



achieving  
**considerable progress**

improving  
**our business**

**investing**  
continuously

operating with  
**greater efficiency**

creating  
**opportunities**

environmental  
**sustainability**

commitment to  
the **community**

**corporate**  
governance



# creating opportunities



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# our people

The everyday commitment, effort, and contribution of our associates allows us to fulfill our vision in all the countries where we operate. The Walmart Culture is our framework towards strengthening the engagement levels of all our associates companywide. As a result, we foster behaviors that are a reflection of our Culture, ensuring that our associates live by it through the example of others, recognition, training, and communication.



**231,996**  
ASSOCIATES

**51%**  
OF OUR ASSOCIATES  
ARE WOMEN

**3.25**  
MILLION LABOR-HOURS  
OF TRAINING

- ▶ TALENT
- ▶ DEVELOPMENT PROGRAMS
- ▶ WORK-LIFE BALANCE
- ▶ EQUALITY AND INCLUSION
- ▶ HEALTH AND SAFETY
- ▶ LABOR STANDARDS



# TALENT



As the primary private-sector employer in Mexico, we understand the importance of caring for our associates. We offer competitive wages and benefits, and training and development to foster new skills. We also listen to the suggestions and concerns expressed by our associates to continuously enhance their experience.





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One of the best competitive advantages for Walmart de México y Centroamérica are our people. It is for this reason that we constantly update and innovate training programs for the development of leadership, teamwork, and negotiation and technical skills in our associates, thereby being able to offer our customers an excellent service and shopping experience.

We provide classroom training through our Walmart Training Center and online training through the Integrated Management Training System, which includes individual and group development plans. Another thing we use is Walmart TV, an internal television channel that covers all of operations.

The evaluation covers annual and six-month individual development; in addition, 360° multidimensional performance evaluations and executive calibrations are carried out, thus being able to identify real talent and design development plans. Throughout 2015, we evaluate more than 121,000 permanent associates who have been with the Company for at least one year, corresponding to 83% of total headcount in Mexico and 23% in Central America. **G4-LA11**

#### Training by level **G4-LA9**

Level	Labor-hours	
	Mexico	CAM
Senior management	11,309	1,045
Management	658,903	32,833
Department management	350,424	68,262
Hourly	1,805,351	314,289







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**271,086**  
**associates**  
trained

**110.7**  
**million pesos**  
invested in  
training **G4-LA9**



**24,097**  
associates  
**promoted**



**545**  
**Top Talent**  
associates



**10,173**  
associates listed in the  
**Universal**  
**Talent Base**



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## DEVELOPMENT PROGRAMS

G4-LA10

**We train associates recognized for their leadership and professionalism in process execution, customer satisfaction, focus on business results, and in the commitment to overall development for them and their teams.**



### Mexico

We renewed our programs for Individual Mentoring and Mentoring Circles, which foster accelerated development for executives, either one-on-one or in group sessions. With the guidance of an associate having greater experience and know-how, these programs are designed to model behaviors aligned with the competencies that lead to improving performance so our Company may have more and better talent. Throughout 2015, 78 associates were given the assignment of individual mentors, 42 of these assignments were completed, and 69 new mentors were certified.

The Master's Program incorporated Mexican students currently enrolled in an MBA. These students are asked to lead a strategic project for three months during their internship, with the possibility of becoming part of the Company upon completion of their MBA. Since we started this program in 2010, we have hired 15 out of 45 summer interns, who currently work in the Company as Directors, Assistant Directors, or Managers. Of the six students who worked during the summer of 2015, five of them will join the Company in executive positions.

The Financing for Education Program helps to develop associates in executive positions, who have been identified as Top Talent, so they may begin or complete Bachelor, Master's, Special Certificate, or Language programs. Economic support is granted, with a ceiling amount, depending on the level of education involved. Throughout 2015 we awarded 80 scholarships to 63 Managers and 17 Assistant Directors.





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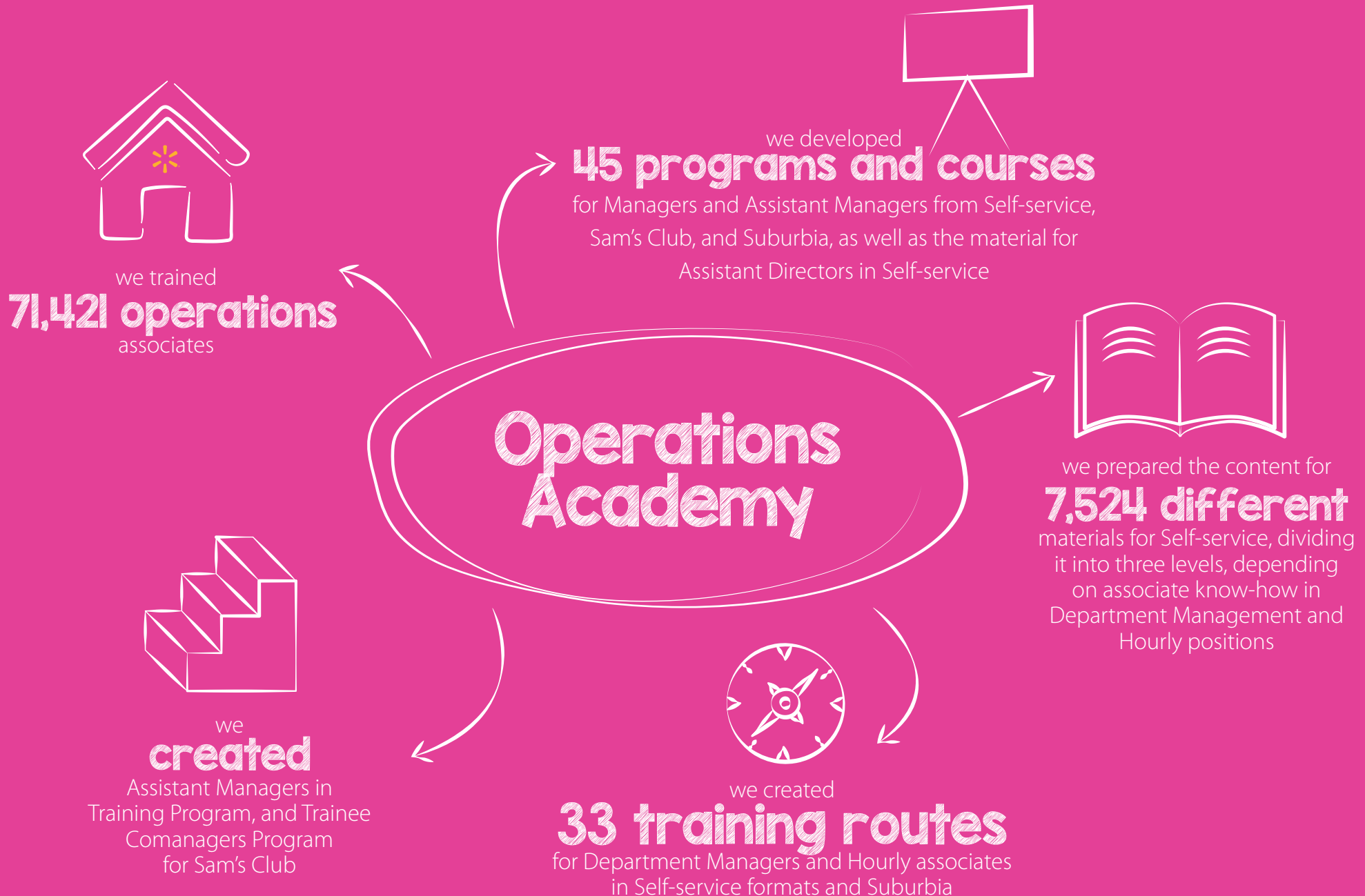
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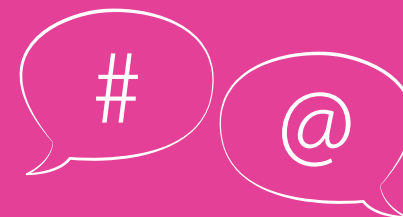
**corporate**  
governance



