



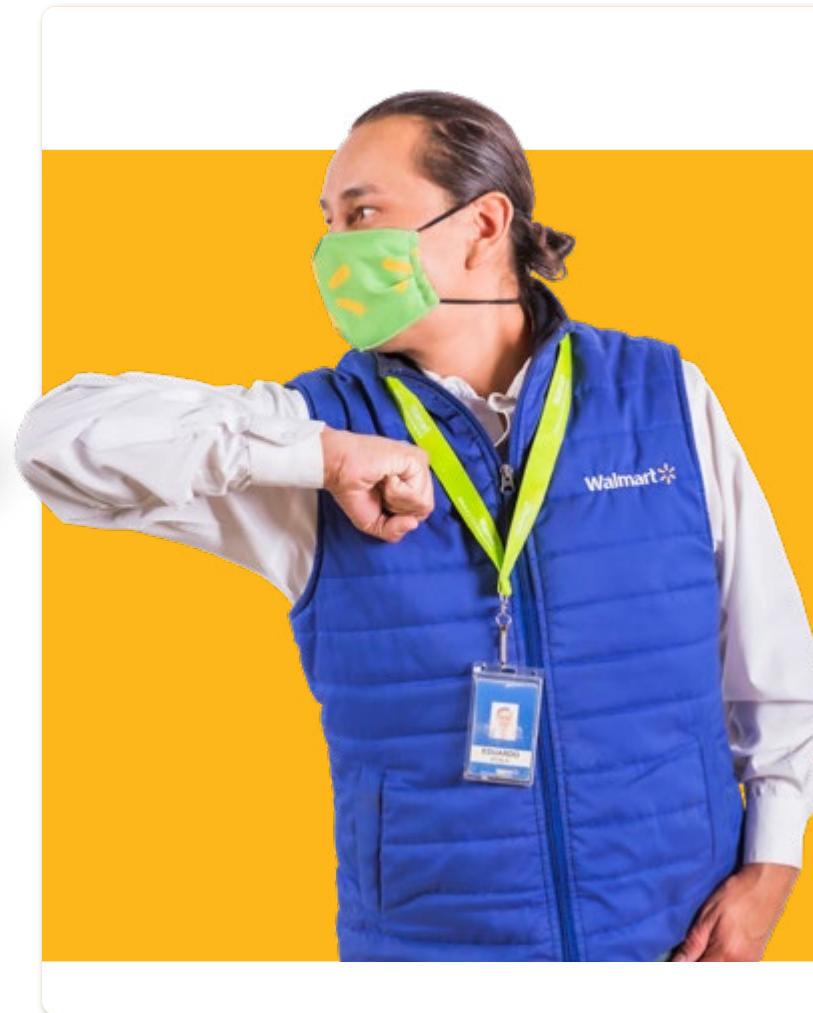
## DUTY:

| doing the  
right thing

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

GRI-102-17

GRI **GRI 419: 103-1,103-2,103-3, 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



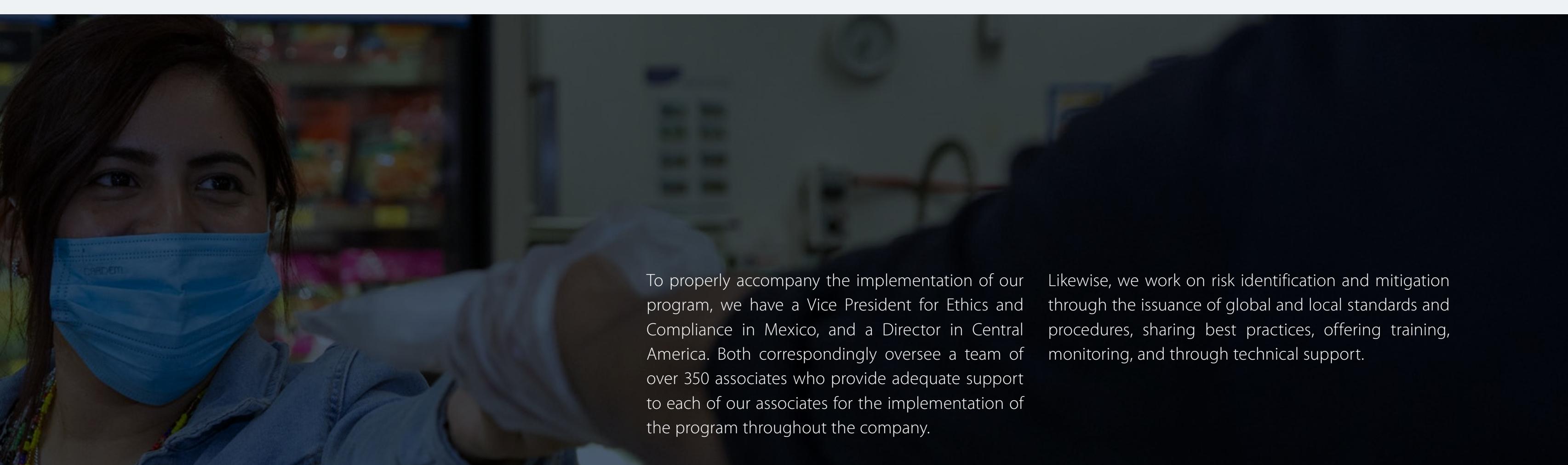
In Central America, more than 390 corporate communications, related to pandemic precautions, were sent



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

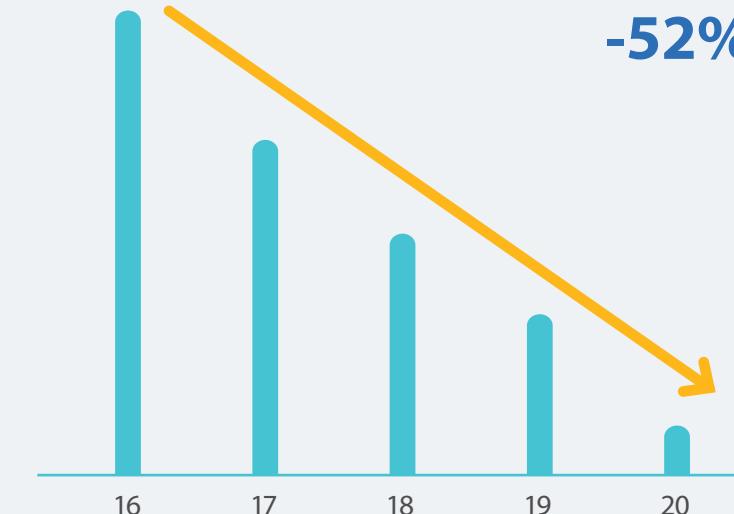




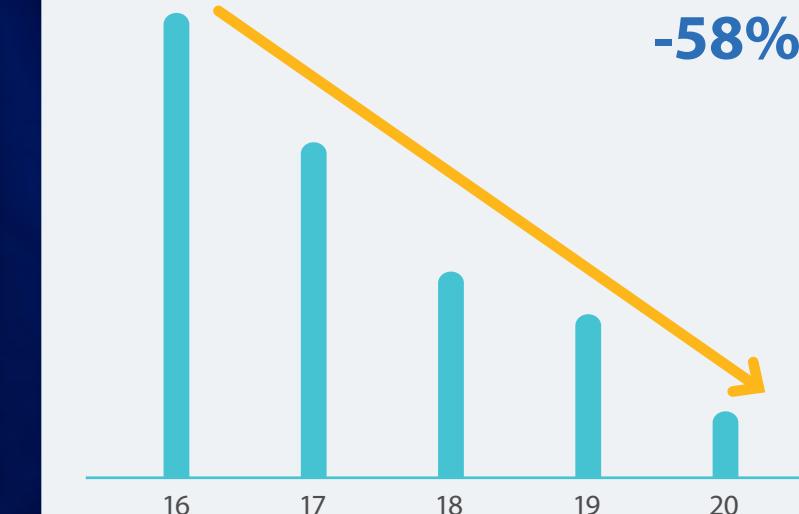
**Resulting from the proper adherence to safety measures by our associates in Mexico, during the last five years, we have been able to reduce associate accident rates in stores**



