

corporate **GOVERNANCE**



OUR COMPANY IS BUILT ON THE FOUNDATIONS OF INTEGRITY AND THE HIGHEST STANDARDS OF ETHICS, AND WE ALWAYS GUARANTEE STRICT ADHERENCE TO THE LEGISLATION IN FORCE IN ALL THE COUNTRIES WHERE WE OPERATE.

THE STRUCTURE AND RESPONSIBILITIES OF OUR BOARD OF DIRECTORS, OUR STATEMENT OF ETHICS AND ALL THE ACTIVITIES UNDERTAKEN BY THE COMPANY ARE IN COMPLIANCE WITH THE BEST CORPORATE GOVERNANCE PRACTICES.

BOARD OF DIRECTORS

The management of the Company is overseen by the Board of Directors.

Makeup and Frequency:

- The Board of Directors is comprised only by statutory members.
- Members are appointed each year by the General Ordinary Shareholders' Assembly.
- Independent directors should make up a minimum of 25% of the total amount; currently, 45% of all Directors are independent.
- Minority shareholders, whose shares represent a minimum of 10% of owners equity for the Company, have the right to choose a Director, who may only be removed when the other Board members are also removed. To date, 29.49% of Company shares are traded among the investor public.
- The participation of officers of the Company and its subsidiaries is limited, and only the CEO is a member of the Board.

- The Board of Directors meets at least four times a year; during 2016 there were five sessions held.

Other practices:

- The Board evaluates the performance of each Director.
- Independent Directors are experienced in the core business of the Company.
- The Board has access to independent advisers.
- The Chairman of the Board is neither allowed to act as Secretary nor to preside over any Board committees.

Primary responsibilities:

- Choose the President and CEO of the Company.
- Act as adviser/consultant for top management of the Company.
- Work actively with Top Management to develop overall strategies for the Company and its subsidiaries.
- Oversee the management of the Company and its subsidiaries.
- Approve information policies and communication with shareholders and the market.
- Ensure that overall strategy is in line with the company's principles of Corporate Responsibility.



The Board of Directors obtains the support of two Committees for its duties; said committees must conduct in-depth analysis of subjects pertaining to its field of expertise and offer recommendations to the Board so it may study the information and make the right decision, creating value for our shareholders and stakeholders.

As of 2016, the Board of Directors includes 11 statutory Directors, four of whom are women.

Members of the Board of Directors,
at December 31, 2016

	A MEMBER SINCE (YEAR)
CHAIRMAN	
Enrique Ostalé	2013
DIRECTORS	
Gisel Ruiz**	2016
Richard Mayfield	2015
Anne Myong	2016
Lori Flees	2016
Guilherme Loureiro	2016
Adolfo Cerezo*	2012
Rafael Matute*	1998
Roberto Newell*	2014
Blanca Treviño*	2006
Ernesto Cervera*	2014
SECRETARY FOR THE BOARD OF DIRECTORS	
Alberto Sepúlveda	
ASSISTANT SECRETARY FOR THE BOARD OF DIRECTORS	
Enrique Ponzanelli	

* Independent Director

** Provisional Director since Oct. 31, 2016.



AUDIT AND CORPORATE PRACTICES COMMITTEES

These committees have three statutory members and one alternate member, all of them independent.

Primary responsibilities:

- Selecting the independent auditor for the Company and establishing fees
 - Ensuring the existence of a proper internal control scheme for the Company that meets any and all applicable accounting and legal provisions, and reviewing Company transactions with related parties.
 - Reviewing the financial statements and ensuring they are a true and accurate reflection of the financial situation for the Company. They also have a set procedure for receiving, retaining, and responding to claims concerning accounting practices and controls, and any audit issues. Moreover, said committees have the necessary resources for, and are authorized to retain the services of counsel and/or any other outside adviser needed to perform their duties.
- Reducing the risk of conducting operations such that could affect Company worth or could result in the granting of favored conditions to any one group of shareholders.
 - Approving policies for the use of properties pertaining to the net worth of the Company.
 - Authorizing transactions with related parties, remuneration for the Chief Executive, and remuneration policies regarding relevant 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 Shareholders to meetings and ensuring that the order of business includes all points deemed necessary.