we trained more than  
**1,300 merchants**



we coordinated the training of  
**38 trainees**  
who graduated as Assistant  
Buyers or Replenishers



we reinforced subjects pertaining  
to leadership, planning and  
organization, as well as providing  
a new remote platform for

**language  
training**

# Merchandising Academy



we offered, for the 1<sup>st</sup> time,  
**High  
Performance  
Leaders**

courses which will now be  
part of the ongoing training  
for Pharmacy Supervisors



we updated  
**compliance subjects**  
with our suppliers, in addition to  
the Global Allowances Policy





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## Central America

The launching of the Learning Centers (CDA, per its acronym in Spanish) constitutes a key milestone in our training and development processes. Through these centers we guarantee the onboarding process and results for new Assistant Managers in stores. The CDA works in line with the Walmart Way of Working and promotes optimal leadership among the participants, who in turn become part of a seedbed for future store Manager positions once they graduate; they also become part of the talent needed to meet our future growth needs.

This year we made changes in the design and execution of the different Academies we now run:

We incorporated key training programs to our Operations Academy in order to guarantee the scope of our strategic priorities, such as the Integrated Fresh Program; with this we seek to reinforce efficient execution in processes, by format; standardize procedures and practices; ensure Compliance and Asset Protection guidelines.

Within this Academy we successfully executed DOE 2.0, which is aimed at operations leaders and whose content seeks to achieve operational excellence. We included programs such as I am a Leader, and I am a Guide, in addition to online training in Food Safety, Ethics, and Occupational and Environmental Safety.





The Merchandising Academy was reinforced with the inclusion of new courses aimed at improving the skills of our merchants, such as strategic negotiation, merchant ethics, and fundamentals of merchandising. Innovation has taken place with the use of webinars as a new training tool, through which competencies such as strategic thinking, effective leadership, and execution orientation are stressed.

We redesigned the Leadership Academy to include competency development programs, depending on the type of leadership and position. This segmentation and the redesign of the Academy has allowed us to be not only more assertive in developing our associates according to their current needs, but also able to increase target audience participation by 400%, as compared to 2014. New training methodologies have also been implemented, such as our use of webinars with facilitators from the ADEN International Business School, through which positive results and the elimination of paradigms concerning remote training were achieved.

As part of our innovation in training, the Real Estate and Development Academy was created with the purpose of reinforcing technical and leadership competencies, which help drive high performance within our teams and ultimately support the growth of our business.

We have begun design of the Logistics Academy, whose purpose will be to integrate all areas of the supply chain and train associates in the corresponding processes.



*We renovated courses to improve  
the skills of our merchants*

We have incorporated 68 newly-hired associates to the Buyer Trainee Program, who received instruction in matters pertaining to Replenishment, Merchandising, and Operations areas. In addition, we have graduated the first generations of trainees, comprised by 20 associates from Replenishment and Operations.

A development program for Directors and Assistant Directors was launched in conjunction with the Central American Institute of Business Administration (INCAE, per its acronym in Spanish), with four modules aimed at developing executive competencies. The goal is to effectively align business objectives and priorities with a leadership that inspires and guides our executives so they can be true agents of change.



*CDA launched in Central America,  
adopting the best practices of Mexico*





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## WORK-LIFE BALANCE

One of our goals is to foster the well-being of our associates by offering work-life balance.

The Flexible Work Week Program for Staff associates consists of adjusted work hours from Monday to Thursday so that Friday afternoons are free. Operations associates have quarterly time off, and Managers and Assistant Managers get one full weekend off per month, in addition to their regular day off. We also offer special work schedules for students.

Postnatal leave for mothers in Staff positions allow them to enjoy time off, pursuant to legislation in force, and progressively return to their normal work schedule by the time the child is seven months old. Mothers in operating units are able to have fixed work schedules during the lactation period. Postnatal paternal leave for Staff offers flex time for the first month and fixed work schedules for single operations parents. Thanks to these initiatives, at December 31, 2015, 78% of associates returned to work after completing their maternal or paternal leave. **G4-LA3**

During the year we launched campaigns and offered conferences on subjects related to health, well-being, and nutrition to foster a healthy life style. Family Day was held in the six countries where we operate, in which our staff associates were invited to participate with their family members and friends.