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

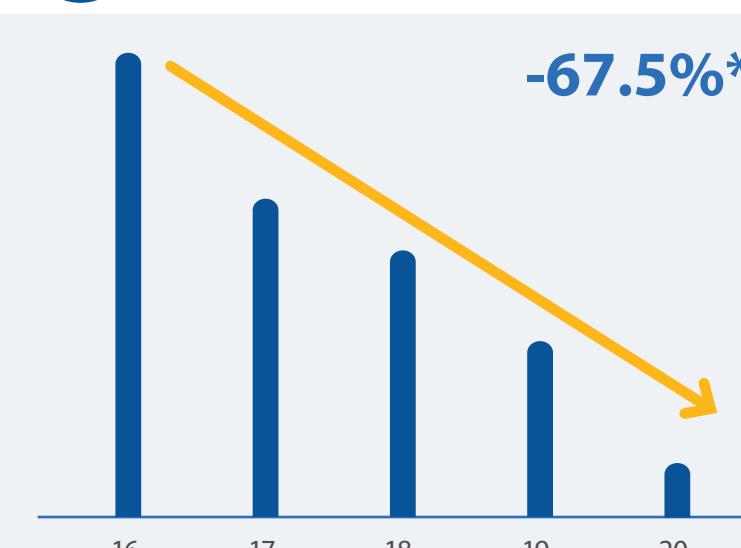


**Reduction of customer accidents in Central America**



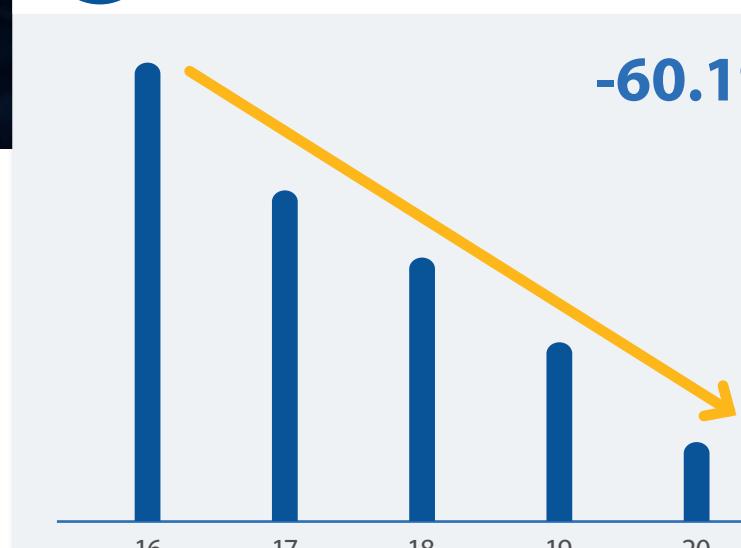
**Reduction of customer accidents in Mexico**

**-67.5%\*\***



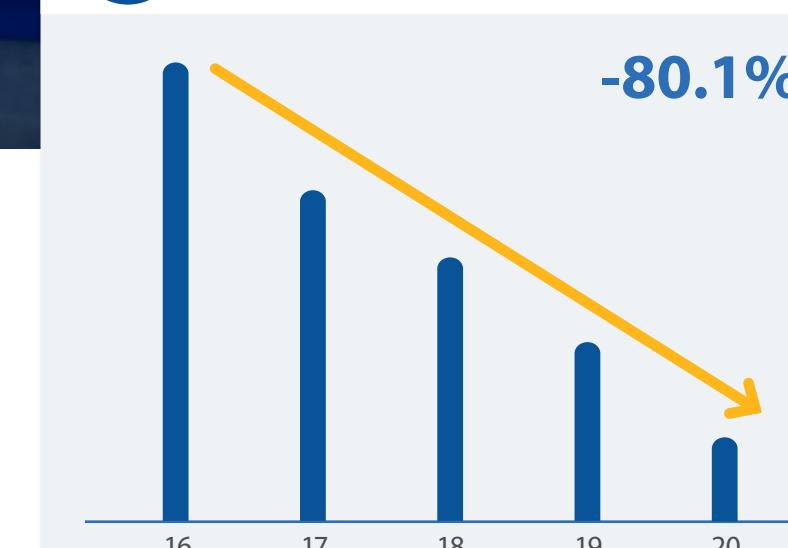
**Reduction of associate accidents in store in Mexico**

