totaled 100%, and 97% in Central America. One member of the board was removed in October 2020. Pag. 230-231								
<b>205-3</b>	Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption.								
<b>GRI 206: Anti-competitive Behavior 2016</b>										
<b>GRI 103: Management Approach 2016</b>										
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 312		16		*				
<b>103-2</b>	The management approach and its components	Pag. 312								
<b>103-3</b>	Evaluation of the management approach	Pag. 312								
<b>206-1</b>	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	In Mexico and Central America there were no warnings for anti-competitive practices. Pag. 312								
<b>ENVIRONMENTAL VALUE</b>										
<b>GRI 301: Materials 2016</b>										
<b>GRI 103: Management Approach 2016</b>										
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 149-151, 154-162	2, 6, 12 & ,13							
<b>103-2</b>	The management approach and its components	Pag. 149-151, 154-162								
<b>103-3</b>	Evaluation of the management approach	Pag. 149-151, 154-162								



GRI Disclosures	Description	Page, URL and/or direct answer			UN Global Compact Principle	SDGs	SASB Codes	External verification
		Central America		NOTE				
		<b>Non-renewable materials</b>						
		Total material consumption (ton)	8,294.5	Resources for internal consumption are included: - fuels (diesel, natural gas, gasoline, LPG, bunker, and turbosine) - resources (chemicals, plastic, bond paper, sanitary paper, towel paper)				
		Chemicals (liters)	756,526.0					
		Diesel (ton)	981.0	Estimated based on the total expenditure and average fuel price.				
		LPG (ton)	1,771.0	Estimated based on the total expenditure and average fuel price.				
		Total gasoline consumption (liters)	285,330.0	Estimated based on the total expenditure and average fuel price.				
		Total bunker consumption (liters)	1,036,602.8	Estimated based on the total expenditure and average fuel price.				
		Total turbosine consumption (liters)	3,300.5					
301-1	Materials used by weight or volume	<b>Mexico</b>		<b>NOTE</b>				
		<b>Non-renewable materials</b>						
		Total material consumption (ton)	2,883,357.9	Total used materials for packaging, according to what was reported by suppliers in the 2020 Sustainability Survey.				
		Diesel (ton)	4,050.0	Estimated based on the total expenditure and average fuel price.				
		LPG (liters)	21,338.0	Estimated based on the total expenditure and average fuel price.				
		Chemicals (liters)	38.5	Only ammonia is reported, mainly used in refrigeration systems for DCs and Meat plants. Quantities correspond to the capacity of the ammonia tanks for each DC.				
		Total plastic consumption (bags, plastic film, tarp, boxes, trays, etc.) (ton)	20,667.1	They correspond to the plastic material sent to recycling facilities, including stretch film, plastic film, high density plastics and PET.				
		Gasoline (liters)	1,325,223.8	1. It considers fuel consumption from vehicles used for activities related to executive and operational areas, excluding trucks, trailers and tractors. 2. It considers the average performance of vehicles, and estimates the average of 30,000 km and 60,000 km for annual trips of automobiles and motorcycles accordingly, to account for gasoline consumption 3. Gasoline consumption for use of gas vouchers was accounted from December 2019 to November 2020, due to reporting is done the month after it closes (Si Vale).				



GRI Disclosures	Description	Page, URL and/or direct answer			UN Global Compact Principle	SDGs	SASB Codes	External verification
		Mexico		NOTE				
301-1	Materials used by weight or volume	Renewable materials						
		Total paper consumption (bond, TAB, cards, kraft, bakery bags, tortilla paper) (ton)	1,409.3	It only includes paper waste sent to recycling facilities.				
		Total consumption of sanitary paper and paper towels (ton)	56.6	This quantity includes sanitary paper and towel paper only for offices.				
		Total consumption of cardboard (ton)	272,783.6	It only includes cardboard waste sent to recycling facilities.				
301-2	Recycled input materials used	Total wood consumption (ton)	-	In 2020 we did not consume any type of wood, as the logistics equipment materials are mainly plastics.				
		In Central America: 30% of recycled material is included in the production of plastic bags through extrusion for store use Bond paper used is produced with 50% recycled fiber. Sanitary paper and paper towel used are produced 100% with biodegradable materials from cellulose. Pag. 155-156						*
301-3	Reclaimed products and their packaging materials	Pag. 154-162						
<b>GRI 302: Energy 2016</b>								
<b>GRI 103: Management Approach 2016</b>								
103-1	Explanation of the material topic and its boundary	Pag. 139-140						
103-2	The management approach and its components	Pag. 139-140				7 & 9		
103-3	Evaluation of the management approach	Pag. 139-140						
302-1	Energy consumption within the organization	For Central America, it include the consumption of supplies and electricity. Pag. 133, 134, 139-140, 152, 153					CG-MR-130a.1 CG-EC-130a.1 FB-FR-130a.1	*
302-2	Energy consumption outside of the organization	Pag. 133, 134, 139-140, 152-153						
302-3	Energy intensity	In Central America, outside energy intensity only includes merchandise transportation. For Mexico, fuels consider LPG, natural gas and diesel in stationary combustion and gasolina for mobile combustion. Pag. 140						*
302-4	Reduction of energy consumption	Pag. 139-140						*
302-5	Reductions in energy requirements of products and services	Not applicable because the Company does not manufacture any products.						*



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>GRI 303: Water and Effluents 2018</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 168-173				
<b>103-2</b>	The management approach and its components	Pag. 168-173	Principle 8 & 9			
<b>103-3</b>	Evaluation of the management approach	Pag. 168-173				
<b>303-1</b>	Interactions with water as a shared resource	In Mexico, total volume reported is estimated through real consumption, available in about 16% of stores.  For Central America, 69% of data of water consumption is estimated. We do not have specific data for consumption in some stores. Pag. 168-173				*
<b>303-2</b>	Management of water discharge-related impacts	6,582,818 m <sup>3</sup> of water extracted from areas with water stress in Mexico.				
<b>303-3</b>	Water withdrawal	In Mexico, total volume reported is an estimate based on real consumption available of approximately 16% of the cost centers.  In Mexico, the volume of reused water is estimated from information given by wastewater treatment plants suppliers.  In Central America, 69% of data on water use are estimations. Consumption for some cost centers is not available. Pag. 168-173			CG-EC-130a.2	*
<b>303-4</b>	Water discharge	Pag. 168-169				*
<b>303-5</b>	Water consumption	In Mexico, the volume of reused water is estimated from information given by wastewater treatment plants suppliers. Pag. 168-169			CG-EC-130a.2	*
<b>GRI 304: Biodiversity 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 163-165, 239				
<b>103-2</b>	The management approach and its components	Pag. 163-165, 239				
<b>103-3</b>	Evaluation of the management approach	Pag. 163-165, 239	Principle 8 & 9			
<b>304-1</b>	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Pag. 239				*
<b>304-2</b>	Significant impacts of activities, products, and services on biodiversity	Pag. 239				*



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>304-3</b>	Habitats protected or restored	Not available.				
<b>304-4</b>	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not available.				
<b>GRI 305: Emissions 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 131-138, 141				
<b>103-2</b>	The management approach and its components	Pag. 131-138, 141				
<b>103-3</b>	Evaluation of the management approach	Pag. 131-138, 141				*
<b>305-1</b>	Direct (Scope 1) GHG emissions	Fuels in Mexico: Consumption of LPG, natural gas and diesel are considered as stationary sources, and gasoline as a mobile source. Mobile sources Mexico: 1.- Fuel consumption of vehicles used for the development of activities of the areas or executives is considered and trucks, trailers and tractors are excluded. 2.- Vehicle performance is considered, as well as the assumption of average annual trips of 30,000 km and 60,000 km made by cars and motorcycles, respectively, to estimate gasoline consumption by use of utility vehicles. 3.- In Mexico, the total taken into account is from December 2019 to November 2020, since the accounting period is reported the month after the closing month (Sí Vale). Pag. 133, 134, 135, 137	7, 9 & 13	FB-FR-110b.1 FB-FR-110b.3		*
<b>305-2</b>	Energy indirect (Scope 2) GHG emissions	Pag. 133, 134, 135				*
<b>305-3</b>	Other indirect (Scope 3) GHG emissions	1.Transportation In Mexico: Home deliveries and merchandise transportation are considered. Home deliveries: Emissions are estimated based on the number of trips and estimated average kilometers per trip. Merchandise transportation: Emissions are estimated based on the number of kilometers traveled and vehicle's performance (km/L). In Central America: merchandise transportation is considered. 2. Business travels In Mexico: The use of executive vehicles and air travel are considered. Executive vehicles: fuel consumption performance of vehicles (km/L) is considered, and we assume average annual trips of 30,000 km made by cars to estimate gasoline consumption. In Central America: Air travel is considered. Personnel transportation takes into consideration business trips. Pag. 133, 134, 135, 141		FB-FR-110a.1 CG-EC-410a.1		*
<b>305-4</b>	GHG emissions intensity	Pag. 133, 134				*
<b>305-5</b>	Reduction of GHG emissions	Reduction in emissions intensity. Pag. 131, 132			CG-EC-410a.2	*