Our associates are able to consult an internal microsite for agreements in force, promotions, health related matters, and other subjects of interest, in addition to send in their comments and/or suggestions.





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## Associate benefits G4-LA2

	Full Time		Part/ Temporary Time	
	Mexico	CAM	Mexico	CAM
Vacations, management	★	●		
Vacations, non-management	●	●	●	●
Days off (holidays)	★	●	●	★
Special permissions	◆	★	◆	★
Food subsidy		◆	◆	
Electronic coupon	◆			
Discounts granted	◆	◆	◆	◆
Company car, management*	◆	◆		
Car allowance, management		◆		
Medical check-up, management	◆	◆		
Life insurance	◆	◆		
Hospital insurance		◆		
Major medical insurance	◆	◆		
Disability subsidy	◆	★	●	◆
Holiday celebration events	◆	◆	◆	◆
Seniority recognition	◆	◆		
Maternal leave	★	★	●	●
Paternal leave	★	◆		●
Pension fund		●		

● It is granted according to law

◆ It is not required by law but the Company grants it

★ Higher than law requirements

\* Divisional Manager and higher







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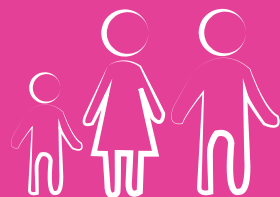
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**279 agreements**

in education, services, and  
entertainment for our  
associates and their families



**four** medical and **one**  
nutritional specialist in our offices;

**85 medical**

services in our stores, all free of  
charge for our associates

## Work-life Balance Mexico



**198,302  
associates**

were able to save  
the equivalent of  
**11.3 million**  
pesos



**3,244 associates**

consulted the nutritionist



## EQUALITY AND INCLUSION

We have a workforce rich in valuable experiences, capacities, and results, which is evident in actions that continuously generate and reinforce equal opportunities.



Our associates are a reflection of the diversity of our customer base

### Our associates G4-LA1, LA12

	Mexico			Central America		
	Total	%W	%M	Total	%W	%M
<b>Associates</b>	<b>199,072</b>	<b>53</b>	<b>47</b>	<b>32,924</b>	<b>41</b>	<b>59</b>
Management	2,659	33	67	389	34	66
Non-management	196,413	53	47	32,535	41	59
<b>Permanent</b>	<b>194,935</b>	<b>53</b>	<b>47</b>	<b>31,625</b>	<b>40</b>	<b>60</b>
Full-time	158,569	52	48	28,960	39	61
Part-time	36,366	56	44	2,665	56	44
<b>Temporary</b>	<b>4,137</b>	<b>47</b>	<b>53</b>	<b>1,299</b>	<b>44</b>	<b>56</b>
Full-time	2,948	45	55	897	41	59
Part-time	1,189	52	48	402	50	50
<b>By age range</b>						
<b>New associates</b>	<b>58,607</b>	<b>48</b>	<b>52</b>	<b>8,883</b>	<b>34</b>	<b>66</b>
= <25	33,222	40	60	4,429	29	71
26-30	8,724	51	49	2,162	36	64
31-35	5,384	60	40	1,209	39	61
36-40	4,256	65	35	594	47	53
>=41	7,021	62	38	489	42	58
<b>Associates turnover</b>	<b>100,142</b>	<b>44</b>	<b>56</b>	<b>8,687</b>	<b>35</b>	<b>65</b>
= <25	55,780	37	63	3,099	28	72
26-30	16,158	47	53	2,467	34	66
31-35	10,019	54	46	1,480	38	62
36-40	7,157	57	43	809	44	56
>=41	11,028	58	42	832	45	55



The objective of our Equality and Inclusion Policy is to ensure equal opportunities and non-discrimination throughout all levels of the organization; therefore, our hiring criteria focuses on seeking the best candidate for the position, regardless of whether he/she is a local resident or not. The process consists of interviews, selection, psychometric testing, interviews by the format committee, economic offering, document requests, onboarding, and the start of training. In 2015, 94% of top management associates were hired locally to fill positions as Assistant Directors, Directors, and Vice Presidents. In Central America, in keeping with local legislation, local residents have preference to a job, 88% of top management associates were hired locally to fill executive positions. **G4-EC6**

Wage differences are never based on gender, age, religion, sexual preference, or political ideology. We have a wage band; existing differences are based on the individual performance of each associate through annual evaluations, seniority, and competencies that are described in the Harassment and Discrimination-Free Work Atmosphere Policy. **G4-LA13**

Because we are convinced of the importance of having equal opportunities, where talent is above all else, we have an Equality and Inclusion Policy, with the sole purpose of fostering a diverse workforce. As of December 31, 2015, our headcount included 645 associates with some type of disability, working in the region. **G4-LA12**

As part of our Talent Attraction process for executive positions in Central America, we achieved the incorporation of women for 94% of the candidates suggested as part of the external selection process, thus balancing out the hiring of men and women by 50%.







We have an Equality and Inclusion Advisory Board (CCII, per its acronym in Spanish) which consists of top leaders and whose objective is to promote strategies, programs, and initiatives that allow us to identify, promote, and retain talent, thus increasing the participation of men and women at all levels of the organization.

In order to improve the approach, CCII is divided into four committees: Cultural Transformation, Governance and Processes, Work Flexibility, and Training and Development. The primary results for Mexico:

- Dissemination Equality and Inclusion Policy
- 2015 Gender Equality Model certification, with a score of "A"
- Execution of an agreement with the Telethon Foundation, to incorporate persons with disabilities
- Awareness in subjects related to disabilities
- Follow-up on the incorporation of persons with disabilities
- Continued dissemination of the Policies on Special Maternity and Paternity Leave

The Reach High! Program focuses on high-potential female directors, with the purpose of promoting their development in skills such as strategic thinking, networking, and innovation. This is achievable through the exchange of both internal and outside experiences, and the know-how other female associates have regarding the business. There are currently 12 directors from different areas involved in the program.