**-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:

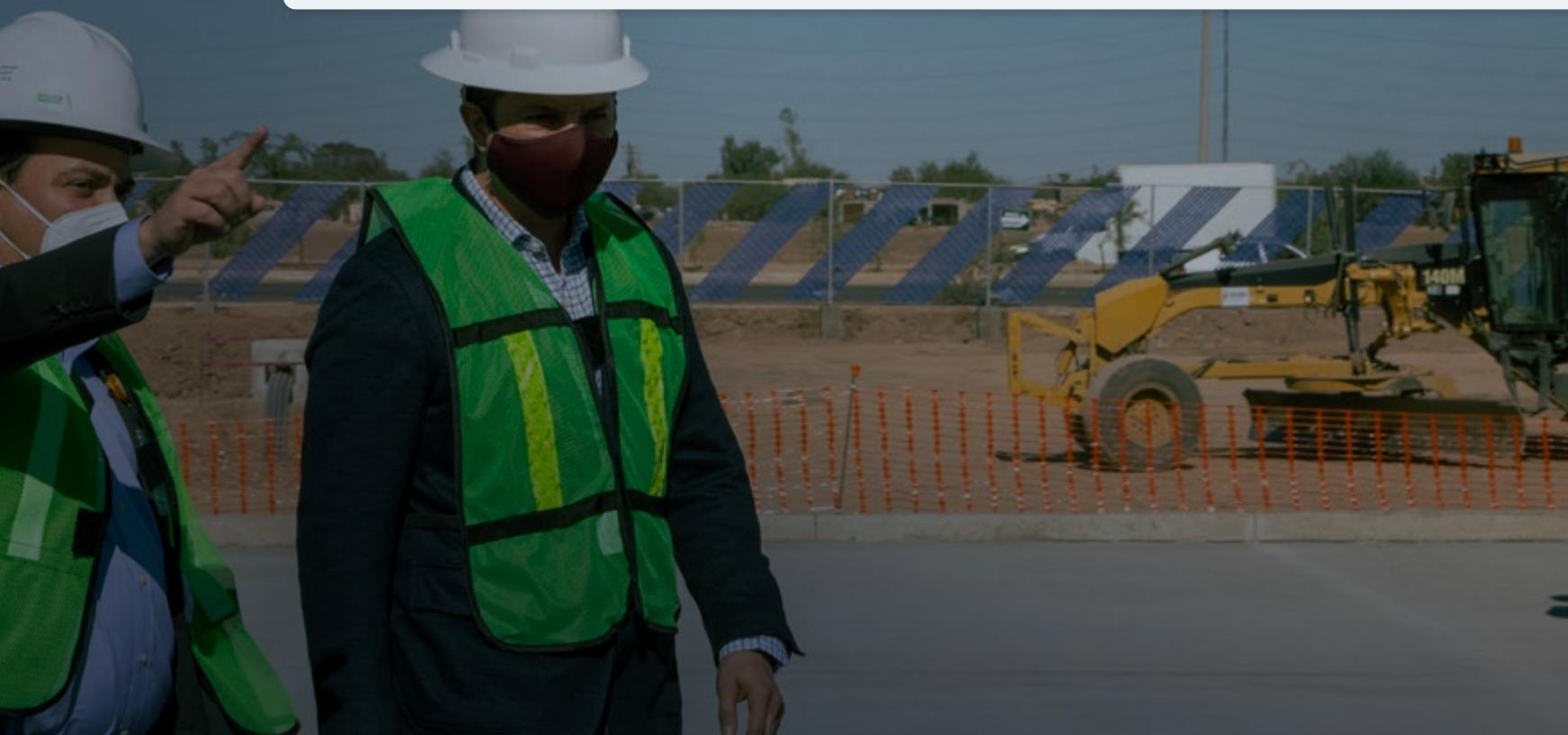
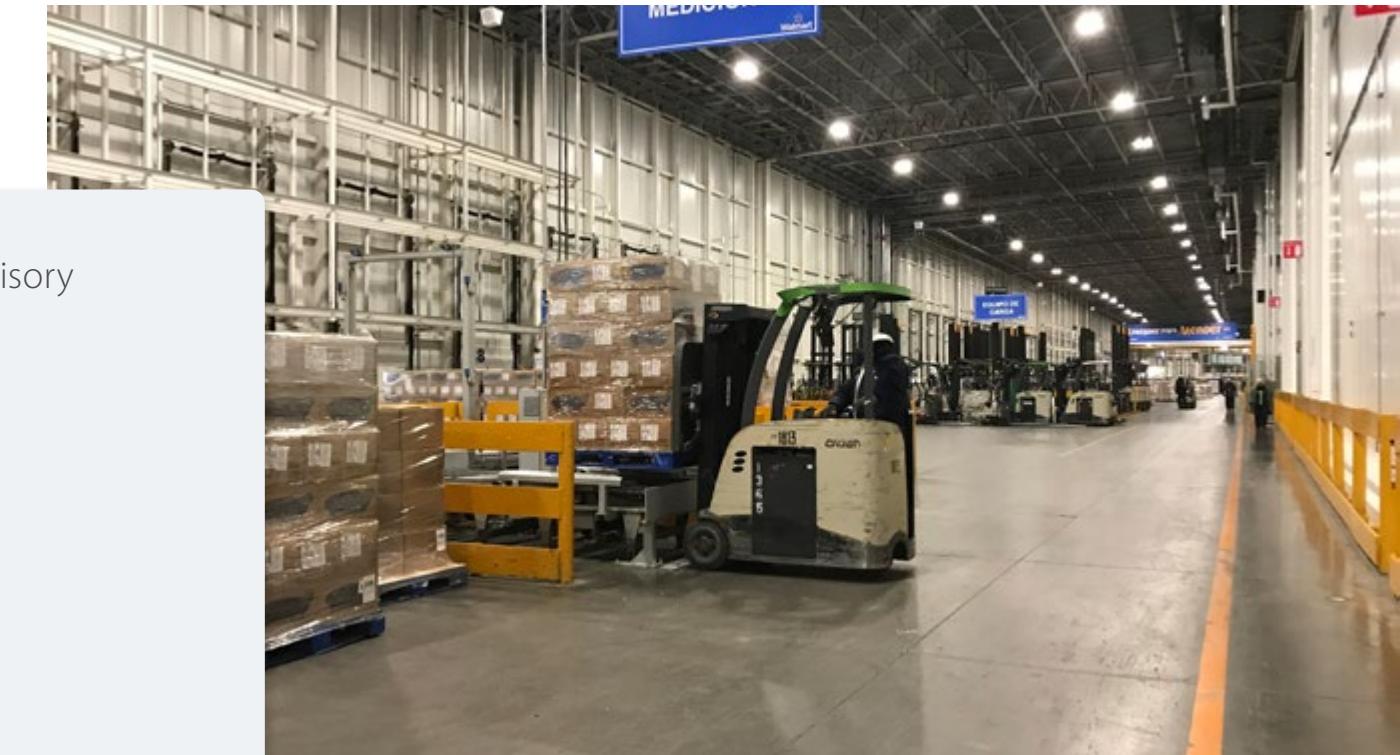
- COVID-19 prevention protocols with recommendations and input to prevent risks
- Safety talks on implementation of safe-distancing protocols
- Group organizing for mealtime
- Hand-washing stations and footwear sanitization
- Safety boards, with pictures and diagrams



**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

4

### Cook and cool

Cook the food until it reaches a suitable internal temperature.  
Quickly cool food to the temperature required by local law.

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.

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.

3

### Keep it cold, keep it hot

Keep cold/hot food at the temperature indicated by law.



## 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:



Establishing systems and processes focused on food quality and safety throughout DC operations



Personnel training in requirements and updating operational processes



Internal inspections for a pre-evaluation of compliance with BRC requirements



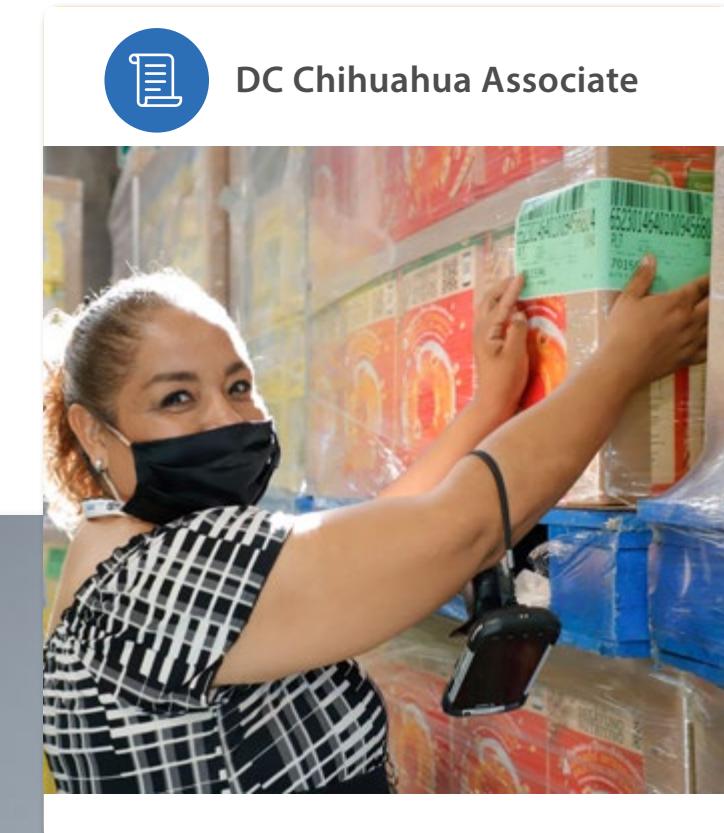
Establishing KPIs and improvement measures