GRI Disclosures	Description	Page, URL and/or direct answer				UN Global Compact Principle	SDGs	SASB Codes	External verification
			Mexico	Central America	Total				
<b>305-6</b>	Emissions of ozone-depleting substances (ODS)	Refrigerant R-22 (kg)	6,293 tCO <sub>2</sub> e	1,558 tCO <sub>2</sub> e	7,851			FB-FR-110b.2	*
<b>305-7</b>	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not available							
<b>GRI 306: Effluents and Waste 2016</b>									
<b>GRI 103: Management Approach 2016</b>									
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 149-153							
<b>103-2</b>	The management approach and its components	3,587 units with recycling programs. Pag. 149-153							*
<b>103-3</b>	Evaluation of the management approach	Pag. 149-153							*
<b>306-1</b>	Water discharge by quality and destination	Pag. 168-169							*
<b>306-2</b>	Waste by type and disposal method	Final disposal of total waste, are considered for the case of Mexico. Total hazardous waste does not include 646.83 tons awaiting final disposal. Zero Waste: To calculate total space avoided in landfill, we use an estimated value based on a volumetric weight factor of 91.13 kg/m <sup>3</sup> . The factor is calculated based on an exercise of characterizing wastes and quartering in 91 sites in five regions, completed in October 2020. In Central America, 49.62% of total weight of non-hazardous waste (equivalent to 44,709 Tons) is estimated based on a factor stemming from operational shrink. Zero Waste: To calculate total space avoided in landfill, we use an estimated value considering only total weights of recovered plastic materials (of all types) and materials made with pulp (paper and board) based on the following estimations: a. For each ton of pulp-based material (paper and board), 6.8 m <sup>3</sup> of volume is required b. For each ton of plastic materials, 2.5 m <sup>3</sup> of volume is required Zero Waste Central America; percentage estimated based on a factor of operational loss: the weight of waste diverted from landfill (45,430 ton) is estimated as being 50.4% of the total generated waste. Pag. 150	Principle 8 & 9	2, 6, 14 & 15		FB-FR-150a.1		*	
<b>306-3</b>	Significant spills	Pag. 239							*
<b>306-4</b>	Transport of hazardous waste	Pag. 150							*
<b>306-5</b>	Water bodies affected by water discharges and/or runoff	There were no significant impacts to bodies of water due to disposal, as all wastewater is discharged according to applicable regulation.							



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>GRI 307: Environmental compliance 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 239		13		
<b>103-2</b>	The management approach and its components	Pag. 239				
<b>103-3</b>	Evaluation of the management approach	Pag. 239				
<b>307-1</b>	Non-compliance with environmental laws and regulations	Significant fines are considered those upwards of 10,000 dollars each. Pag. 239				*
<b>GRI 308: Supplier Environmental Assessment 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 188-197				
<b>103-2</b>	The management approach and its components	Pag. 188-197				
<b>103-3</b>	Evaluation of the management approach	Pag. 188-197				
<b>308-1</b>	New suppliers that were screened using environmental criteria	Pag. 188-197				
<b>308-2</b>	Negative environmental impacts in the supply chain and actions taken	Pag. 188-197				*
<b>Animal Welfare</b>						
	Percentage of revenue from eggs that originated from a cage-free environment and pork produced without the use of gestation crates	Pag. 166			FB-FR-430a.2	
<b>SOCIAL VALUE</b>						
<b>GRI 401: Employment 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 76-108				



GRI Disclosures	Description	Page, URL and/or direct answer				UN Global Compact Principle	SDGs	SASB Codes	External verification	
			Mexico	Central America	Total					
103-2	The management approach and its components	Pag. 76-108								
							8			
		Total lawsuits filed	6,602	44	6,646					
		Supplier lawsuits	663	2	665					
		Associate lawsuits	5,939	41	5,980					
		Total lawsuits concluded filed this year and filed in previous years	6,170	19	19					
		From suppliers	562	3	565					
103-3	Evaluation of the management approach	From associates	5,608	21	21					
		*It only accounts for labor demands, and there is also a demand deriving from a government authority.								
401-1	New employee hires and employee turnover	Pag. 76-108								
		Means seniority associates (years)	5.84	4.91	5.38					
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Mean seniority female associates (years)	6	4.98	5.49					
		Mean seniority male associates (years)	5.66	4.86	5.26					
401-3	Parental leave	Pag. 76-108								
<b>GRI 402: Labor/Management Relations 2016</b>										
<b>GRI 103: Management Approach 2016</b>										
103-1	Explanation of the material topic and its boundary	Pag. 245					8			
103-2	The management approach and its components	Pag. 245								
103-3	Evaluation of the management approach	Pag. 245								
402-1	Minimum notice periods regarding operational changes	Compliance with labor law. Pag. 245								



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification												
<b>Employee Engagement</b>																		
	Employee engagement as a percentage	Pag. 91-92			CG-EC-330a.1													
<b>GRI 403: Occupational Health and Safety 2018</b>																		
<b>GRI 103: Management Approach 2016</b>																		
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 96-100, 222-227																
<b>103-2</b>	The management approach and its components	Pag. 96-100, 222-227																
<b>103-3</b>	Evaluation of the management approach	Pag. 96-100, 222-227																
<b>403-1</b>	Occupational health and safety management system	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Mexico</th> <th>Central America</th> </tr> </thead> <tbody> <tr> <td>Percentage of associates in Health and Safety Committees</td> <td style="text-align: center;">4%</td> <td style="text-align: center;">6%</td> </tr> <tr> <td>Percentage of associates in Health and Safety Commission</td> <td style="text-align: center;">4%</td> <td style="text-align: center;">6%</td> </tr> <tr> <td>Pag. 222-227</td> <td></td> <td></td> </tr> </tbody> </table>				Mexico	Central America	Percentage of associates in Health and Safety Committees	4%	6%	Percentage of associates in Health and Safety Commission	4%	6%	Pag. 222-227			*	
	Mexico	Central America																
Percentage of associates in Health and Safety Committees	4%	6%																
Percentage of associates in Health and Safety Commission	4%	6%																
Pag. 222-227																		
<b>403-2</b>	Hazard identification, risk assessment, and incident investigation	<p>In Mexico and Central America, moderate labor incidents were excluded; In Mexico, days are meant as calendar days. In Central America, they are considered calendar days. In Central America, moderate labor incidents and first aid were excluded from accidents metrics; accidents that generate sick leave days are considered.. The "days" are considered working days.</p> <p>Pag. 222-227</p>			*													
<b>403-3</b>	Occupational health services	<p>Pag. 96-100, 222-227</p>																
<b>403-4</b>	Worker participation, consultation, and communication on occupational health and safety	<p>Pag. 222-227</p>																
<b>403-5</b>	Worker training on occupational health and safety	<p>Pag. 222-227</p>																
<b>403-6</b>	Promotion of worker health	<p>Pag. 96-100</p>			3													
<b>403-7</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>Pag. 222-227</p>																
<b>403-8</b>	Workers covered by an occupational health and safety management system	<p>Pag. 222-227</p>																



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification												
<b>403-9</b>	Work-related injuries	In Mexico, the three positions with the highest accident rates are Cashier, Multifunctional Assistant, and Grocery Merchandiser.  The analysis is broken down by type of accident, the part of the body affected, and department. For Central America, based on the mapping of different occupational risks in the Company, indication is given that the probability of contracting any specific disease as a unique result of work done is low; the corresponding analysis is included. Pag. 222-227																
<b>403-10</b>	Work-related ill health	Confidential information. Pag. 222-227																
<b>GRI 404: Training and Education 2016</b>																		
<b>GRI 103: Management Approach 2016</b>																		
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 83-89																
<b>103-2</b>	The management approach and its components	Pag. 83-89																
<b>103-3</b>	Evaluation of the management approach	Pag. 83-89																
<b>404-1</b>	Average hours of training per year per employee	Executive levels include Vice President, Director, Asst. Director and Manager. Training hours per associate include: training hours for active and inactive associates/active and inactive associates trained. Pag. 84		4		*												
<b>404-2</b>	Programs for upgrading employee skills and transition assistance programs	Pag. 83-89																
<b>404-3</b>	Percentage of employees receiving regular performance and career development reviews	100% of all associates receive periodic performance evaluations. Pag. 90																
<b>GRI 405: Diversity and Equal Opportunity 2016</b>																		
<b>GRI 103: Management Approach 2016</b>																		
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 101-108																
<b>103-2</b>	The management approach and its components	Pag. 101-108																
<b>103-3</b>	Evaluation of the management approach	Pag. 101-108  <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Associates with disability, by sex</th> <th>Mexico</th> <th>Central America</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Percentage women</td> <td>41%</td> <td>38%</td> <td>40%</td> </tr> <tr> <td>Percentage men</td> <td>59%</td> <td>62%</td> <td>60%</td> </tr> </tbody> </table>	Associates with disability, by sex	Mexico	Central America	Total	Percentage women	41%	38%	40%	Percentage men	59%	62%	60%		5 & 10		
Associates with disability, by sex	Mexico	Central America	Total															
Percentage women	41%	38%	40%															
Percentage men	59%	62%	60%															