The Special Diploma Course on Female Leadership strengthens our management talent, and fosters their involvement in different organizational opportunities. In this way, those who participate acquire the self-confidence and esteem to network with other leaders throughout the organization. Since the beginning of the course in 2010, 980 female associates have successfully graduated, of which 19% have been promoted.



*In Central America, we achieved the incorporation of women for 94% of the candidates suggested*

Our Women in Retail Program ensures having a solid base of female talent needed for the growth of our Company, through actions and initiatives that promote the development of skills and competencies during a three-year period. By the close of 2015, 301 female associates for generations 1 and 2 are enrolled in the program, of which 21% have been promoted.

We launched the first generation of group workshops in Central America through our Mentoring Circles; forums with female leaders from other multinational organizations; and discussion panels with the presence of top management discussing gender issues and key



*Our Women in Retail Program ensures having a solid base of female talent needed for the future growth*

businesses for their position. By the close of 2015, 121 store associates have participated, of which 10% of these women have been promoted.

In Central America we created the Female Network Program, which seeks to reinforce and broaden the development and support of women executives, with the opportunity to exchange know-how, best practices, concerns, and needs. Male leaders and outstanding figures from the Central American business community participated.





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## HEALTH AND SAFETY

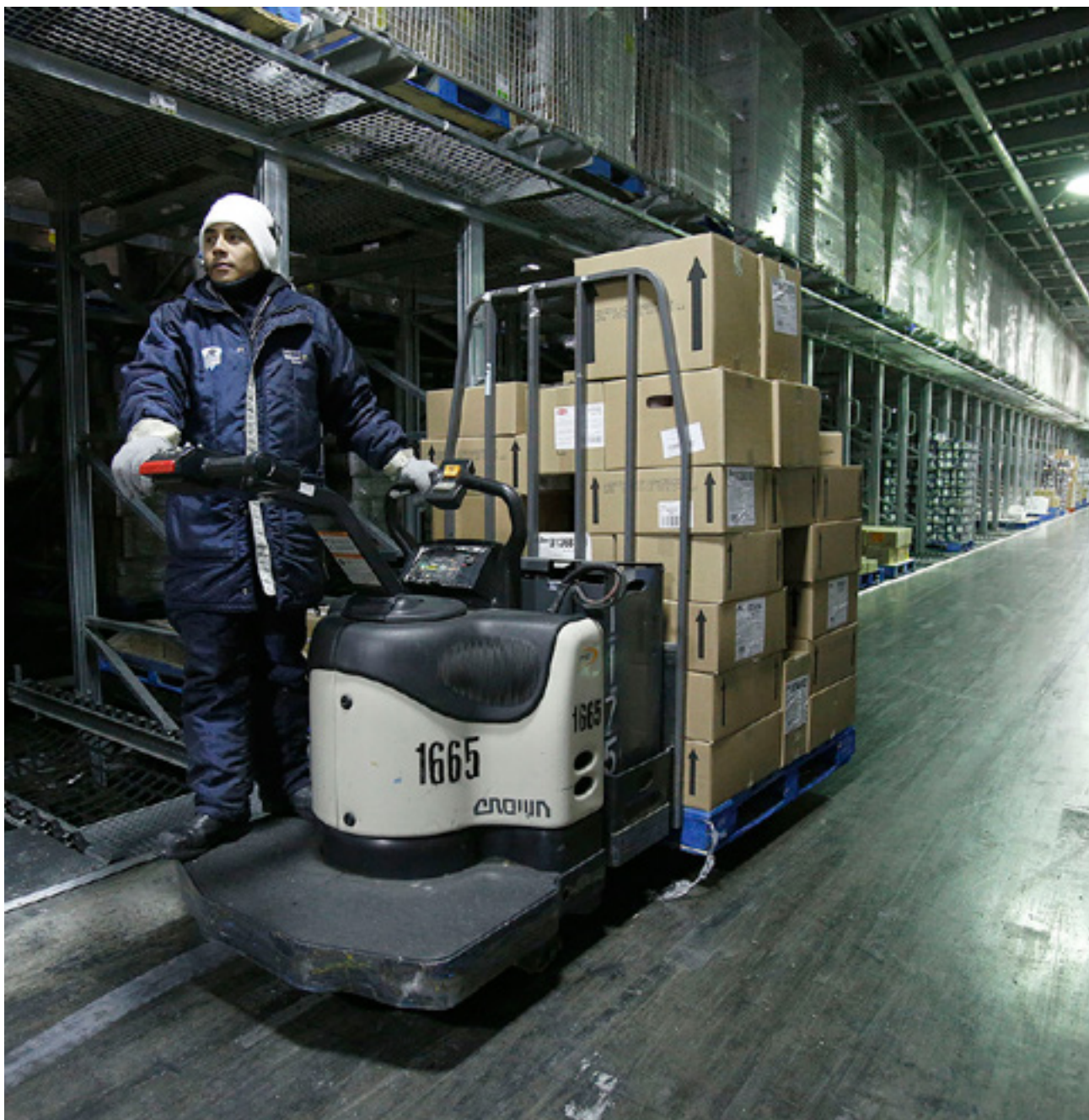
We continuously promote a culture of accident prevention, involving all our associates.



At Walmart de México y Centroamérica we are not exempt from risks and accidents on the job.

The primary pillars for our actions and programs are those centering around communication, training, and continuous improvement of our governing policies and procedures. With this we can guarantee the realization of a series of preventive measures aimed at creating safer places for everyone to shop and work.

Each country where we operate has its own Health & Safety Committee, whose duties include overseeing occupational health, safety, and hygiene for our associates and customers alike, and protecting the working conditions of our people, pursuant to applicable legislation. **G4-LA5**







We have developed accident prevention programs that incorporate all safety measures and actions that all our associates must apply.

They serve to identify and handle the more frequent injuries that stem from customer and associate-related accidents in our different formats and in this way, through simpler actions, controls are established to combat the primary causes of these accidents.

A body of experts in safety and hygiene conduct constant audits of the different business units to detect and create action plans that will cover the needs found in our businesses. We also document best practices being followed in our different units, and we investigate the causes of accidents that take place so we can prevent repeating them.