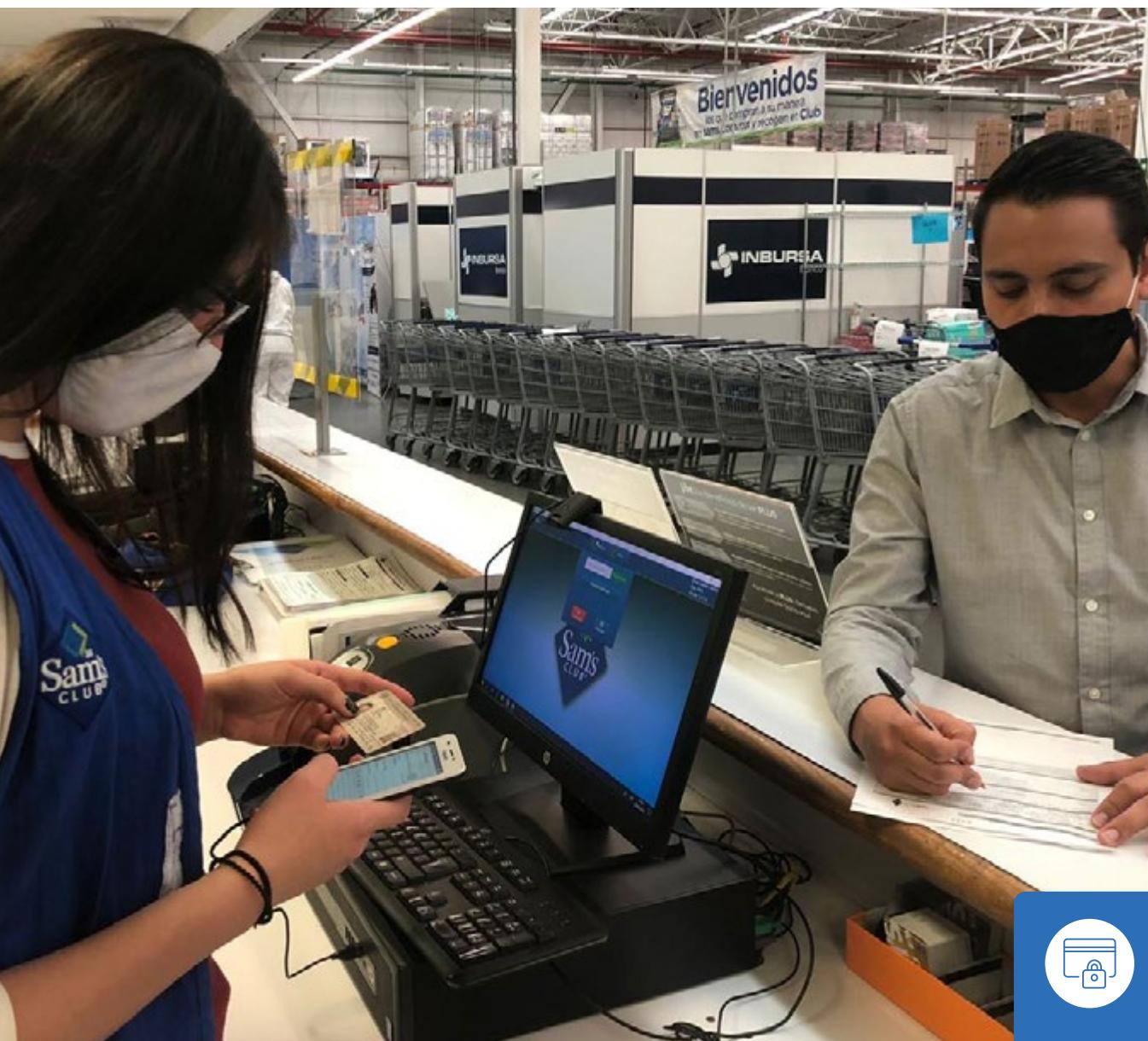
Documenting operational processes



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

**+4,500**

non-Medimart Medication

**72**

audits completed of Medimart suppliers

**131**

analysis of Medimart products  
with labs authorized by COFEPRIS\*  
regarding quality parameters