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>405-1</b>	Diversity of governance bodies and employees	Pag. 31, 78-82, 258, 265, 266			CG-EC-330a.3 CG-MR-330a.1	*
<b>405-2</b>	Ratio of basic salary and remuneration of women to men	This indicator was verified, However, upon preparing this Report, a decision was made not to publish it. Pag. 93				
<b>GRI 406: Non-discrimination 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 101-108				
<b>103-2</b>	The management approach and its components	Pag. 101-108				
<b>103-3</b>	Evaluation of the management approach	Pag. 101-108	Principle 3 & 6	5 & 10		
<b>406-1</b>	Incidents of discrimination and corrective actions taken	Corrective measures undertaken in attention to the Ethics Hotline: Training, feedback, first level Coaching for Improvement -verbal, second level Coaching for Improvement,-written, third level -Day of Decision, employment agreement termination, others (transfers). Pag. 101-108, 228				*
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 94, 187-197				
<b>103-2</b>	The management approach and its components	Pag. 94, 187-197				
<b>103-3</b>	Evaluation of the management approach	Pag. 94, 187-197		5, 8 & 10		
<b>407-1</b>	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pag. 94, 187-197				*
<b>GRI 408: Child Labor 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 94, 187-197				
<b>103-2</b>	The management approach and its components	Pag. 94, 187-197	Principle 5	5 & 10		
<b>103-3</b>	Evaluation of the management approach	Pag. 94, 187-197				
<b>408-1</b>	Operations and suppliers at significant risk for incidents of child labor	Pag. 94, 187-197				*



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>GRI 409: Forced or Compulsory Labor 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 94, 187-197				
<b>103-2</b>	The management approach and its components	Pag. 94, 187-197				
<b>103-3</b>	Evaluation of the management approach	Pag. 94, 187-197	Principle 4	5 & 10		
<b>409-1</b>	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Pag. 94, 187-197				*
<b>GRI 410: Security Practices 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 228				
<b>103-2</b>	The management approach and its components	Pag. 228				
<b>103-3</b>	Evaluation of the management approach	Pag. 228				
<b>410-1</b>	Security personnel trained in human rights policies or procedures	Pag. 228				
<b>GRI 411: Rights of indigenous peoples 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary					
<b>103-2</b>	The management approach and its components					
<b>103-3</b>	Evaluation of the management approach					
<b>411-1</b>	Incidents of violations involving rights of indigenous peoples					



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>GRI 412: Human Rights Assessment 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 95, 187-197, 256				
<b>103-2</b>	The management approach and its components	Pag. 95, 187-197, 256				
<b>103-3</b>	Evaluation of the management approach	Pag. 95, 187-197, 256				
<b>412-1</b>	Operations that have been subject to human rights reviews or impact assessments	Pag. 95, 187-197, 256	Principle 1 & 2	1,2,5,8		*
<b>412-2</b>	Employee training on human rights policies or procedures	Pag. 95, 187-197, 256				*
<b>412-3</b>	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Pag. 95, 187-197, 256				
<b>GRI 413: Local Communities 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 209-216				
<b>103-2</b>	The management approach and its components	Pag. 209-216				
<b>103-3</b>	Evaluation of the management approach	Pag. 209-216				
<b>413-1</b>	Operations with local community engagement, impact assessments, and development programs	822,308 beneficiaries of food security programs in Mexico. 100% of our operations have community development programs. 21,165 hours of volunteerism in Mexico.  Volunteering: In Mexico, the reported quantity (35) includes the total volunteering events which happened during 2020, regardless of the indicator's description limiting its scope to those related to improving public spaces of communities. For each volunteering event, an average length of 3 hours is estimated. Pag. 206, 228		1, 2, 8 & 17		*
<b>413-2</b>	Operations with significant actual and potential negative impacts on local communities	In Mexico, there were 82 social impact claims handled by the Community Support area.				
<b>GRI 414: Supplier Social Assessment 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 187-197				
<b>103-2</b>	The management approach and its components	Pag. 187-197				
<b>103-3</b>	Evaluation of the management approach	Pag. 187-197				



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>414-1</b>	New suppliers that were screened using social criteria	Pag. 187-197				*
<b>414-2</b>	Negative social impacts in the supply chain and actions taken	Pag. 187-197				*
<b>GRI 415: Public Policy 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Not applicable.				
<b>103-2</b>	The management approach and its components	Not applicable.				
<b>103-3</b>	Evaluation of the management approach	Not applicable.				
<b>415-1</b>	Political contributions	Political contributions are totally prohibited by Walmart's Anti-corruption Policy.				
<b>GRI 416: Customer Health and Safety 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 180-183, 232-237, 240, 243-244				
<b>103-2</b>	The management approach and its components	Pag. 180-183, 232-237, 240, 243-244				
<b>103-3</b>	Evaluation of the management approach	Pag. 180-183, 232-237, 240, 243-244				
<b>416-1</b>	Assessment of the health and safety impacts of product and service categories	<b>MEDIMART AUDITS</b>	<b>Mexico</b>			*
		Ongoing audits	-			
		Audits not approved, pending reauditing	2			
		Pending audits	2			
		External suppliers	1			
		Suppliers who import their products (they are not audited, we have CBPF)	1			
		For Central America these are not audits, but GFSI or Global Markets certifications. They are taking into consideration both facilities and suppliers.				
<p>In Mexico, we experienced a deduction due to the pandemic. Pag. 180-183, 232-237, 240, 243-244</p>						



GRI Disclosures	Description	Page, URL and/or direct answer				UN Global Compact Principle	SDGs	SASB Codes	External verification	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health and safety incidents	Mexico	Central America	Total					
		Total cases of non-compliance relative to the impact on health and safety in product and services categories	1,024	0	1,024					
		Resulting in fines or sanctions	295	0	295					
		Resulting in reprimand	7	0	7					
		Visits from health authorities and PROFECO	2,136	138	2,274					
		Visits from health authorities and PROFECO	39	0	39					
		CONSUMER PROTECTION	Mexico	Central America	Total				*	
		Complaints filed with PROFECO	3,091	265	3,356					
		PRODUCTS RECALLS	Mexico	Central America	Total					
		Recalls	5,253	54	5,307					
		Voluntary recalls by supplier	10	7	17					
		Corporate recalls	71	38	109					
		Recalls mandated by the authority	5	9	14					
		Measures adopted in light of removals	There are policies, procedures, manuals, and SOPs which enable mitigating the risks of having products "not suitable for sale" on the sales floor.	The requesting party fills out a form for product removal, using SIGO tool.						
		Pag. 180-183, 232-237, 240, 243-244								
High-risk food safety violation rate		Pag.232-237						FB-FR-250a.1		
Number of recalls, number of units recalled, percentage of units recalled that are private-label products		Pag.232-237						FB-FR-250a.2		
Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers		Pag. 184						FB-FR-260a.2		



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
<b>GRI 417: Marketing and Labeling 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 182-183				
<b>103-2</b>	The management approach and its components	Pag. 182-183				
<b>103-3</b>	Evaluation of the management approach	Pag. 182-183				
<b>417-1</b>	Requirements for product and service information and labeling	Pag. 182-183				
<b>417-2</b>	Incidents of non-compliance concerning product and service information and labeling	Pag. 182-183				
<b>417-3</b>	Incidents of non-compliance concerning marketing communications	In Mexico there were no incidents regarding labeling. In Central America, there were no fines, sanctions, reprimands, nor legal processes from the authorities stemming from non-compliance or labeling issues in 2020. In Mexico, there were three fines in excess of one million pesos; and in Central America, there were no significant fines due to non-compliance with regulations concerning the supply and use of products and services. Pag. 182-183				FB-FR-270a.1
	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices	Pag. 182-183				FB-FR-270a.2
	Revenue from products labeled as containing genetically modified organisms (GMOs) and non-GMO	Pag. 182-183				FB-FR-270a.3
	Revenue from products labeled and/or marketed to promote health and nutrition attributes	Pag. 182-183				FB-FR-260a.1
<b>Data Security</b>						
	Description of approach to identifying and addressing data security risks	Pag. 248-250				FB-FR-230a.2 CG-MR-230a.1 CG-EC-230a.1
<b>GRI 418: Customer Privacy 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary	Pag. 238				
<b>103-2</b>	The management approach and its components	Pag. 238				
<b>103-3</b>	Evaluation of the management approach	Pag. 238				
<b>418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pag. 238			FB-FR-230a.1 CG-MR-230a.2 CG-EC-230a.2	*