Our associates receive digital and classroom training in different fields of safety, such as On-the-Job Health and Safety, Civil Protection, and Emergency Brigades.

Special attention is paid to those associates whose job implies a higher risk of accidents or illness, like the case of maintenance and first-aid brigade associates who could come into contact with biological wastes; display personnel who could be affected by exposure to solvents; and distribution centers associates exposed to hazardous liquids, such as ammonia. **G4-LA7**



#### Health & Safety indicators **G4-LA6**

	2014	2015
<b>Sick days</b>	159,534	151,066
<b>Recorded occupational risk-related accidents</b>	12,565	11,498
<b>Disabled associates</b>	9,611	11,006
<b>Absolute number of work-related fatalities</b>	2	1



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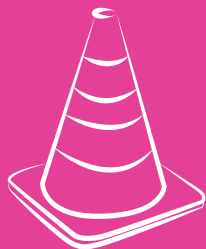
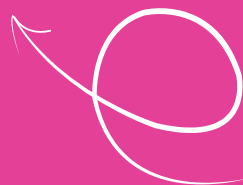
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## our vision:

become the safest place  
to shop and work

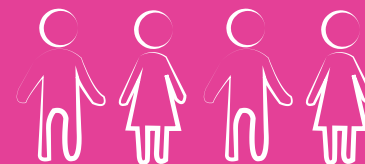


**8.5%**  
**less accidents**

related to occupational  
hazards, vs 2014



# Health and safety



**312,925**  
**participations**  
of associates in courses



both Mexico and  
Central America have  
**Health & Safety  
Committees**





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## LABOR STANDARDS

We are committed in all countries where we operate, to fully comply with all laws and regulations governing wages and schedules, including overtime pay, breaks, meal breaks, days off, severance pay, minimum wage requirements, forced labor, the ban on hiring underage workers or foreigners lacking the proper work permits, and the payment of all benefits established by labor legislation in force.

To be a product or service supplier, it is indispensable to firmly establish the terms and conditions of the commercial relationship, including all obligations pertaining to full compliance with applicable legal provisions and with labor responsibilities. **G4-HR4, HR5, HR6**

The Company complies with, and exceeds, minimum wage levels set forth by law. Depending on the geographical area, our general wage band is between 39.4% over the average minimum wage in Mexico. **G4-EC5**

We follow the pension plan in force, pursuant to the laws of each country. As an additional benefit, at the moment of retirement from the Company, three months of wages, as per our Employee Separation Policy. **G4-EC3**

We have responded to 6,237 lawsuits, accrued to 2015 and from previous years, filed by 5,444 associates and by 793 suppliers, of which 5,329 associate lawsuits and 239 supplier lawsuits were concluded in 2015. **G4-LA16**





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# our suppliers

It is thanks to our suppliers that we are able to guarantee the best possible products at Every Day Low Prices for our customers. We are building solid alliances with micro, small, medium and large-sized suppliers we can trust, thus offering our customers variety, sufficient supply, high quality, and safe merchandise produced responsibly at affordable prices.



G4-EC9

# 28,140

SUPPLIERS IN  
THE REGION

# 90%

OF OUR SUPPLIERS IN  
MEXICO ARE NATIONAL

# 76%

OF OUR SUPPLIERS FOR  
CENTRAL AMERICA ARE  
FROM THE REGION

- ▶ RESPONSIBLE SOURCING
- ▶ SUPPLIER DEVELOPMENT
- ▶ PRODUCT RESPONSIBILITY





## RESPONSIBLE SOURCING

G4-LA14, LA15, HR1, HR4, HR5, HR6, HR9, HR10, HR11, SO10, SO11

We are committed to working with our suppliers and other stakeholders so as to continue driving responsibility in our supply chain. Our Responsible Sourcing Program establishes expectation and accountability, and provides the resources and training of our associates, suppliers, and factory management. By reinforcing our internal programs and working with partners who drive progress in key matters industry-wide, we are able to make an even greater difference for those working within our supply chain.

### Standards for Suppliers

Our belief in respect for the safety of all individuals and for the Company has always been the fundamental basis of our business. Applying this to the supply chain implies that our suppliers operate with social and environmental responsibility everywhere, so we are constantly encouraging them to commit to high standards of responsibility, that they meet sound requirements in audits, and that they conduct comprehensive evaluations. Our goal is to lead the entire supply chain with responsible sourcing practices. This goal can only be accomplished through constant and proactive work with our suppliers, aimed at raising supply standards and having a positive impact on supply chain practices. For this reason we have a manual -Standards for Suppliers- which outlines the minimum operating standards expected of our suppliers and their factories, as pertains to the ethical treatment of workers, environmental safety, and proper operating practices.





Suppliers meet these Standards by respecting all human rights and by creating ethical and sustainable supply chains. These Standards must be visibly displayed, in the language spoken by the employees, in common areas of all facilities that manufacture products for the Company and its affiliates. Standards for Suppliers are:

- Full compliance with all corresponding national and local laws and regulations, including those related to work, immigration, health, safety, and the environment.
- Zero tolerance for slavery, child labor and/or the hiring of minors, forced labor to pay debts and/or to pay guarantees. All labor must be voluntary.
- Grant days off for workers, and ensure that work schedules are neither excessive nor in violation of any and all labor legislation in force.
- Follow hiring practices that accurately verify -prior to hiring- the age of the worker as well as legal permission to work in the country in question. All labor terms and conditions, including hiring, payment, training, promotion, termination of the labor agreement, and retirement should be based on the capacity and will of the person to perform the work outlined.
- Payment of wages, overtime and fringe benefits to all workers pursuant to or in excess of, legal requirements or collective bargaining agreements, whichever of the two is greater.
- Respect for the right of workers to peacefully and legally assemble or join the unions of their choice or to engage in collective bargaining.
- Provide workers with a safe and healthy work environment. Suppliers should undertake the preventive measures needed to eliminate or properly manage any and all occupational hazards.