**+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



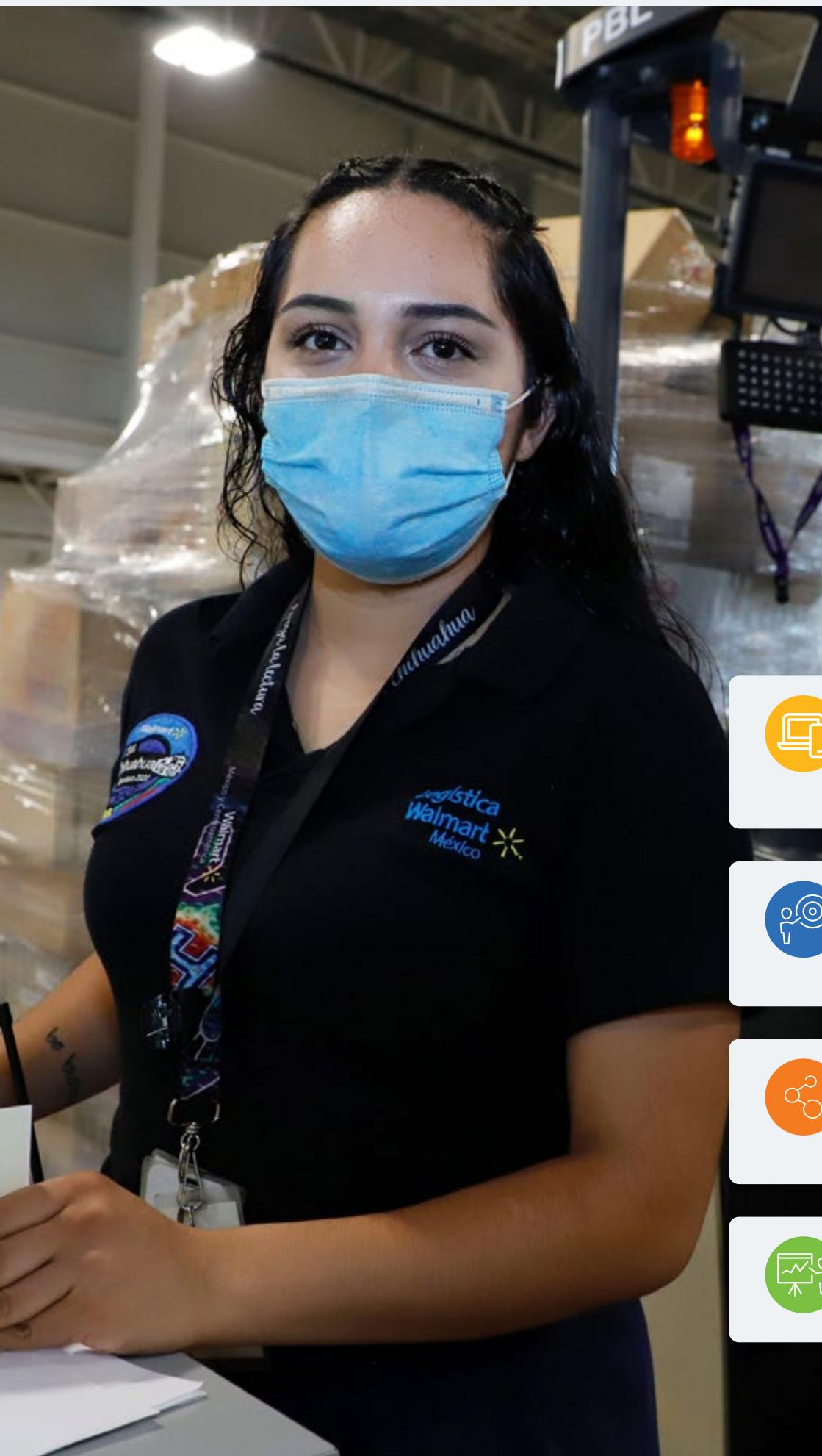
**399** doctors' offices in stores

**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

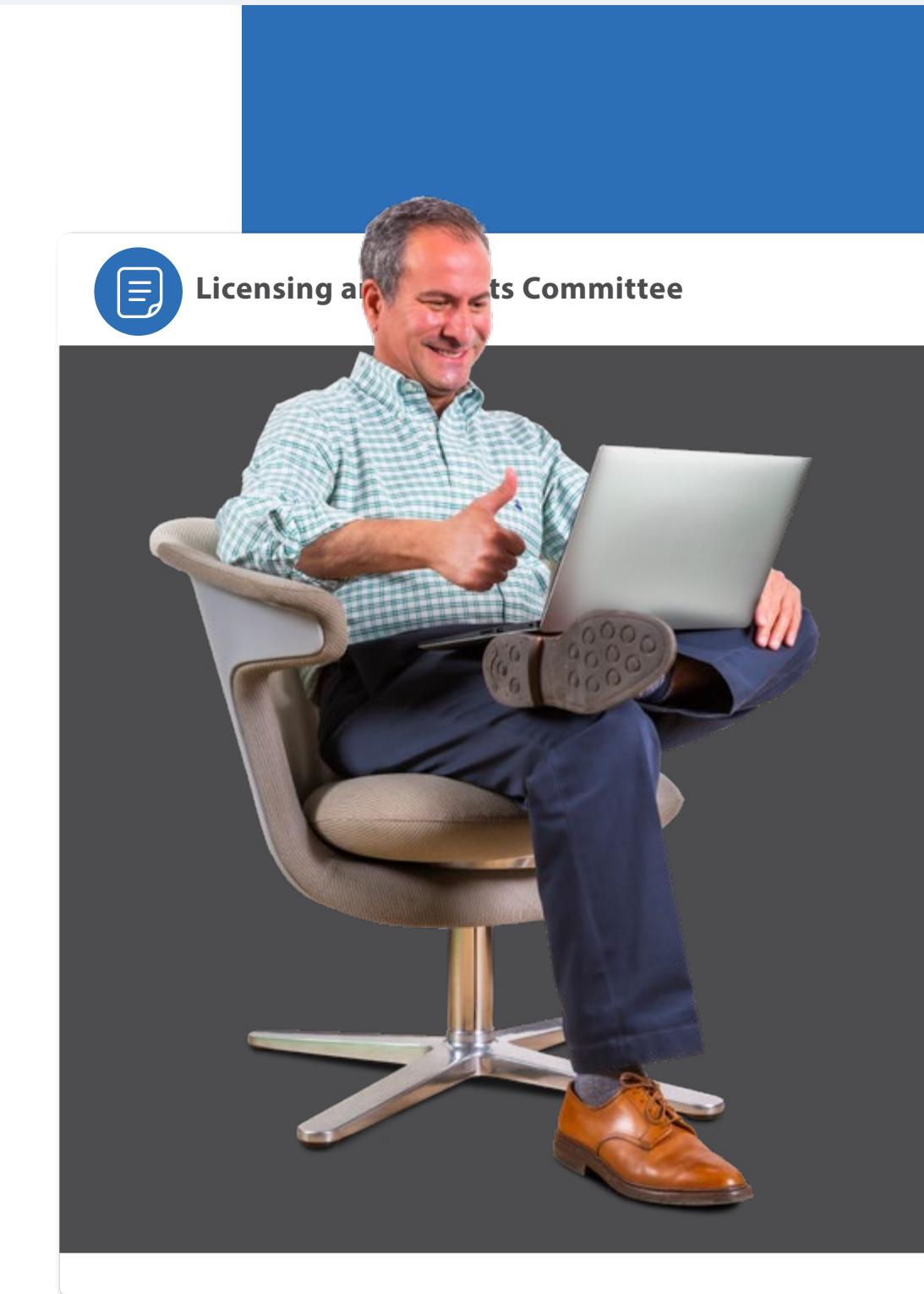
We created a Money-Laundering Prevention Committee with representatives from different areas, which meets every two months and whose objective is to provide visibility on the primary risks in this matter, and make decisions for the proper mitigation.

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

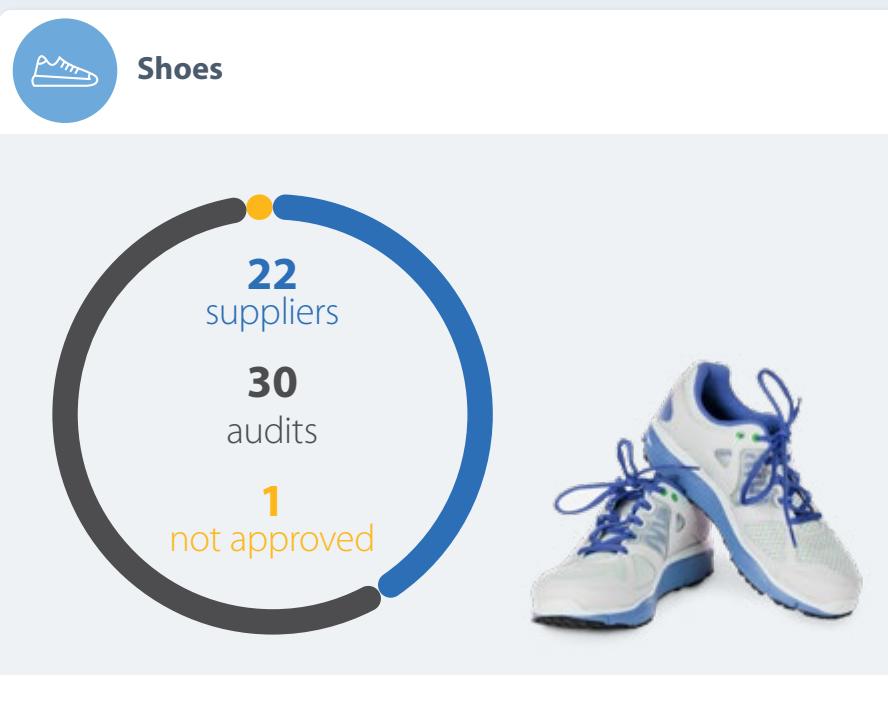
**1,466**

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

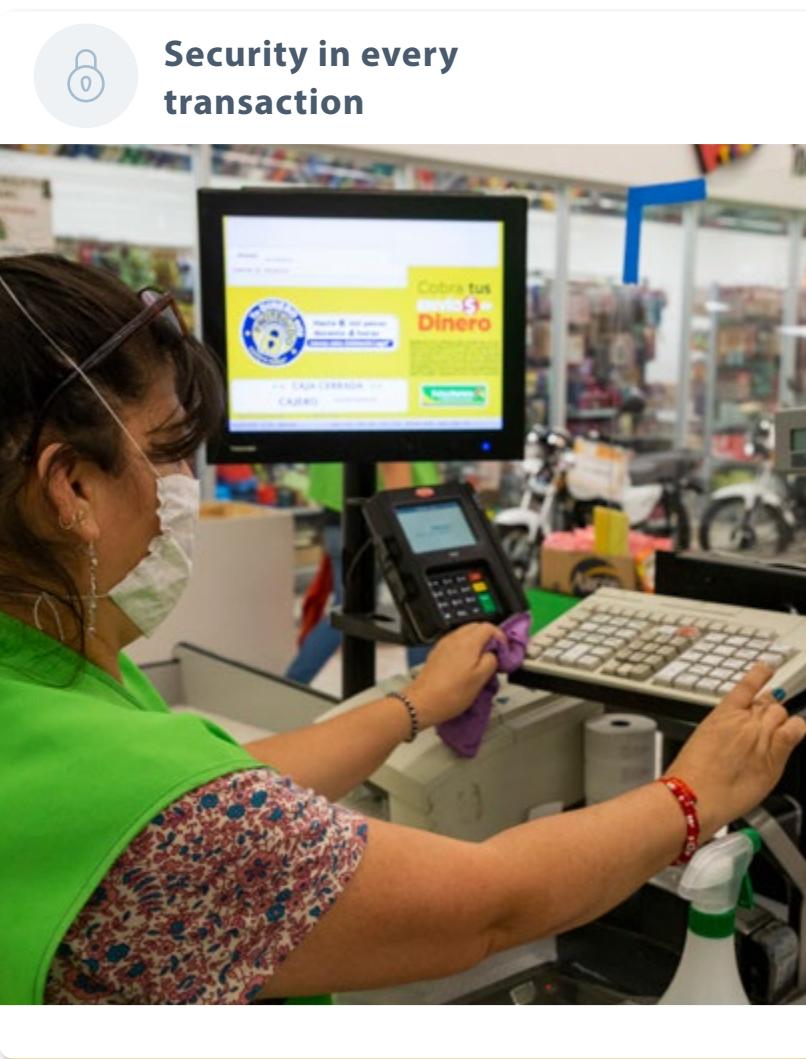


**The information security program was created to provide our brand portfolio worldwide with comprehensive, profitable and risk-based security services**