GRI Disclosures	Description	Page, URL and/or direct answer	UN Global Compact Principle	SDGs	SASB Codes	External verification
	Number of users whose information is used for secondary purposes	Pag. 238			CG-EG-220a.1	
	Description of policies and practices relating to behavioral advertising and user privacy	Pag. 238			CG-EG-220a.2	
<b>GRI 419: Socioeconomic Compliance 2016</b>						
<b>GRI 103: Management Approach 2016</b>						
<b>103-1</b>	Explanation of the material topic and its boundary					
<b>103-2</b>	The management approach and its components					
<b>103-3</b>	Evaluation of the management approach					
<b>419-1</b>	Non-compliance with laws and regulations in the social and economic area	Pag. 218-221			FB-FR-310a.4 CG-MR-310a.3 CG-MR-330a.2 FB-FR-310a.3	*
<b>Management of Environmental &amp; Social Impacts in the Supply Chain</b>						
	Discussion of strategy to manage environmental and social risks within the supply chain, including animal welfare	Pag. 170-173			FB-FR-430a.3	
	Discussion of strategies to reduce the environmental impact of packaging	Pag. 154-162			FB-FR-430a.4 CG-MR-410a.3	
	Revenue from products third-party certified to environmental and/or social sustainability standards	Pag. 163-167			CG-MR-410a.1 FB-FR-430a.1	
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Pag. 146-148			CG-MR-410a.2	



GRI 102-56



**Independent Limited Assurance Report on the Contents of the Standards *Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB")* (Non-Financial Information)**

To WAL-MART S. DE R.L. DE C.V.:

We were engaged by the Administration of SERVICIOS ADMINISTRATIVOS WAL-MART S. DE R.L. DE C.V. (hereinafter "Walmart") to report on the Environmental, Social and Corporate Governance (ESG) Performance Indicators of the Contents of the Global Reporting Initiative ("GRI") and the Sustainability Accounting Standards Board ("SASB") (Non-Financial Information), prepared and presented by Walmart's ESG and Corporate Development areas, included in Walmart's 2020 Financial and ESG Report for the period from January 1 to December 31, 2020 (the "Annual Report"), that are detailed in Annex A attached to this report (the "Contents"), in the form of an independent conclusion of limited assurance, regarding whether, based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Contents are not prepared in all material respects, in accordance with the Standards of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board ("SASB").

***Management responsibilities***

Walmart Management is responsible for the preparation and presentation of the information subject to our review and the information and statements contained within it.

Walmart Management is responsible for designing, implementing and maintaining the relevant internal control for the preparation and presentation of the information subject to our review, which is free from material errors, whether due to fraud or error.

Walmart Management is also responsible for ensuring that the personnel involved in the preparation of the Contents are adequately trained, the information systems are duly updated and that any change in the presentation of data and/or in the form of reporting, include all significant reporting units.

(Continue)



### ***Our responsibilities***

Our responsibility is to carry out a limited assurance engagement on the information concerning the Contents included in the 2020 Financial and ESG Report and to express an independent conclusion of limited assurance based on the evidence obtained. We carry out our work based on the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board, that standard requires that we plan and perform the engagement to obtain limited assurance about whether, based on our work and the evidence obtained, nothing has come to our attention that causes us to believe that the Contents included in the 2020 Financial and ESG Report for the period from January 1 to December 31, 2020, are not prepared in all material respects, in accordance with the Standards of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board ("SASB").

KPMG CARDENAS DOSAL S.C. (the "Firm") applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our knowledge and experience of the Contents presented in the 2020 Financial and ESG Report and other circumstances of the work, and our consideration of the areas in which material errors may occur.

When obtaining an understanding of the Contents included in the 2020 Financial and ESG Report, and other work circumstances, we have considered the processes used to prepare the Contents, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of Walmart's internal control over the preparation and presentation of the Contents included in the 2020 Financial Report and ESG.

(Continue)



## 3

Our engagement also included assessing the appropriateness of the main subject, the suitability of the criteria used by Walmart in the preparation of the Contents, assessing the appropriateness of the methods, policies and procedures, as well as models used.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained in the case of performing a reasonable assurance engagement.

**Criteria**

The criteria on which the preparation of the Contents has been evaluated refer to the established requirements and in accordance with the Standards of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (“SASB”) that are detailed in Annex A.

**Inherent limitations**

Due to the inherent limitations of any internal control structure it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

**Conclusion**

Our conclusion has been formed based on, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

(Continue)



## 4

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Contents detailed in Annex A attached to this assurance report, prepared by Walmart's Sustainability and Social Responsibility area and included in Walmart's 2020 Financial and ESG Report for the period from January 1 to December 31, 2020, are not prepared in all material aspects, in accordance with the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board ("SASB").

**Restriction of use of our report**

Our report should not be regarded as suitable to be used or relied on by any party to acquire rights against us other than ESG and Walmart Corporate Development, for any purpose or in any other context. Any party other than Walmart's ESG and Corporate Development area who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Walmart for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to Walmart, on the basis that it shall not be copied, referred to or disclosed, in whole or in part, without our prior written consent.

**KPMG CARDENAS DOSAL S.C.**

Juan Carlos Reséndiz Muñiz  
Partner

Mexico City, a March 9<sup>th</sup>, 2021.

**Appendix A**

Description of the Contents object of the limited assurance engagement.

GRI Standard	Disclosure		SASB Food Retailers and Distributors (FB-FR) Multiline and Specialty Retailers Distributors (CG-MR) e-Commerce (CG-EC)	Coverage of the organization (MX/CAM)	Units/reference
GRI 102: General disclosures 2016	102-8	Information on employees and other workers.		CG-EC-330a.4	MX/CAM Total associates
	102-8	Information on employees and other workers.		CG-EC-330a.4	MX/CAM Jobs generated
	102-7	Scale of the organization.		MX/CAM	Total Staff associates
	102-7	Scale of the organization.		MX/CAM	Total Operations associates
	102-7	Scale of the organization.		MX/CAM	% of women associates =<25
	102-7	Scale of the organization.		MX/CAM	% of women associates 26 - 30
	102-7	Scale of the organization.		MX/CAM	% of women associates 31 - 35
	102-7	Scale of the organization.		MX/CAM	% of women associates 36 - 40
	102-7	Scale of the organization.		MX/CAM	% of women associates =>41
	102-7	Scale of the organization.		MX/CAM	% of men associates =<25
	102-7	Scale of the organization.		MX/CAM	% of men associates 26 - 30
	102-7	Scale of the organization.		MX/CAM	% of men associates 31 - 35
	102-7	Scale of the organization.		MX/CAM	% of men associates 36 - 40
	102-7	Scale of the organization.		MX/CAM	% of men associates =>41
	102-7	Scale of the organization.		MX	% of women associates =<25
	102-7	Scale of the organization.		MX	% of women associates 26 - 30
	102-7	Scale of the organization.		MX	% of women associates 31 - 35
	102-7	Scale of the organization.		MX	% of women associates 36 - 40
	102-7	Scale of the organization.		MX	% of women associates =>41
	102-7	Scale of the organization.		MX	% of men associates =<25

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Aguascalientes, Ags.  
Cancún, Q. Roo.  
Ciudad de México.  
Ciudad Juárez, Chih.  
Culiacán, Sin.  
Chihuahua, Chih.

Guadalajara, Jal.  
Hermosillo, Son.  
León, Gto.  
Mérida, Yuc.  
Mexicali, B.C.  
Monterrey, N.L.  
Puebla, Pue.  
Querétaro, Qro.  
Reynosa, Tamps.  
Saltillo, Coah.  
San Luis Potosí, S.L.P.  
Tijuana, B.C.