Primary requirements and practices:

- All members must be independent Directors, 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 must be rotated periodically.

AUDIT AND CORPORATE PRACTICES COMMITTEES

CHAIRMAN
Adolfo Cerezo

MEMBERS
Blanca Treviño
Roberto Newell
Ernesto Cervera



STATEMENT OF ETHICS

Our core values -integrity, respect for the individual, customer service, and the pursuit of excellence- set us aside from the rest and are the cornerstone of our culture. We categorically state that these values are absolutely non-negotiable, with no exceptions whatsoever. All associates are responsible for fully understanding and complying with our Statement of Ethics, which establishes the corporate guidelines for compliance with said values. **G4-HR9**

The Ethics Office in our Company reports to the Vice President for Ethics and Compliance, whose primary duty is to disseminate and promote a culture of ethical behavior, strict compliance with legal provisions that govern us, and for handling any and all ethics-related inquiries and cases received.

We are committed to maintaining a work atmosphere that encourages our associates to voice any concerns regarding possible violations with our Statement of Ethics, and any repercussions against any associate who presents such concerns are strictly prohibited. There are internal communication mechanisms, such as the Open-Door

Policy, which is a direct way of expressing any concerns to our leaders and our Global Ethics Hotline, available to any and all associates around the world, 24/7, and which is fully equipped to handle the majority of the local languages spoken. This hotline is operated by an independent organization that is not affiliated with our Company.

G4-HR6, SO11

The ensuing disciplinary measures applied may vary from verbal coaching to dismissal, depending on the resolution adopted. Confidential investigations are conducted of any accusations made regarding ethics issues so as to determine if there has been a violation of any law, policy or the Statement of Ethics, and then periodically reported to the Audit Committee. **G4-HR3, HR7, HR12**

During the year we also gave Statement of Ethics courses to our operations and staff associates, covering 85% and 90%, respectively, which represents 94,373 hours of training in Mexico. **G4-HR2, HR7**

statement of **ETHICS**

alcohol &
**DRUG-FREE
WORKPLACE**

CONFLICTS
of interest

proper use of
**COMPANY
ASSETS**

**ANTI-
CORRUPTION**

**DISCRI-
MINATION**
& harassment
prevention

financial
INVESTMENTS

fair trade &
FAIR DEALINGS

PROTECTING
personal & business
information

**ANTI-MONEY
LAUNDERING**
policy

wages &
SCHEDULES

GIFT &
entertainment policy

financial
INTEGRITY

RESTRICTED
trade practices

environmental
**RESPONSIBI-
LITY**

COMPLIANCE

Integrity is of the utmost importance for us at Walmart de México y Centroamérica. Our continued success depends on all of us adopting the commitment to do what is right by our customers, our communities, and the well-being of our business.

Our Compliance Program is based on 14 Compliance areas, in which we work on six elements: leadership, standards & controls, training, communication, risk analysis, and monitoring & response. Our focus continues to be the increase in the maturity of the program in each of them. The Ethics and Compliance Vice Presidents, in Mexico and Central America report to the VPs for Latam Ethics and Compliance, and have a team of 310 associates who are experts in the 14 areas of the program. Continuous Improvement is the area in charge of monitoring key business units and providing training, conducting follow-up, and designing correction plans regarding compliance issues identified during their store visits.

The Compliance Responsibilities Matrix, Annual Electronic Certification, ongoing training for our associates, third-party intermediaries and commercial partners, as well as the incorporation of compliance indicators for top management –which impact their performance evaluations- are all fundamental mechanisms within the assurance process for said program. In 2016, Anticorruption trained some 38,800 associates, and over 1,200 suppliers.