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

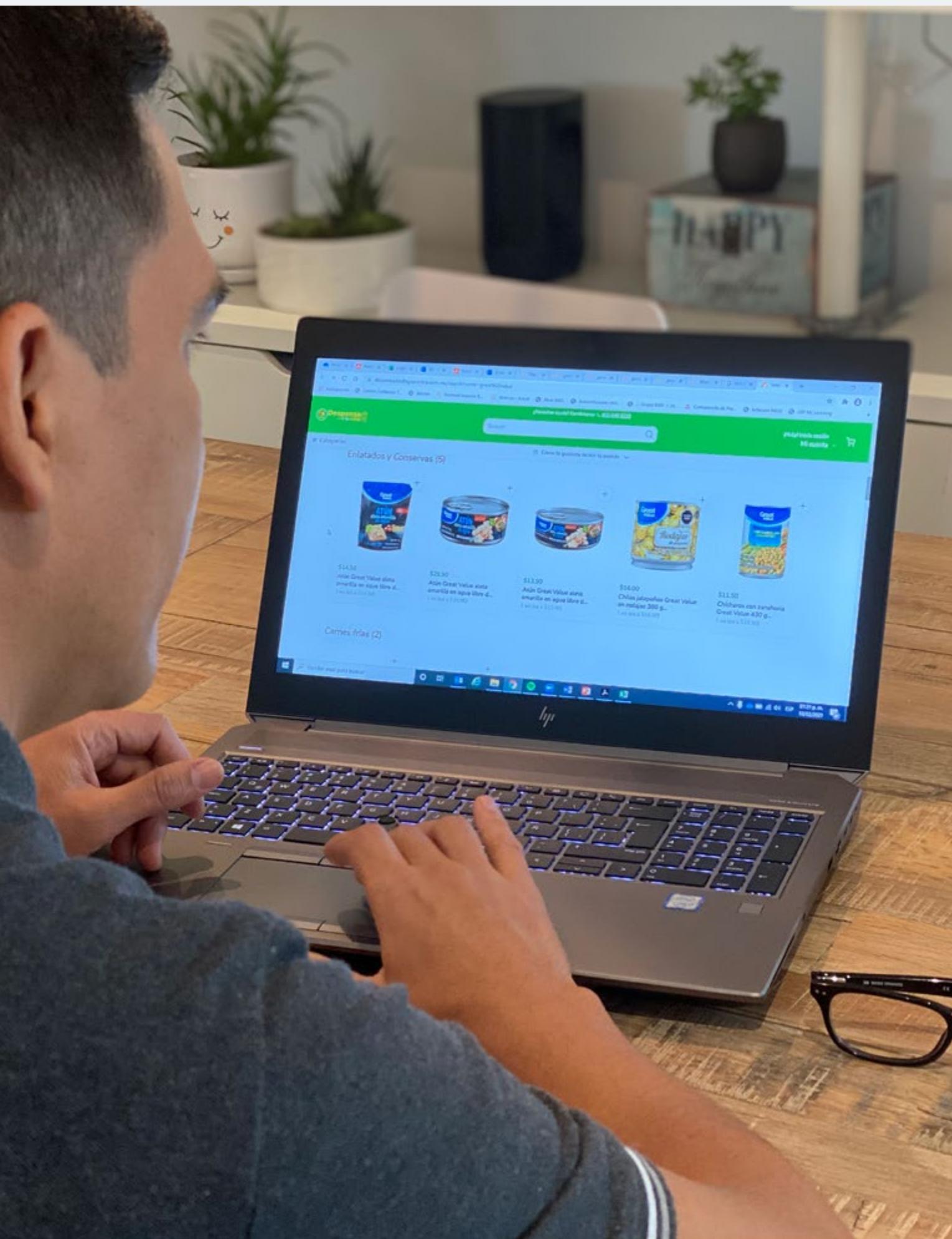
Vulnerabilities present in company information assets are identified and managed with the following elements in mind: vulnerability-analysis scheduling; results documenting; and results classifying, basing attention prioritization on the severity of the risk. Moreover, we provide the guidelines for designing 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.

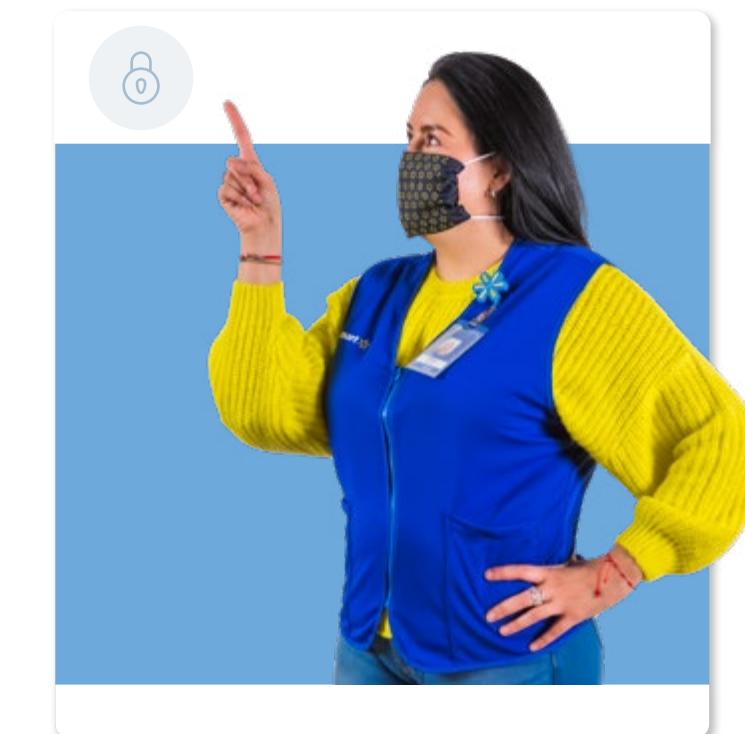
Insofar as fraud prevention, we doubled the number of audits as compared to 2019. Regarding security, requests for information on internal and outside reviews increased. In addition to the internal audit plan, compliance reviews took place for Sarbanes-Oxley, the Payment Card Industry and NIST Cybersecurity 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.