- Ensure compliance with environmental legislation by all manufacturing facilities, including laws governing waste disposal, gas emissions, discharges, hazardous materials, and hazardous waste disposal. Suppliers should verify that all materials and components have been obtained from authorized crops and that they comply with all international treaties and protocols, and local laws and regulations.
- Associates should not be offered gifts, gratuities or entertainment, as they are forbidden from accepting the same.
- No transactions with associates that could constitute conflict of interest.
- Zero toleration, permitting of, or participation in acts of bribery, corruption, or unethical practices either with public officials or persons from the private sector.
- Keep accurate records on all Company-related matters, as per standard accounting procedures such as the Financial Reporting Standards in Mexico (NIF) or the International Financial Information Standards (IFIS).

These standards are parallel to auditing standards used by us to measure the extent of compliance by suppliers of Private Labels. If a factory does not comply with our standards, corrective measures must be conducted to improve performance. If not, said supplier shall no longer be allowed to supply us with any merchandise.

We firmly believe that the voice of the workers plays a key role in driving health and safety throughout the entire supply chain. Therefore, within Responsible Sourcing we require that all facilities display the toll-free numbers, email address, and website where workers may anonymously report their concerns, and in their native language.





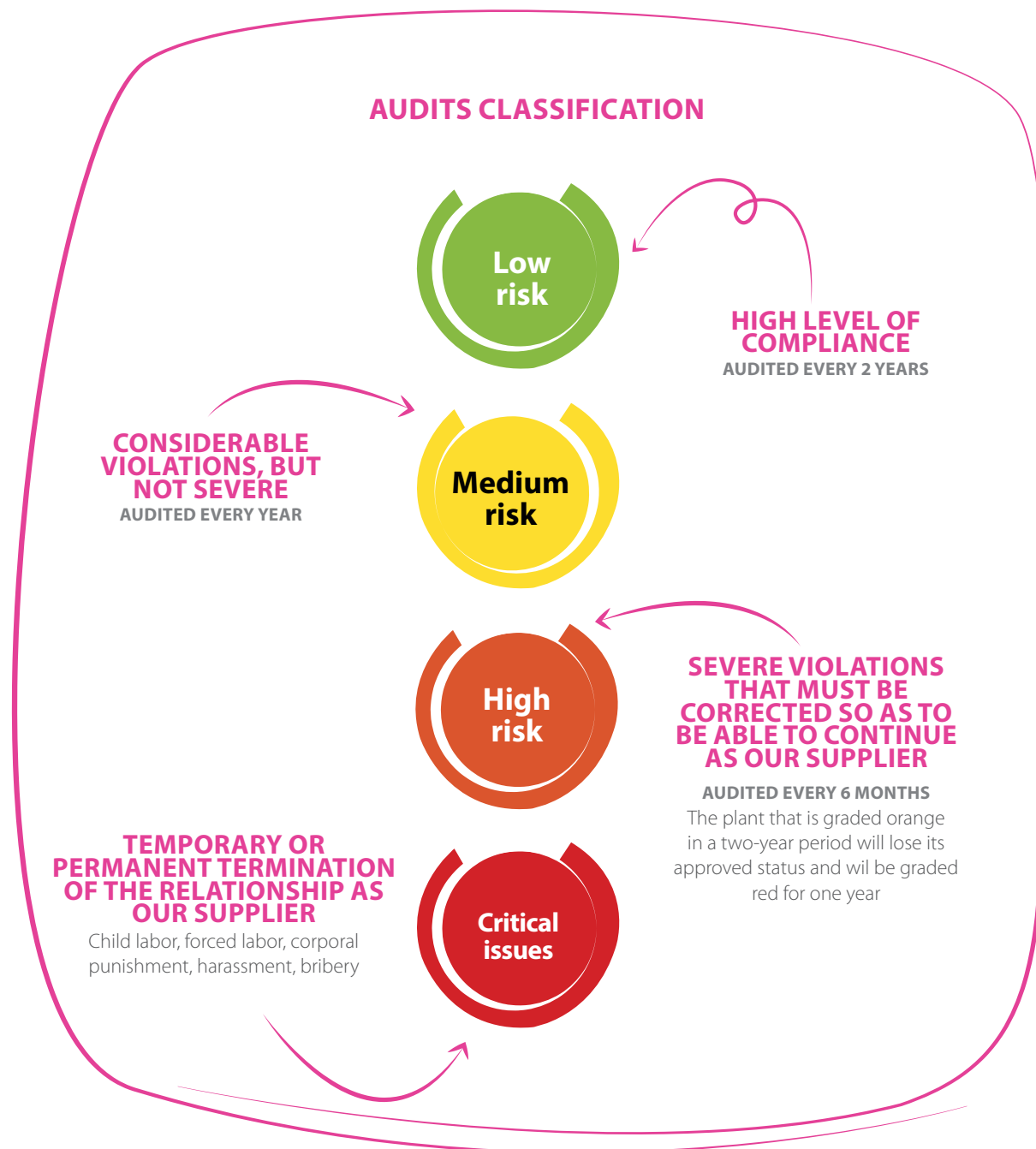


In general, the Responsible Sourcing audits are not announced, and they are conducted by third parties. The frequency of the repetition of an audit is based on the seriousness of previous findings. Results are assigned a color based on the seriousness of the issues found. We use this sort of classification to help with decision-making regarding suppliers and their factories. Audit results of factories are sent to each corresponding supplier using said facilities, and it is the responsibility of the suppliers to work with the factories so as to remedy the audit findings.

### Risk management within the supply chain

In early 2015, we began to evolve our Responsible Sourcing Program, so as to center it around areas presenting the greatest potential risks for society, safety, and environmental compliance. The risk is evaluated based on data, and the risk factors included are those currently used by the World Bank Global Governance Indicators. We evaluate how the effectiveness and stability of the corresponding government, the rule of law, and corruption control affect the risk of non-compliance in the facilities of each country.