We conducted the proper due diligence of those suppliers who interact with any government agency so as to identify if said suppliers and their primary officers have been directly or indirectly involved in any situation that could constitute a risk or negative impact for the Company. Said process should be renewed at least every other year. Once approved, the supplier then receives training on the Anticorruption Policy to ensure awareness and that the policy is followed throughout the duration of their commercial relationship with Walmart.

G4-SO3, SO4, SO9, SO10

Regarding the subject of antitrust, we have trained over 1,618 staff associates so as to reinforce best practices. New hires and associates transferred to Merchandising have received training every two months. Merchandising Trainees have received training twice a year.

As a result of our efforts to always do the right thing and because of the processes, training, and controls that we have, we are very proud to be able to categorically state:

- We make no contributions to any political party whatsoever or to any related institution. **G4-SO6**
- We have neither incurred in antitrust practices nor acted against free enterprise. **G4-SO7**
- We have not received claims on privacy violation matters and/or the improper release of customer data. **G4-PR8**



our 14 Areas of
COMPLIANCE

1 ANTI-CORRUPTION

4 LICENSES
and permits

9 responsible
SOURCING

12 food
SAFETY

2 ANTITRUST

5 ENVIRONMENT **7 PRIVACY**

10 health and
WELL-BEING

13 **PRODUCT**
safety

3 **INTERNATIONAL**
trade

6 **ANTI-MONEY LAUNDERING**

8 consumer
PROTECTION

11 **HEALTH**
and safety

14 **WORK**
and employment

BOARD FOR THE WALMART DE MÉXICO FOUNDATION

The Board of Trustees has 10 members, of which four are independent Trustees, and they meet four times a year.

In 2016, the Walmart Mexico Foundation was evaluated by Filantropía, a not-for-profit civil association that grades institutional development and social impact trends. We obtained a score of 3.68 out of a possible 4, which corresponds to A+ as compared to international best practices. Said score is an evaluation of four general areas: governance and strategy, communication, management, and operation and programs. Of these results, the estimate for return on social investment means that for every peso that the Walmart Mexico Foundation invested in 2015, a total of 7.41 pesos in favor of the Company was generated in a single year.



CHAIRMAN

Guilherme Loureiro

TRUSTEES

Álvaro Arrigunaga
Karina Awad
Roberto Delgado*
Jorge Familiar*
Tanya Farah
Kathleen McLaughlin
Marinela Servitje*
Martha Smith*
José Luis Torres*

* Independent Trustee
As of December 31, 2016



CORPORATE RESPONSIBILITY COMMITTEE

In Mexico the Director for Corporate Responsibility reports directly to the VP for Corporate Affairs. In Central America, this area is overseen by the Director of Corporate Affairs, who reports to the VP & COO of Central America.

In keeping with our vision, strategic inclusion of Corporate Responsibility in our business dealings is considered absolutely necessary. Consequently, we have a Corporate Responsibility Committee whose duties include defining long-term strategy for the Company, adjusting business processes, and decision-making pertinent to each of the material subjects. During Committee sessions, special attention is paid to understanding the meaning of Corporate Responsibility for their specific work areas, and acting in accordance with the same.

The CEO presides over the Committee, whose members include the Vice Presidents for each of the areas of the Company. Their involvement is fundamental to strengthening Corporate Responsibility and to ensuring the commitment to always doing the right thing in social, environmental and governance issues. This Committee reports to the Board of Directors of the Company.

Primary responsibilities:

- Establishing a long-term vision and strategic priorities that are based on what is best for our customers, our business, and for society in general.
- Analyzing risks and internally identifying opportunities that arise so as to improve our performance.
- Supporting the consolidation of structural changes, and establishing action plans, indicators, policies, and procedures.
- Leading the Company towards national and international trends aimed at maintaining our leadership position.