	102-7	Scale of the organization.		MX	% of men associates 26 - 30
	102-7	Scale of the organization.		MX	% of men associates 31 - 35
	102-7	Scale of the organization.		MX	% of men associates 36 - 40
	102-7	Scale of the organization.		MX	% of men associates =>41
	102-7	Scale of the organization.		CAM	% of women associates =<25
	102-7	Scale of the organization.		CAM	% of women associates 26 - 30
	102-7	Scale of the organization.		CAM	% of women associates 31 - 35
	102-7	Scale of the organization.		CAM	% of women associates 36 - 40
	102-7	Scale of the organization.		CAM	% of women associates =>41
	102-7	Scale of the organization.		CAM	% of men associates =<25
	102-7	Scale of the organization.		CAM	% of men associates 26 - 30
	102-7	Scale of the organization.		CAM	% of men associates 31 - 35
	102-7	Scale of the organization.		CAM	% of men associates 36 - 40
	102-7	Scale of the organization.		CAM	% of men associates =>41
	102-7	Scale of the organization.		MX	Total staff associates
	102-7	Scale of the organization.		CAM	Total staff associates
	102-7	Scale of the organization.		MX	Total operations associates
	102-7	Scale of the organization.		CAM	Total operations associates
	102-7	Scale of the organization.		MX/CAM	% of men staff associates
	102-7	Scale of the organization.		MX/CAM	% of women staff associates
	102-7	Scale of the organization.		MX/CAM	% of men operations associates
	102-7	Scale of the organization.		MX/CAM	% of women operations associates
	102-7	Scale of the organization.		MX	% of men staff associates
	102-7	Scale of the organization.		MX	% of women staff associates
	102-7	Scale of the organization.		MX	% of men operations associates
	102-7	Scale of the organization.		MX	% of women operations associates
	102-7	Scale of the organization.		CAM	% of men staff associates
	102-7	Scale of the organization.		CAM	% of women staff associates



	102-7	Scale of the organization.	CAM	% of men operations associates	
	102-7	Scale of the organization.	CAM	% of women operations associates	
	102-7	Scale of the organization.	MX	Total associates	
	102-7	Scale of the organization.	MX	Total non-executive associates	
	102-7	Scale of the organization.	MX	Total executive associates	
	102-7	Scale of the organization.	MX	Total permanent associates	
	102-7	Scale of the organization.	MX	Total part time associates	
	102-7	Scale of the organization.	MX	Total full-time associates	
	102-7	Scale of the organization.	MX	Total temporary associates	
	102-7	Scale of the organization.	MX	Total part time associates	
	102-7	Scale of the organization.	MX	Total full-time associates	
	102-7	Scale of the organization.	CAM	Total associates	
	102-7	Scale of the organization.	CAM	Total non-executive associates	
	102-7	Scale of the organization.	CAM	Total executive associates	
	102-7	Scale of the organization.	CAM	Total permanent associates	
	102-7	Scale of the organization.	CAM	Total part time associates	
	102-7	Scale of the organization.	CAM	Total full-time associates	
	102-7	Scale of the organization.	CAM	Total temporary associates	
	102-7	Scale of the organization.	CAM	Total part time associates	
	102-7	Scale of the organization.	CAM	Total full-time associates	
	102-7	Scale of the organization.	MX/CAM	Total men associates	
	102-7	Scale of the organization.	MX/CAM	Total women associates	
	102-9	Supply chain.	FB-FR-000.C FB-FR-000.D	MX	Total suppliers (RFCs)
	102-9	Supply chain.	FB-FR-000.C FB-FR-000.D	CAM	Total suppliers (RFCs)
	102-11	Precautionary Principle or approach.		MX/CAM	Reference to responsible value chain disclosures (308-2)



	102-15	Key impacts, risks, and opportunities.		Qualitative statement
	102-16	Values, principles, Standards, and norms of behavior.	MX/CAM	Code of conduct
	102-43	Approach to stakeholder engagement.		
	102-43	Total complaints.	MX	No.
	102-43	Satisfaction surveys - Recommendation rate.	MX	Percentage
	102-43	Satisfaction surveys - Recommendation rate.	CAM	Percentage
	102-43	Customer satisfaction rate.	MX	No. (scale 1-10)
	102-43	Customer satisfaction rate.	CAM	No. (scale 1-5)
	102-43	Number of surveys applied (answered).	CAM	No.
	102-43	Member Experience Index – Number of surveys answered.	MX	No.
	102-43	Customer Experience Index – Number of surveys answered.	MX	No.
	102-43	BRICK Member Experience Index Overall satisfaction.	MX	No. (scale 1-10)
	102-43	BRICK Member Experience Index Net Promoter Score.	MX	Percentage
	102-43	BRICK Member Experience Index Intention of members.	MX	Percentage
	102-43	ONLINE Overall satisfaction.	MX	No. (scale 1-10)
	102-43	ONLINE Net Promoter Score.	MX	Percentage
	102-43	Shopping Experience Index Survey application on a satisfaction level.	MX	No. (scale 1-10)



	102-43	WALMART. Shopping Experience Index Overall satisfaction.		MX	No. (scale 1-10)
	102-43	WALMART. Shopping Experience Index NPS.		MX	Percentage
	102-43	MI BODEGA. Shopping Experience Index Overall satisfaction.		CAM	No. (scale 1-5)
	102-43	MI BODEGA. Shopping Experience Index NPS.		MX	Percentage
	102-50	Reporting period.		MX/CAM	Period
	102-52	Reporting cycle.		MX/CAM	Periodicity
	102-53	Contact point for questions regarding the report.		MX/CAM	
	102-54	Claims of reporting in accordance with the GRI Standards.		MX/CAM	Statement
	102-55	GRI content index.		MX/CAM	Index
	102-56	External assurance.		MX/CAM	Assurance
<b>GRI 201: Economic performance 2016</b>	201-1	Direct economic value generated and distributed.		MX/CAM	
	201-1b	Total resources directed to community investments.		MX	Millions of pesos
	201-1b	Total resources directed to community investments.		CAM	USD
	201-1b	Percentage of channeled resources by the organization.		MX	Percentage
	201-1b	Percentage of channeled resources by members, customers and suppliers.		MX	Percentage
<b>GRI 203: Indirect</b>	203-2	Infrastructure investments and services supported		MX/CAM	Qualitative statement



economic impacts 2016	203-2	Significant indirect economic impact			Qualitative statement
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers.		MX/CAM	
	204-1	OUR BRANDS SELF-SERVICE. Percentage of national/regional suppliers of Our Brands.		MX	Percentage
	204-1	OUR BRANDS SELF-SERVICE. Percentage of national/regional suppliers of Our Brands.		CAM	Percentage
	204-1	OUR BRANDS SELF-SERVICE. Percentage of sourcing from national/regional suppliers of Our Brands.		MX	Percentage
	204-1	OUR BRANDS SELF-SERVICE. Percentage of sourcing from national/regional suppliers of Our Brands.		CAM	Percentage
	204-1	OUR BRANDS SELF-SERVICE. Percentage of sales representing Our Brands.		MX	Percentage
	204-1	OUR BRANDS SELF-SERVICE. Percentage of sales representing Our Brands.		CAM	Percentage
	204-1	FRUITS AND VEGETABLES. Percentage of sourcing from national/regional suppliers.		MX	Percentage
	204-1	FRUITS AND VEGETABLES. Percentage of sourcing from national/regional suppliers.		CAM	Percentage



	204-1	FRUITS AND VEGETABLES. Percentage of sourcing of national/regional product.		MX	Percentage
	204-1	FRUITS AND VEGETABLES. Percentage of sourcing of national/regional product.		CAM	Percentage
	204-1	FRUITS AND VEGETABLES. Percentage of sourcing directly from local producers.		MX	Percentage
	204-1	FRUITS AND VEGETABLES. Percentage of sourcing directly from local producers.		CAM	Percentage
	204-1	MEATS. Percentage of sourcing from national/regional suppliers.		MX	Percentage
	204-1	MEATS. Percentage of sourcing from national/regional suppliers.		CAM	Percentage
	204-1	MEATS. Percentage of sourcing of national/regional product.		MX	Percentage
	204-1	MEATS. Percentage of sourcing of national/regional product.		CAM	Percentage
	204-1	MEATS. Percentage of sourcing directly from imports.		MX	Percentage
	204-1	MEATS. Percentage of sourcing directly from imports.		CAM	Percentage
	204-1	FISH AND SEAFOOD. Percentage of sourcing of national/regional product.		CAM	Percentage
	204-1	FISH AND SEAFOOD. Percentage of sourcing from national/regional suppliers.		CAM	Percentage



<b>GRI 205: Anti-corruption 2016</b>	204-1	FISH AND SEAFOOD. Percentage of sourcing directly from imports.		CAM	Percentage
	204-1	ADOPT AN SME. Number of suppliers.		MX	No.
	204-1	TIERRA FERTIL (FERTILE SOIL). Number of small and medium-sized farmers.		CAM	No.
	204-1	TIERRA FERTIL (FERTILE SOIL). Number of benefitted families.		CAM	No.
	204-1	TIERRA FERTIL (FERTILE SOIL). Percentage of small and medium-sized women farmers.		CAM	Percentage
	204-1	Una Mano para Crecer (A Helping Hand). Number of suppliers.		CAM	No.
	205-2	Communication and training about anti-corruption policies and procedures.		MX	Total communicated associates
	205-2	Communication and training about anti-corruption policies and procedures.		CAM	Total communicated associates
	205-2	Communication and training about anti-corruption policies and procedures.		MX	Total communicated suppliers
	205-2	Communication and training about anti-corruption policies and procedures.		CAM	Total communicated suppliers
	205-2	Communication and training about anti-corruption policies and procedures.		MX/CAM	% of Governance Members that received training



GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.		MX/CAM	No.
GRI 301: Materials 2016	301-1	Materials used by weight or volume.		MX	Tons of diesel
	301-1	Materials used by weight or volume.		MX	Tons of LP gas
	301-1	Materials used by weight or volume.		MX	Liters of gasoline
	301-1	Materials used by weight or volume.		MX	Tons of natural gas
	301-1	Materials used by weight or volume.		CAM	Tons of diesel
	301-1	Materials used by weight or volume.		CAM	Tons of LP gas
	301-1	Materials used by weight or volume.		CAM	Liters of gasoline
	301-1	Materials used by weight or volume.		CAM	Liters of bunker
	301-1	Materials used by weight or volume.		CAM	Liters of jet fuel
	301-1a	Total paper consumption (bond, TAB, cards, kraft, bakery bags, tortilla paper).		MX	Tons
	301-1a	Total paper consumption (bond, TAB, cards, kraft, bakery bags, tortilla paper).		CAM	Tons
	301-1a	Total consumption of sanitary paper and paper towels.		MX	Tons
	301-1a	Total consumption of sanitary paper and paper towels.		CAM	Tons
	301-1a	Total consumption of cardboard.		MX	Tons
	301-1a	Total wood consumption.		MX	Tons
	301-1b	Total material consumption.		MX	Tons
	301-1b	Total material consumption.		CAM	Tons
	301-1b	Total consumption of chemicals.		MX	Tons
	301-1b	Total consumption of chemicals.		CAM	Tons



GRI 302: Energy 2016	301-1b	Total plastic consumption (bags, plastic film, tarp, boxes, trays, etc.).		MX	Tons
	301-1b	Total plastic consumption (bags, plastic film, tarp, boxes, trays, etc.).		CAM	Tons
	301-2	Recycled input materials used.			
	301-2	Plastic used that has recycled material.		CAM	Percentage of recycled input materials used for manufacturing
	301-2	Bond paper used that has recycled material.		CAM	Percentage of recycled input materials used for manufacturing
	301-2	Sanitary paper used that has recycled material.		CAM	Percentage of recycled input materials used for manufacturing
	301-2	Paper towel used that has recycled material.		CAM	Percentage of recycled input materials used for manufacturing
	302-1	Energy consumption within the organization.	CG-MR-130a.1 CG-EC-130a.1 FB-FR-130a.1	MX	GJ of total energy
	302-1	Energy consumption within the organization.	CG-MR-130a.1 CG-EC-130a.1 FB-FR-130a.1	MX	GJ of fuels
	302-1	Energy consumption within the organization.	CG-MR-130a.1 CG-EC-130a.1 FB-FR-130a.1	MX	GJ of non-renewable energy
	302-1	Energy consumption within the organization.	CG-MR-130a.1 CG-EC-130a.1 FB-FR-130a.1	MX	GJ of renewable energy
	302-1	Energy consumption within the organization.	CG-MR-130a.1 CG-EC-130a.1 FB-FR-130a.1	CAM	GJ of total energy
	302-1	Energy consumption within the organization.	CG-MR-130a.1 CG-EC-130a.1 FB-FR-130a.1	CAM	GJ of fuels



<b>GRI 303: Water and effluents 2018</b>	302-1	Energy consumption within the organization.	CG-MR-130a.1 CG-EC-130a.1 FB-FR-130a.1	CAM	GJ of non-renewable energy
	302-1	Energy consumption within the organization.	CG-MR-130a.1 CG-EC-130a.1 FB-FR-130a.1	CAM	GJ of renewable energy
	302-3	Energy intensity.		MX	GJ/m <sup>2</sup>
	302-3	Energy intensity.		CAM	GJ/m <sup>2</sup>
	302-4	Reduction of energy consumption.		MX	GJ of electricity
	302-4	Reduction of energy consumption.		CAM	GJ of electricity
	302-5	Reductions in energy requirements of products and services.			Not applicable because the Company does not manufacture any products.
	303-1	Interactions with water as a shared resource.		MX/CAM	
	303-3	Water withdrawal.	CG-EC-130a.2	MX	m <sup>3</sup> total withdrawal
	303-3	Water withdrawal.	CG-EC-130a.2	MX	m <sup>3</sup> municipal supply
	303-3	Water withdrawal.	CG-EC-130a.2	MX	m <sup>3</sup> well supply
	303-3	Water withdrawal.	CG-EC-130a.2	MX	m <sup>3</sup> piping supply
	303-3	Water withdrawal.	CG-EC-130a.2	MX	m <sup>3</sup> water withdrawal from areas with water stress
	303-3	Water withdrawal.	CG-EC-130a.2	CAM	m <sup>3</sup> total withdrawal
	303-3	Water withdrawal.	CG-EC-130a.2	CAM	m <sup>3</sup> municipal supply
	303-3	Water withdrawal.	CG-EC-130a.2	CAM	m <sup>3</sup> well supply
	303-3	Water withdrawal.	CG-EC-130a.2	CAM	m <sup>3</sup> piping supply
	303-3	Water withdrawal.	CG-EC-130a.2	CAM	m <sup>3</sup> malls
	303-4	Water discharge.		MEX	m <sup>3</sup> water discharge
	303-4	Water discharge.		MEX	m <sup>3</sup> reused water
	303-5	Water consumption.	CG-EC-130a.2	MX	m <sup>3</sup> total withdrawal



<b>GRI 304: Biodiversity 2016</b>	303-5	Water consumption.	CG-EC-130a.2	MX	m3 municipal supply
	303-5	Water consumption.	CG-EC-130a.2	MX	m3 well supply
	303-5	Water consumption.	CG-EC-130a.2	MX	m3 piping supply
	303-5	Water consumption.	CG-EC-130a.2	MX	m3 water withdrawal from areas with water stress
	303-5	Water consumption.	CG-EC-130a.2	CAM	m3 total withdrawal
	303-5	Water consumption.	CG-EC-130a.2	CAM	m3 municipal supply
	303-5	Water consumption.	CG-EC-130a.2	CAM	m3 well supply
	303-5	Water consumption.	CG-EC-130a.2	CAM	m3 piping supply
	303-5	Water consumption.	CG-EC-130a.2	CAM	m3 malls
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		MX	
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		CAM	
	304-2	Significant impacts of activities, products, and services on biodiversity.		MX	
	304-2	Significant impacts of activities, products, and services on biodiversity.		CAM	
	305-1	Direct (Scope 1) GHG emissions.	FB-FR-110b.1 FB-FR-110b.3	MX	t CO2e
	305-1	Direct (Scope 1) GHG emissions.	FB-FR-110b.1 FB-FR-110b.3	MX	t CO2e from refrigerant consumption



GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions.	FB-FR-110b.1 FB-FR-110b.3	MX	t CO2e from fuel consumption
	305-1	Direct (Scope 1) GHG emissions.	FB-FR-110b.1 FB-FR-110b.3	CAM	t CO2e
	305-1	Direct (Scope 1) GHG emissions.	FB-FR-110b.1 FB-FR-110b.3	CAM	t CO2e from refrigerant consumption
	305-1	Direct (Scope 1) GHG emissions.	FB-FR-110b.1 FB-FR-110b.3	CAM	t CO2e from fuel consumption
	305-2	Energy indirect (Scope 2) GHG emissions.		MX	t CO2e
	305-2	Energy indirect (Scope 2) GHG emissions.		CAM	t CO2e
	305-3	Other indirect (Scope 3) GHG emissions.	FB-FR-110a.1 CG-EC-410a.1	MX	t CO2e
	305-3	Other indirect (Scope 3) GHG emissions.	FB-FR-110a.1 CG-EC-410a.1	MX	t CO2e from transportation
	305-3	Other indirect (Scope 3) GHG emissions.	FB-FR-110a.1 CG-EC-410a.1	MX	t CO2e from business travel
	305-3	Other indirect (Scope 3) GHG emissions.	FB-FR-110a.1 CG-EC-410a.1	CAM	t CO2e
	305-3	Other indirect (Scope 3) GHG emissions.	FB-FR-110a.1 CG-EC-410a.1	CAM	t CO2e from transportation
	305-3	Other indirect (Scope 3) GHG emissions.	FB-FR-110a.1 CG-EC-410a.1	CAM	t CO2e from business travel
	305-4	GHG emissions intensity.		MX	t CO2e/m2
	305-4	GHG emissions intensity.		CAM	t CO2e/m2
	305-5	Reduction of GHG emissions.	CG-EC-410a.2	MX	Percentage of reduction
	305-5	Reduction of GHG emissions.	CG-EC-410a.2	CAM	Percentage of reduction
	305-6	Emissions of ozone-depleting substances (ODS).	FB-FR-110b.2	MX	t CO2e from R-22 consumption