For risk management in the supply chain beyond our own audits, programs, and training, we are also developing alliances with other companies, governments, and NGOs to approach complex matters that no Company can accomplish alone. We believe this collaborative approach will foster greater impact on our supply chain and will make it even more effective.





achieving  
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improving  
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**investing**  
continuously

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creating  
**opportunities**

environmental  
**sustainability**

commitment to  
the **community**

**corporate**  
governance





## SUPPLIER DEVELOPMENT

G4-EC8, EC9

Our Company is convinced that we have embarked on the right path when we promote supply chain diversity. By working with us, our suppliers attain greater access to 2,069 million customers who shop in our stores. Supplier diversity for us means being able to provide better products and a broader selection that comes from the communities we serve.

We create economic opportunities for people and companies throughout the supply chain through programs that promote economic mobility for women; that supply development opportunities for local suppliers; and that help small companies grow. For said companies, access to any formal market requires installed capacity, access to capital, and compliance with specific requirements.

For this reason our development platforms are designed according to the nature of the suppliers so as to equip them with the know-how and the experience needed to become suppliers, to achieve permanence and sustainable growth with us, and to increase their capacity to grow into other markets.

### Expense percentage regarding local suppliers G4-EC9

	Self-service		Sam's Club
Private Label	Mexico	CAM	Mexico
Products	1,965	1,441	288
Suppliers	407	172	177
% domestic/ regional suppliers	73	78	33
% sale domestic/ regional suppliers	93	90	60
% sales from Private Label	5	9	10

Medimart Mexico	
Domestic laboratories	14
International laboratories	7
Active products	349
New product launches	29
Savings in medication (mp)	1,935

	Fruits and Vegetables		Meat		Fish and Seafood		Poultry
Percentage	Mexico	CAM	Mexico	CAM	Mexico	CAM	CAM
Purchases from domestic/ regional suppliers	80	74	88	90	88	80	100
Purchases of domestic/ regional products	73	65	85	92	30	73	90
Purchases directly from local growers	46	57	82	90	14	43	NA





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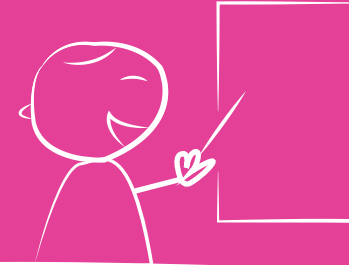
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% SME suppliers:

**63** in Mexico

**64** in Central America  
G4-EC9

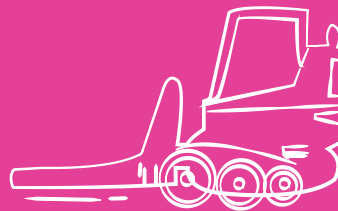


**3,685**

participants during informative  
sessions and consultancy for SMEs

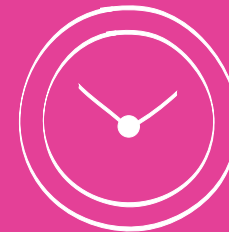
**23,695**

farmers and manufacturers developed



**1,884**

labor-hours of consultancy  
and sourcing





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## MUJERES EMPREENDEDORAS™

Different studies show that women are the driving force for social and economic development. When investing in a woman, the impact goes way beyond just her. Women also make up the large majority of our customers worldwide. Therefore, the empowerment of women is not only doing the right thing, but for our Company it also means making smart business decisions.

Women-Owned Business is a global initiative launched in 2011, whose purpose is to empower businesswomen, provide them greater access to markets, and give them the tools they need to grow their enterprises. The goal in Mexico is to duplicate the volume of purchases made from women in 2016, as compared to figures from 2011. By the close of 2015, we have accomplished 98% of this goal.

### OBJECTIVE 2016

Duplicate  
the volume  
purchased from  
women





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Adopt a SME in Mexico is a program that seeks to support businesses through our Merchandising and Supplier Development departments. The program is a form of temporary support so as to help small-sized businesses increase their productivity, competitiveness, sales, and product positioning in our Self-service units.

The first generation consisted of 100 SMEs and concluded with 94% accomplishment of the initial goal of duplicating their sales within 18 months. We are currently working with the second generation, which includes 115 new suppliers. They are selected based on their innovation, cost competitiveness in the market, delivery capacity, compliance with legal, quality, and sanitary norms required for the product, and the sustainable practices aimed at improving the environment and their community.

In addition, the Company has specialized buyers who identify the best local products by region so as to include them in our stores. In 2015 we incorporated 41 new regional suppliers. Included among the list of benefits of pertaining to this program is the timely tracking of point of sale indicators, shared demos, and a course in Retail Link, among others.

Through our Program A Helping Hand, we have given direct support to 331 SMEs. Some 42 new suppliers were included, offering them business training in person and online. We have conducted six business sessions, through which information was provided on the requirements to become a Walmart supplier, and another session was held in Costa Rica in which different SMEs presented their products to the Commercial area. We sponsored SME Fairs for grocery products in Guatemala, El Salvador, and Honduras; the results in sales growth were 300% in Guatemala and 200% in Honduras and El Salvador.

Small Supplier, in Mexico and Fertile Soil, in Central America are social programs for low-income farmers facing considerable difficulties, thus we help them develop diversified cropping techniques, based on the real needs of the market. We assisted 3,878 low-income growers this year by providing consultancy services on seed quality, soil use, crop yield and quality, efficient use of agro-chemical products, crop rotation, among other subjects.

The Small Supplier Program in Mexico also focuses on developing low-income manufacturers of related products made by hand; we help them by providing training, product advice, and we return 100% of the profits generated through the sale of their products. In 2015 we developed 19,947 suppliers and were able to add 55 products to our catalog for sale.





Each year we survey our large, medium, and small-sized suppliers in Mexico with a third-party questionnaire, thereby obtaining an annual indicator that ranks the Self-service and Sam's Club divisions in the market. This survey helps us to identify key points for improving dialogue and commercial relationships, increasing efficiency, and achieving better execution in our units. Self-service was ranked #1 this year in the overall evaluation, and Sam's Club rose five positions, thus being ranked second in the survey. **G4-PR5**

The Supplier Advisory Board has allowed us to extend the dialog with our commercial partners, especially regarding the Consumer, Grocery, Fresh, and General Merchandise divisions. The Board encompasses 14 companies in Mexico and 62 in Central America; the primary goal is to foster the exchange of ideas and establish collaborative working models that help to increase the competitiveness of our suppliers, all with the purpose of benefiting our customers.