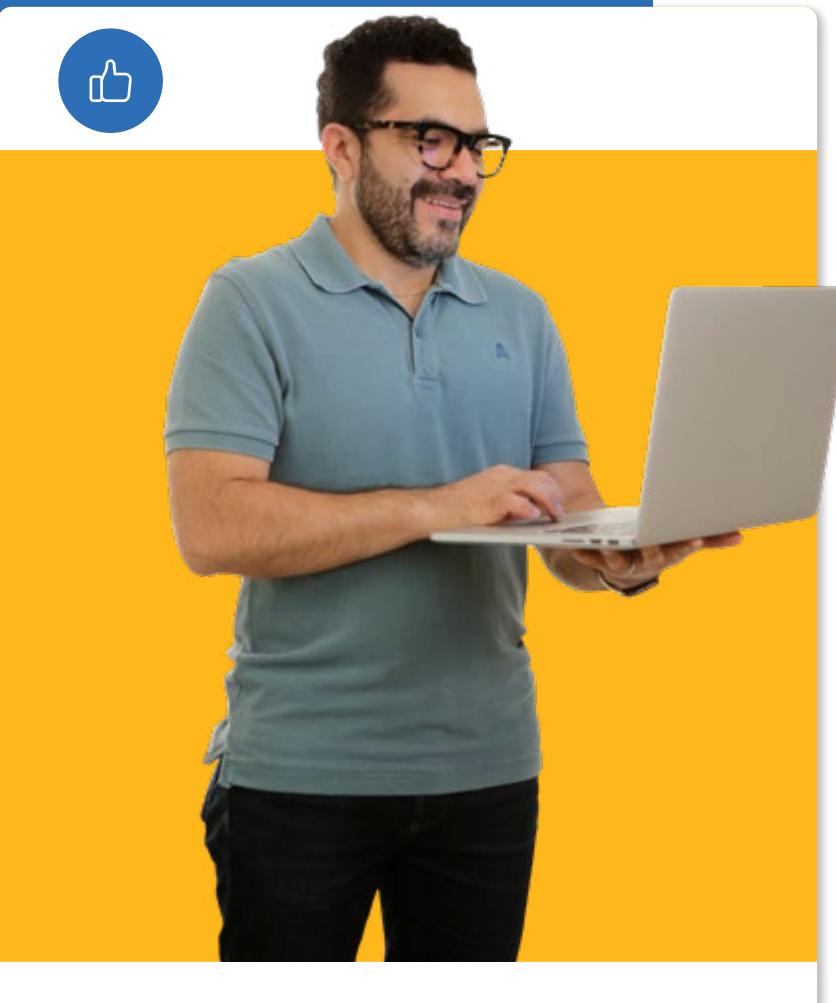




# RISK ASSESSMENT

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



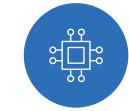
### POLITICAL

- 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



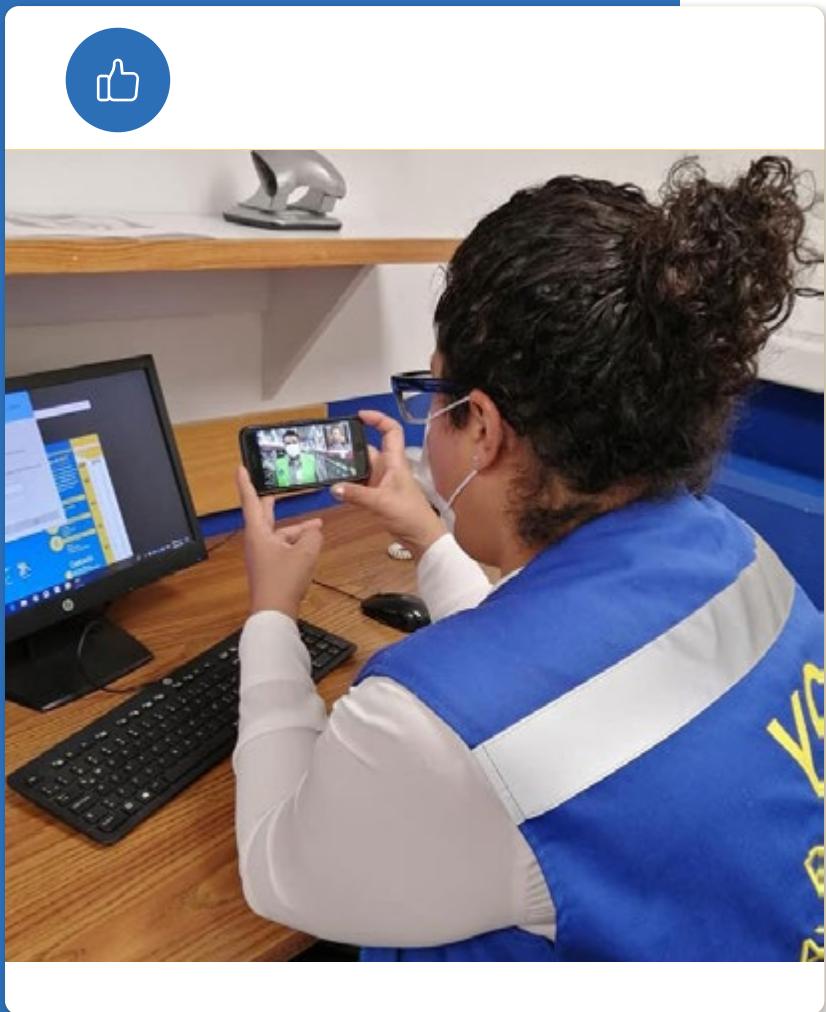
### Other Risk Assessments

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 411:103-1, 103-2, 103-3, 411-1 412:103-1,103-2,103-3



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**

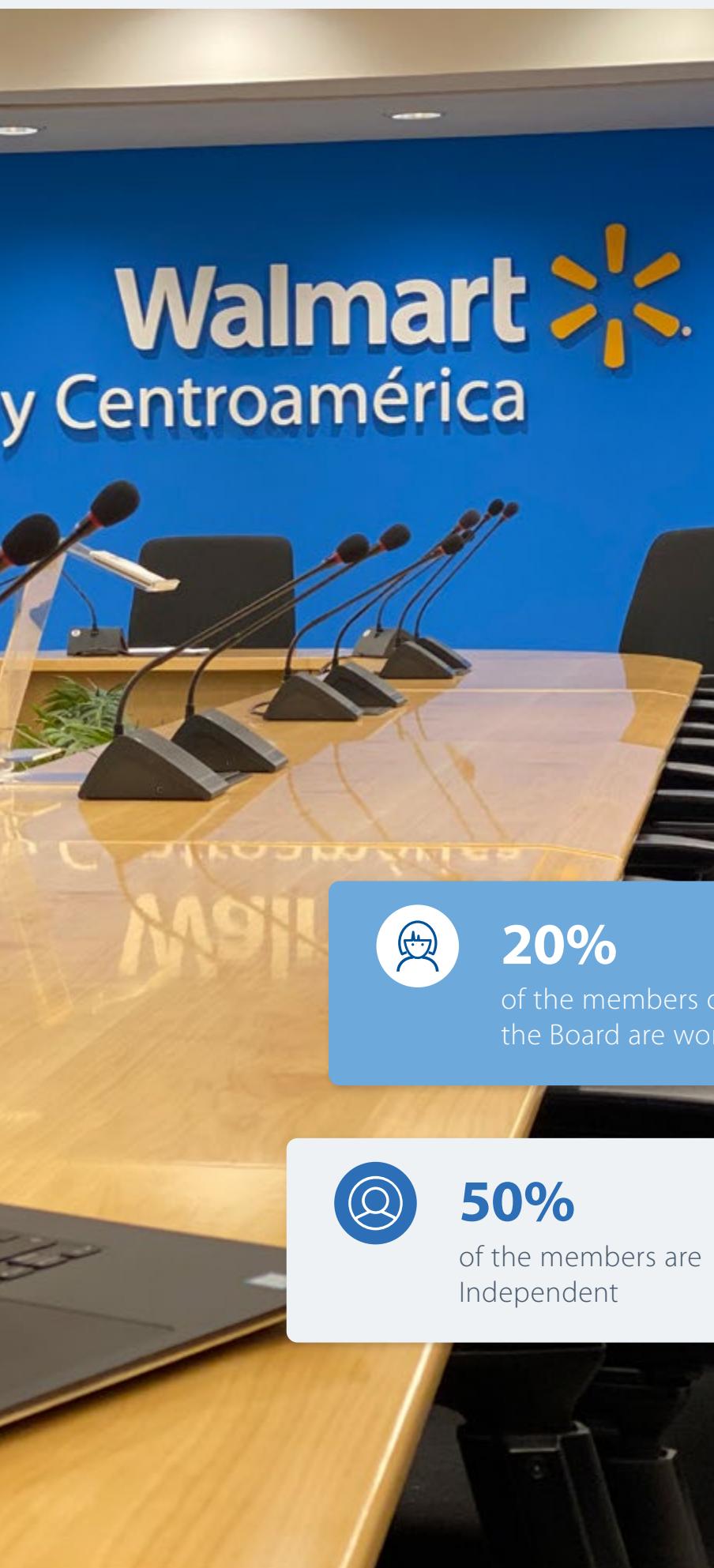
Our Statement is a reflection of our respect for human rights and expresses our culture and values, based on international instruments like the UN Guiding Principles on Business and Human Rights (UNGPs) and the International Labor Organization Declaration of 1998 on fundamental principles and rights 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