<b>GRI 306: Effluents and waste 2016</b>	305-6	Emissions of ozone-depleting substances (ODS).	FB-FR-110b.2	CAM	t CO2e from R-22 consumption
	306-1	Water discharge by quality and destination.			
	306-2	Waste by type and disposal method.	FB-FR-150a.1		
	103-2	Number of units with recycling programs.		MX	No.
	103-2	Number of units with recycling programs.		CAM	No.
	103-2	Progress towards zero waste goal 2025.		MX	Percentage of progress
	103-2	Progress towards zero waste goal 2025.		CAM	Percentage of progress
	103-2	Landfill space avoided by the recovery of solid waste for recycling.		MX	m3
	103-2	Landfill space avoided by the recovery of solid waste for recycling.		CAM	m3
	103-2	Progress towards goal to reduce food waste generation by 50%.		MX	Percentage of progress
	306-2a 306-2b	Total waste generated.		MX	Tons
	306-2a 306-2b	Total waste generated.		CAM	Tons
	306-2a	Total hazardous waste.		MX	Tons
	306-2a	Total hazardous waste.		CAM	Tons
	306-2b	Total non-hazardous waste.		MX	Tons
	306-2b	Total non-hazardous waste.		CAM	Tons



	306-2a 306-2b	Total weight of recycled waste.		MX	Tons
	306-2a 306-2b	Total weight of recycled waste.		CAM	Tons
	306-2a 306-2b	Total weight of waste sent to landfill.		MX	Tons
	306-2a 306-2b	Total weight of waste sent to landfill.		CAM	Tons
	306-3	Significant spills.		MX	No.
	306-3	Significant spills.		CAM	No.
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations.		MX/CAM	Fines and complaints.
	308-2a	Negative environmental impacts in the supply chain and actions taken.		MX	Audit results by region- Green
	308-2a	Negative environmental impacts in the supply chain and actions taken.		CAM	Audit results by region - Green
	308-2a	Negative environmental impacts in the supply chain and actions taken.		MX	Audit results by region - yellow
	308-2a	Negative environmental impacts in the supply chain and actions taken.		CAM	Audit results by region - yellow
	308-2a	Negative environmental impacts in the supply chain and actions taken.		MX	Audit results by region - orange
	308-2a	Negative environmental impacts in the supply chain and actions taken.		CAM	Audit results by region - orange
	308-2a	Negative environmental impacts in the supply chain and actions taken.		MX	Audit results by region - red
	308-2a	Negative environmental impacts in the supply chain and actions taken.		CAM	Audit results by region - red



<b>GRI 401: Employment 2016</b>	308-2a	Negative environmental impacts in the supply chain and actions taken.	MX	Audit results by region - other
	308-2a	Negative environmental impacts in the supply chain and actions taken.	CAM	Audit results by region - other
	308-2a	Negative environmental impacts in the supply chain and actions taken.	MX	Audit results by region - total
	308-2a	Negative environmental impacts in the supply chain and actions taken.	CAM	Audit results by region - total
	401-1	New employee hires and employee turnover.	MX	Total number of new associates
	401-1	New employee hires and employee turnover.	MX	No. of new associates <25
	401-1	New employee hires and employee turnover.	MX	No. of new associates 26-30
	401-1	New employee hires and employee turnover.	MX	No. of new associates 31-35
	401-1	New employee hires and employee turnover.	MX	No. of new associates 36-40
	401-1	New employee hires and employee turnover.	MX	No. of new associates >41
	401-1	New employee hires and employee turnover.	MX	Total number of terminations
	401-1	New employee hires and employee turnover.	MX	No. of terminations <25
	401-1	New employee hires and employee turnover.	MX	No. of terminations 26-30
	401-1	New employee hires and employee turnover.	MX	No. of terminations 31-35



401-1	New employee hires and employee turnover.		MX	No. of terminations 36-40
401-1	New employee hires and employee turnover.		MX	No. of terminations >41
401-1	New employee hires and employee turnover.		CAM	Total number of new associates
401-1	New employee hires and employee turnover.		CAM	No. of new associates <25
401-1	New employee hires and employee turnover.		CAM	No. of new associates 26-30
401-1	New employee hires and employee turnover.		CAM	No. of new associates 31-35
401-1	New employee hires and employee turnover.		CAM	No. of new associates 36-40
401-1	New employee hires and employee turnover.		CAM	No. of new associates >41
401-1	New employee hires and employee turnover.		CAM	Total number of terminations
401-1	New employee hires and employee turnover.		CAM	No. of terminations <25
401-1	New employee hires and employee turnover.		CAM	No. of terminations 26-30
401-1	New employee hires and employee turnover.		CAM	No. of terminations 31-35
401-1	New employee hires and employee turnover.		CAM	No. of terminations 36-40
401-1	New employee hires and employee turnover.		CAM	No. of terminations >41
	Employee engagement as a percentage.	CG-EC-330a.1	MX/CAM	Engagement index



		Employee engagement as a percentage.	CG-EC-330a.1	MX/CAM	Participation index
<b>GRI 403: Occupational health and safety 2018</b>	403-1	Occupational health and safety management system.		MX	Percentage of associates in Health and Safety Committees.
	403-1	Occupational health and safety management system.		CAM	Percentage of associates in Health and Safety Committees.
	403-2	Hazard identification, risk assessment, and incident investigation.		MX/CAM	Qualitative statement
	403-4	Worker participation, consultation, and communication on occupational health and safety		MX/CAM	Number of associates in Health and Safety Commissions
	403-5	Worker training on occupational health and safety.		MX/CAM	Number of trained associates
	403-6	Promotion of worker health.		MX/CAM	Qualitative description
	403-9	Work-related injuries.		MX	Days of sick leave
	403-9	Work-related injuries.		CAM	Days of sick leave
	403-9	Work-related injuries.		MX	Work-related accidents
	403-9	Work-related injuries.		CAM	Work-related accidents
<b>GRI 404: Training and education 2016</b>	404-1	Average hours of training per year per employee.		MX	Trained associates (including those that left the company)
	404-1	Average hours of training per year per employee.		CAM	Trained associates (including those that left the company)
	404-1	Average hours of training per year per employee.		MX	Millions of man hours in training
	404-1	Average hours of training per year per employee.		CAM	Millions of man hours in training
	404-1	Average hours of training per year per employee.		MX	Average training hours per associate



	404-1	Average hours of training per year per employee.		CAM	Average training hours per associate
	404-1	Average hours of training per year per employee.		MX	Promotions
	404-1	Average hours of training per year per employee.		CAM	Promotions
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1	Diversity of governance bodies and employees.	CG-EC-330a.3 CG-MR-330a.1	MX	Associates with disabilities
	405-1	Diversity of governance bodies and employees.	CG-EC-330a.3 CG-MR-330a.1	CAM	Associates with disabilities
	405-1	Diversity of governance bodies and employees.	CG-EC-330a.3 CG-MR-330a.1	MX	Promoted women associates
	405-1	Diversity of governance bodies and employees.	CG-EC-330a.3 CG-MR-330a.1	CAM	Promoted women associates
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken.		MX/CAM	Description
<b>GRI 407: Freedom of association and collective bargaining 2016</b>	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.		MX/CAM	Reference to responsible value chain disclosures (308-2)
<b>GRI 408: Child labor 2016</b>	408-1	Operations and suppliers at significant risk for incidents of child labor.		MX/CAM	Reference to responsible value chain disclosures (308-2)
<b>GRI 409: Forced or compulsory labor 2016</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor.		MX/CAM	Reference to responsible value chain disclosures (308-2)



<b>GRI 412: Human rights assessment 2016</b>	412-1	Operations that have been subject to human rights reviews or impact assessments.			
	412-2	Employee training on human rights policies or procedures.		MX/CAM	Man hours
	412-2	Employee training on human rights policies or procedures.		MX	% Operations
	412-2	Employee training on human rights policies or procedures.		MX	% Staff
	412-2	Employee training on human rights policies or procedures.		CAM	% Operations
	412-2	Employee training on human rights policies or procedures.		CAM	% Staff
<b>GRI 413: Local communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programs.			
	413-1	Community investments. Total beneficiaries.		MX	No.
	413-1	Community investments. Total beneficiaries.		CAM	No.
	413-1	Community investments. Number of NGOs in alliance by region.		MX	No.
	413-1	Community investments. Number of NGOs in alliance by region.		CAM	No.
	413-1	VOLUNTEERISM. Total participating volunteers.		MX	No.
	413-1	VOLUNTEERISM. Participating associates as volunteers.		MX	Percentage of the total workforce
	413-1	VOLUNTEERISM. Total volunteerism activities.		MX	No.