There were 38 Top-to-Top meetings coordinated this year, with the participation of top management and our principal suppliers for Grocery, Fresh, and Consumables; the goal of these meetings is to review business performance and define new growth opportunities that guarantee compliance with annual agreements, opening the dialog towards better alignment with strategies amongst the companies involved.

In 2015 we reinitiated training sessions for suppliers in the basic tools of Walmart Systems in Central America, especially concerning the use of Decision Support System. We conducted 20 training sessions in the five countries, and 216 companies attended. Retail Link User Group (RLUG) sessions were conducted via videoconferencing. RLUG is a group of Walmart suppliers who meet periodically to learn about Retail Link and to share best practices.





## PRODUCT RESPONSIBILITY G4-PR1

Our mission is to offer our customers affordable prices and, at the same time, continuously raise the bar for quality and food safety. Our customers are increasingly interested in knowing the origin of the products bought, what they contain, and how they are produced. They expect the products to satisfy their needs and not be a risk to their health or safety.

We conduct rigorous reviews of our supply chain so as to generate and maintain the trust of our customers in the food we sell. In Mexico we have reinforced our Food Safety program, including the Prevention of Food-Related Fraud, through outside analysis by laboratories accredited in:

- Identifying raw materials in meat and cooking products, with a total of 465 tests conducted
- Verifying the integrity of Private Label product ingredients, such as honey, milk, olive oil, 100% natural juices, and coffee; with a total of 40 tests conducted
- Validating certificates for products sold as organic, accrediting a total of 380 products

A total of 87% of our Private Label suppliers are certified in norms acknowledged by the GFSI -Global Food Safety Initiative- a worldwide accepted food safety management system. Some 180 businesses in Mexico currently have the H Certificate awarded by the Secretary of Tourism to those establishments that accredit compliance with good practices in food preparation and serving hygiene.

### Private Label suppliers evaluated in Mexico

<b>Textiles</b>	
<b>Inspections</b>	8,580
<b>Audits</b>	54
<b>Domestic suppliers</b>	318
<b>Import suppliers</b>	71
<b>Auditing of maquiladoras from food suppliers</b>	<b>189</b>
<b>Not approved</b>	1
<b>Auditing of maquiladoras from general merchandise suppliers</b>	<b>22</b>
<b>Not approved</b>	9
<b>Auditing of maquiladoras of medications</b>	<b>36</b>
<b>Not approved</b>	6
<b>Distribution centers inspections</b>	<b>701,079</b>
<b>Shipments</b>	287,347
<b>Fruits and Vegetables</b>	231,839
<b>Processed food</b>	181,893
<b>Unannounced store audits of Food Safety</b>	<b>25,517</b>



## Training and auditing of Health & Well-being in Mexico

<b>Pharmacies</b>	
Associates trained online	9,618
Training hours	4,809
Associates distance training	6,641
Training hours	3,321
Associates trained in usage and dispensing of medicines	2,141
Training hours	85,640
<b>Optical</b>	
Associates trained	631
Number of courses	34
<b>Pharmacies/ Optical</b>	
External audits (Ecolab)	1,785
Internal store audits	1,475
<b>Distribution centers</b>	
Good Storage and Distribution Practices audits	10
Associates trained	331
Training hours	662
Product analysis of the quality parameters for Medimart by third-party authorized by Cofepris	227







## Health & Safety Incidents G4-PR2

	Mexico	CAM
<b>Visits from health authorities</b>	3,102	1,175
<b>Visits from consumer protection authorities</b>	1,413	1,262
<b>Expiration date withdrawal orders</b>	54	0
<b>Health &amp; safety withdrawal orders</b>	9	73
<b>Results</b>		
<b>Fines or sanctions</b>	409	0
<b>Non-compliance with voluntary codes</b>	73	0
<b>Warnings</b>	0	0

## Labeling G4-PR3

Our customers need accurate information regarding the impact of products and services so as to make fundamental decisions regarding purchases and so product availability reflects their preferences. Providing information and proper labeling regarding impact is our responsibility.

Private label information in Mexico undergoes review and validation by Legal and Corporate Quality. During 2015, some 1,424 labels were analyzed, of which 540 were for medical products and 884 for food items and general merchandise, validating the following:

- The origin of product or service components
- Content, especially pertaining to substances that can cause environmental or social impacts
- Product or service safety instructions
- Product elimination and environmental or social impact

In Central America we provided continuity regarding monitoring, advice, and training in labeling requirements by product category and by country, including Private Labels. The training and certification process for champions in labeling was initiated to provide support for review and validation in 2016. We created labeling guidelines for easy identification and use.

Commercial agreements executed with suppliers include the obligation of complying with all regulations. Moreover, Corporate Quality randomly checks Private Label products in the distribution centers, to validate labeling information.



**Labeling incidents** G4-PR4

	Mexico	CAM
<b>Non-compliance processes by the authorities</b>	81	0
<b>Private Label cases</b>	8	0
<b>Results</b>		
<b>Fines or sanctions</b>	68	11
<b>Non-compliance with voluntary codes</b>	0	0
<b>Warnings</b>	0	0

Regarding non-compliance with regulations governing marketing communication and advertising, in Mexico there were 35 issues stemming from the lack of information in advertising materials, which were rectified immediately. When necessary, evidence was filed with the Mexican Consumer Protection Agency -Profeco- in addition to paying a total of 57 fines concerning advertising in general. There were no cases reported in Central America. Compliance continuously trains key areas and sends communiques to stores to remind them of the comparative advertising guidelines, among others. **G4-PR7**

In 2015, we received no significant fines due to non-compliance with regulations governing the supply and use of products and services in the region. **G4-PR9**

In neither Mexico nor Central America do we sell forbidden products, or those pending litigation. Pursuant to requirements set forth by the OFAC -Office of Foreign Assets Control- in Central America we declare the marketing of any product originating from any of the countries included in the sanction lists. Training in these matters took place in 2015 for the Commercial and Agroindustrial Development areas. Random reviews were made of store products to validate places of origin. **G4-PR6**