### 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.

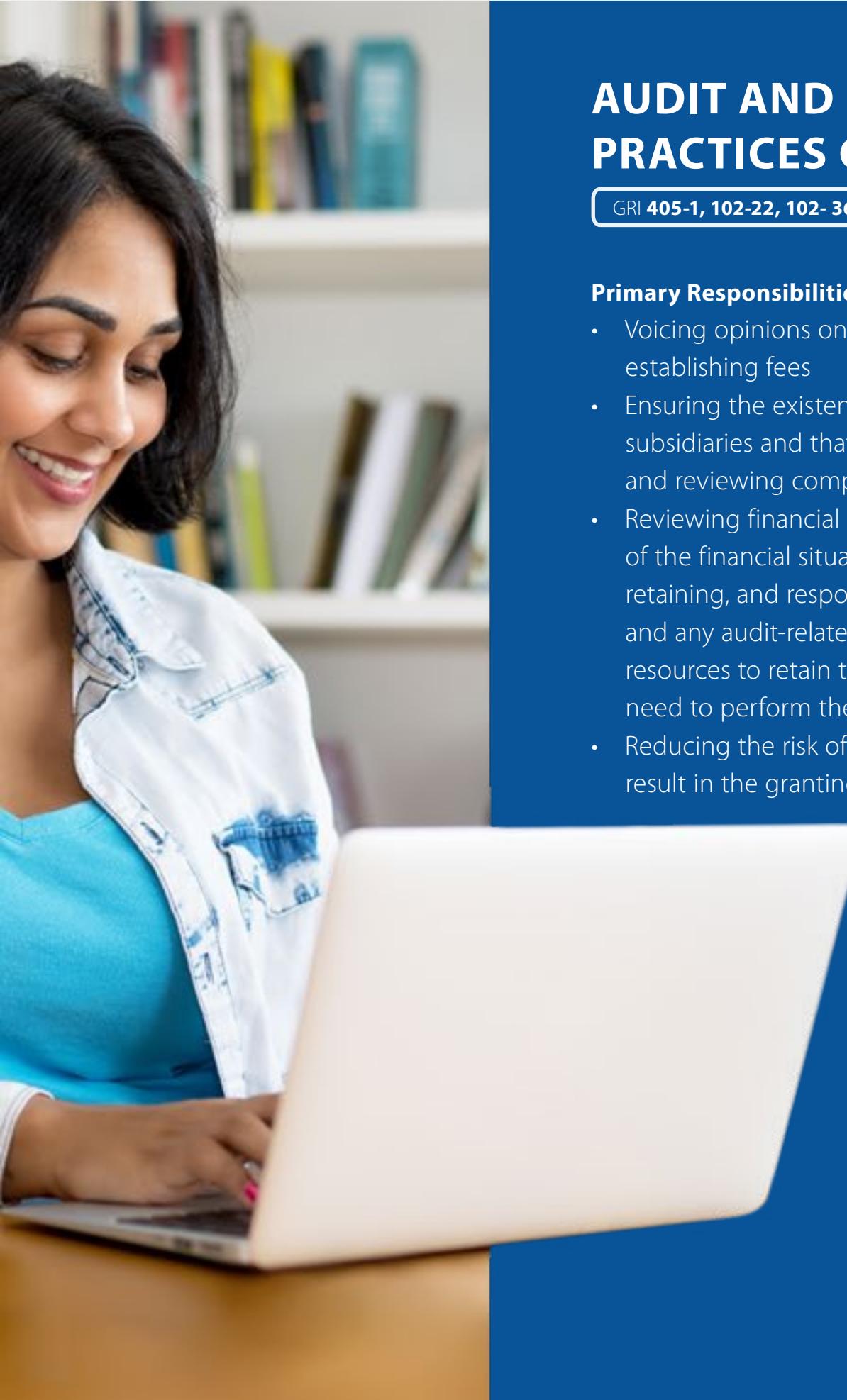


## Blanca Treviño

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

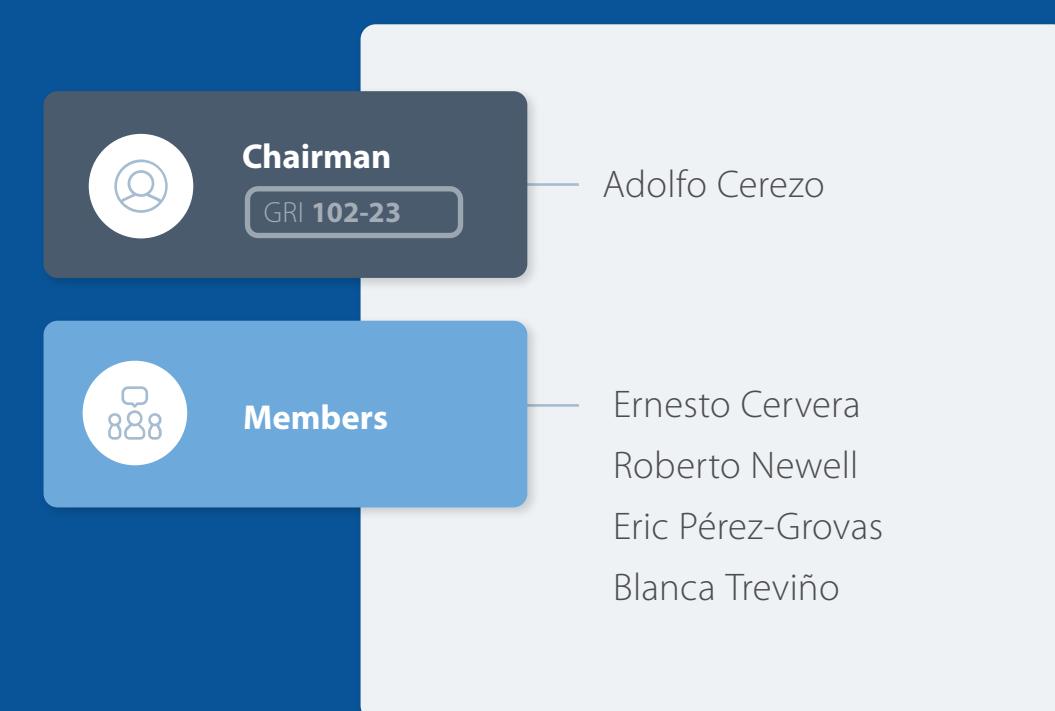
GRI 405-1, 102-22, 102-36

### 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



### 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