	413-1	VOLUNTEERISM. Total hours of volunteerism}.	MX	No.
	413-1	SMALL FARMERS. Number of benefited producers.	MX	No.
	413-1	SMALL FARMERS. Number of jobs generated.	MX	No.
	413-1	SMALL FARMERS. Percentage of increase in revenue for producers.	MX	Percentage
	413-1	SMALL FARMERS. Purchases from small producers.	MX	Millions of pesos
	413-1	FOOD SECURITY. Total direct beneficiaries.	MX	No.
	413-1	FOOD SECURITY. Total direct beneficiaries.	CAM	No.
	413-1	FOOD SECURITY. Total direct women beneficiaries.	MX	No.
	413-1	FOOD SECURITY. Number of benefited foodbanks.	MX	No.
	413-1	FOOD SECURITY. Number of benefited foodbanks.	CAM	No.
	413-1	FOOD SECURITY. Tons of donated food.	MX	Tons
	413-1	FOOD SECURITY. Tons of donated food.	CAM	Tons
	413-1	DISASTER RESPONSE. Tons of support channeled for victims of disasters.	MX	Tons
	413-1	DISASTER RESPONSE. Tons of support channeled for victims of disasters.	CAM	Tons



	413-1	DISASTER RESPONSE. Number of disasters supported and a brief description (location, date, type of disaster).		MX	Number and description
	413-1	DISASTER RESPONSE. Number of disasters supported and a brief description (location, date, type of disaster).		CAM	Number and description
<b>GRI 414: Supplier social assessment 2016</b>	414-1	New suppliers that were screened using social criteria.		MX/CAM	Reference to responsible value chain disclosures (308-2)
	414-2	Negative social impacts in the supply chain and actions taken.		MX/CAM	Reference to responsible value chain disclosures (308-2)
<b>GRI 416: Customer health and safety 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories.		MX	Ongoing audits
	416-1	Assessment of the health and safety impacts of product and service categories.		MX	Audits not approved, pending re-auditing
	416-1	Assessment of the health and safety impacts of product and service categories.		MX	Pending audits
	416-1	Assessment of the health and safety impacts of product and service categories.		MX	Exempt suppliers
	416-1	Assessment of the health and safety impacts of product and service categories.		MX	Suppliers who import their products
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.		MX	Total non-compliance incidents concerning the health and safety impacts of products and services



	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	MX	Complaints filed to PROFECO
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	CAM	Complaints filed to PROFECO
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	MX	Product recalls
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	CAM	Product recalls
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	MX	Voluntary recalls by supplier
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	CAM	Voluntary recalls by supplier
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	MX	Corporate recalls
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	CAM	Corporate recalls
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	MX	Recalls mandated by the authority
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.	CAM	Recalls mandated by the authority



	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.		MX	Measures adopted in response to recalls
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services.		CAM	Measures adopted in response to recalls
		Number of recalls, number of units recalled, percentage of units recalled that are private-label products.	FB-FR-250a.2		Number of recalls
<b>GRI 418: Customer privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	FB-FR-230a.1 CG-MR-230a.2 CG-EC-230a.2	MX	Description
<b>GRI 419: Socioeconomic compliance 2016</b>	419-1	Non-compliance with laws and regulations in the social and economic area.		MX	Total lawsuits received
	419-1	Non-compliance with laws and regulations in the social and economic area.		CAM	Total lawsuits received
	419-1	Non-compliance with laws and regulations in the social and economic area.		MX	Lawsuits received from suppliers
	419-1	Non-compliance with laws and regulations in the social and economic area.		CAM	Lawsuits received from suppliers
	419-1	Non-compliance with laws and regulations in the social and economic area.		MX	Lawsuits received from associates
	419-1	Non-compliance with laws and regulations in the social and economic area.		CAM	Lawsuits received from associates



		Discussion of strategies to reduce the environmental impact of packaging	FB-FR-430a.4 <b>CG-MR-410a.3</b>	MX/CAM	Description
		Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products.	CG-MR-410a.2	MX/CAM	Description



# GLOSSARY

**ADR**

American Depository Receipt

**AMVO**

Online Sales Mexican Association

**ANTAD**

Mexican Retail Association

**BAE**

Bodega Aurrera Express

**Blockchain**

Set of technologies that allow to distributed, decentralized, synchronized and secure information

**Bodegas & discount stores**

Austere stores offering basic merchandise, food and household items at the best prices

**BPAyD**

Storage and distribution best practices

**CAM**

Central America

**CARCHO**

Central American Retail Holding Company

**CDP**

Carbon Disclosure Project

**Cetes**

Mexican Federal Treasury Certificates  
CG-MR Multiline and Specialty Retailers  
Distributors

**Clubs**

Membership warehouse clubs focused on businesses and consumers who seeks the best possible prices

**CO<sub>2</sub>eq**

Carbon dioxide equivalent

**Cofepis**

Federal Commission for the Protection Against Health Risks

**Covid**

Severe respiratory syndrome caused by a coronavirus

**Crowdsourcing** External collaboration for picking and delivery services

**Despensa a tu casa**

Bodega website for home delivery services

**Distribution center/DC**

Location for the receipt of goods from supplies and store distribution

**EBITDA**

Earnings Before Interest, Taxes, Depreciation and Amortization

**ESG**

Environmental, Social and Corporate Governance

**Every Day Low Prices/Every Day Low Costs**

Permanent philosophy of Walmart de México y Centroamérica, in order to contribute towards improving the quality of life for the region

**FB-FR**

Food Retailers and Distributors

**Flex Pos**

Our system to manage the Point of Sale

**Fulfillment Center**

Smaller logistics facility where customer orders through digital platforms are prepared and shipped

**GAP**

Good Aquaculture Practices

**GDP**

Gross Domestic Product

**GFSI**

Global Food Safety Initiative

**GHG**

Greenhouse Gases

**GJ**

Gigajoule

**GMV**

Gross Merchandise Value

**GRI**

Global Reporting Initiative

**IFRS**

International Financial Reporting Standards

**ISR**

Income Tax

**LED**

Light-emitting diode

**LGBT+**

Lesbian, gay, bisexual and transgender

**MSE**

Mexican Stock Exchange

**Net Sales**

Income from merchandise sales in our units

**NGO**

Non-governmental organization

**NOM**

Mexican Official Standards

**NPS**

Net Promoter Score, indicator to measure customers' loyalty

**Our Brands**

Private label products of Walmart de México y Centroamérica

**PAI**

Walmart Comprehensive Assistance Program

**Pandemic**

An epidemic disease that spreads to many countries or that affects almost all individuals in a region

**Picker**

Associate responsible to collect requested products by the customers

**PM**

Particulate matter

**POP**

Persistent Organic Pollutants

**Powered by Walmart**

Powered or Influenced by Walmart

**PRODI**

Acronym to describe the five promises that make up and represent all the benefits of working at Walmart

**Profeco**

Consumer Protection Agency

**Risk groups**

A group or population at risk is made up of those people who, due to certain biological, physical or social characteristics, are more likely to contract certain diseases

**Royalties**

Revenue share or fixed amount of money payed to a copyright owner for approval to use it

**Sales floor**

Surface area set aside for merchandise retail

**SASB**

Sustainability Accounting Standards Board

**SDG**

Sustainable Development Goals

**Sellers**

External sellers within the marketplace

**Shared Value**

For Walmart de México y Centroamérica, Shared Value implies the creation of economic, environmental and social value for all our stakeholders

**SINGREM**

National System Mangament of Containers and MedicineWaste

**SME**

Small and medium-sized enterprises

**Sox**

Sulphur oxides

**SSA**

Secretary of Health

**Supermarkets**

Self-service stores located in residential areas

**TCFD**

Task Force on Climate-related Financial Disclosures

**TECHO**

Organization seeking to build a fair, integrated and poverty-free society

**The Alliance**

Workers Safety Alliance in Bangladesh  
Total revenues Net sales plus other income

**UNGCR**

United Nations Global Compact

**VOC**

Volatile Organic Compounds

**Walmart**

Self-service stores providing the widest assortment of goods from groceries and perishables, to apparel and general merchandise

**WalMex**

Ticker symbol for Wal-Mart de México S.A.B. de C.V



# INVESTOR INFORMATION

GRI 102-53



The report may contain certain references to the future performance of Walmart de México y Centroamérica and thus should be considered estimates made in good faith by the company. Said references only reflect management's expectations and are based on assumptions and information available at that time. As such, everything shall always be dependent on future events, risks and matters that cannot be analyzed with precision and which could affect company results.



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**Programa Patrocinado de ADR**  
WMMVY

**International OTCQX**  
Market TIER  
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