

# strategy for corporate **RESPONSIBILITY**

G4-19, G4-20, G4-21, G4-24, G4-25, G4-26, G4-27



Corporate Responsibility is part of our company's work philosophy. Our commitment is to do the right thing, to act according to our values and principles every single day. We remain in a process of continuous improvement to guarantee sound performance in all social, environmental, and corporate governance issues.

Our Company invests consistently in the region, achieving a positive and sustainable impact in benefit of all our stakeholders: customers, associates, suppliers, community, and shareholders. The purpose is to ensure that we are generating value both for society and for the environment.

In 2014 we updated our materiality study so as to align it with our Corporate Responsibility strategy. Said study brought to light 11 strategic material subjects, seven important ones, and two non-material issues, thereby helping to establish priorities and clear objectives during recent years.

In the defining of strategic objectives and designing concrete actions, we didn't only use our internal viewpoint and experiences. We also considered the interests and experiences of our stakeholders and outside experts. Regular exchanges with them is an important strategic priority for us, because in this manner we can create sounder foundations for making decisions. The dialog with them helps to identify their needs as pertains to our activities; approach important issues; and continuously test the objectives pursued, thus reinforcing the trust they have in our Company.

Our actions are evaluated by our stakeholders. These evaluations are an important source of motivation and they serve as a management tool because our progress can be better tracked and it becomes easier to identify areas of opportunity. These outside evaluations confirm that we are on the right path. For the first time we have been included in the FTSE4GoodEmerging Index, which has been recently created. In addition, for the fifth year in a row, we are members of the Dow Jones Sustainability Index for Emerging Markets; we are also included in the Mexican Stock Exchange Sustainable CPI.

## **GUIDELINES GRI G4-18**

The report herein was structured in keeping with the principal guidelines published by the Global Reporting Initiative (GRI). At Walmart de México y Centroamérica we strive to provide continuity to the clear and transparent publishing of our performance; this edition was published under Guide G4, in keeping with the principle of comprehensiveness.

## **SCOPE**

This report outlines the performance of all the business formats belonging to Walmart de México y Centroamérica, in the six countries where we operate; its coverage includes the operation of our units, distribution centers, and offices.

## **PERIOD**

The information contained in this report covers the period from January 1 to December 31, 2016.

**IN THE REPORT HEREIN, WE HAVE PRESENTED THE ACTIONS AND PROGRESS ACHIEVED TO DATE, HIGHLIGHTING THE FOLLOWING AS PRIORITIES:**

Creating opportunities  
**FOR OUR ASSOCIATES AND SUPPLIERS**



**ENVIRONMENTAL SUSTAINABILITY**  
in our operations and supply chain



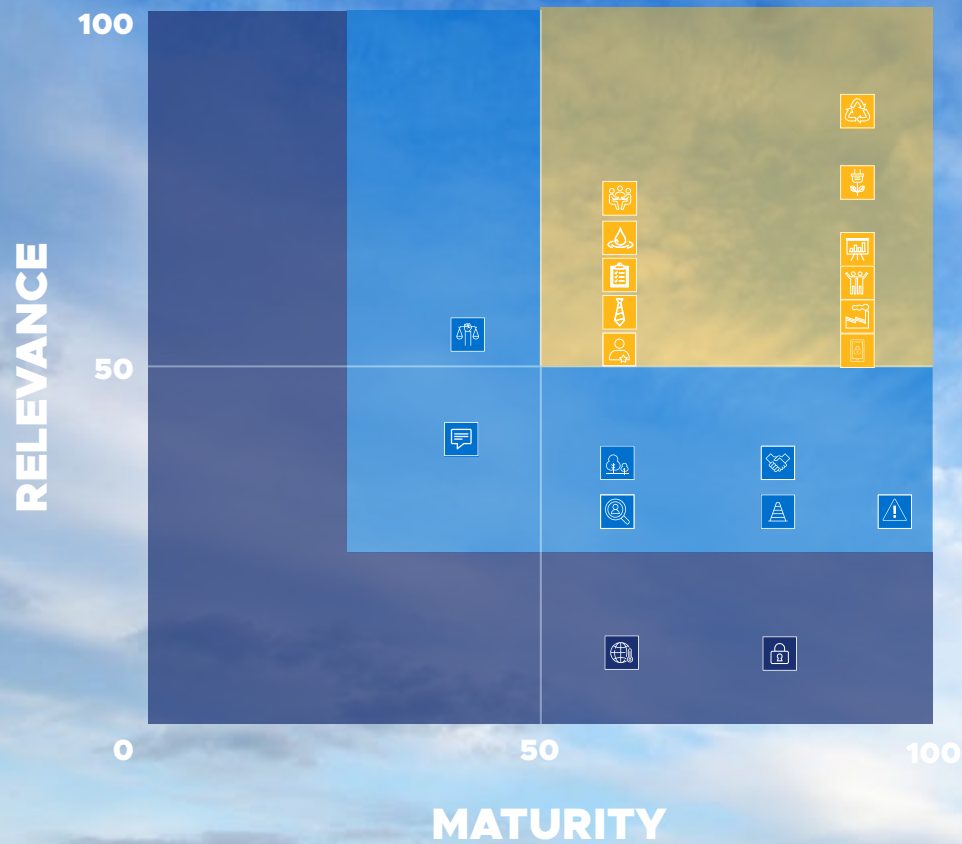
Commitment to  
**OUR COMMUNITY AND CUSTOMERS**



The best practices in  
**CORPORATE GOVERNANCE**



# MATERIALITY



## MATERIAL STRATEGIES

- Waste
- Energy
- Supply chain development
- Water
- Associate development
- Employment and work conditions
- Corporate governance
- Diversity and equal opportunities
- Emissions
- Supply chain assessment
- Customer service and protection

## IMPORTANT

- Human rights
- Dialogue with stakeholders
- Biodiversity
- Commitment with local communities
- Ethics and compliance/anticorruption
- Occupational health and safety
- Crisis and risk management

## NON-MATERIAL

- Climate change
- Customer privacy

# GRI G4 CONTENT INDEX

INDICATOR	DISCLOSURE	PAGE	EXTERNAL ASSURANCE**
	Strategy and Analysis	3-11	NO
	Organizational Profile	31	NO
	Report Parameters	175-177	NO
	Report Scope	175-177	NO
	Governance, commitments and engagement	112-122	NO
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
<b>G4-17</b>	Operational structure, referencing the information in publicly available consolidated financial statements or equivalent documents	37-45	YES
<b>G4-18*</b>	Process for defining the report content and the aspect boundaries	175	NO
<b>G4-19</b>	List all the material aspects identified in the process for defining report content	175-177	NO
<b>G4-20</b>	For each material aspect, report the aspect boundary within the organization, report whether the aspect is material within the organization	175-177	NO
<b>G4-21</b>	For each material aspect, report the aspect boundary outside the organization	175-177	NO
<b>G4-22</b>	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	45	NO
<b>G4-23</b>	Significant changes related to previous reports	There were no significant changes	NO
<b>STAKEHOLDER ENGAGEMENT</b>			
<b>G4-24</b>	List of stakeholder groups engaged by the organization	175-177	NO
<b>G4-25</b>	Basis for identification and selection of stakeholders with whom to engage	175-177	NO
<b>G4-26</b>	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	175-177	NO
<b>G4-27</b>	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	175-177	NO
<b>ECONOMIC</b>			
<b>EC1</b>	Direct economic value generated and distributed	38-45	YES
<b>EC2</b>	Financial implications and other risks and opportunities for the organization's activities due to climate change	103	YES
<b>EC3</b>	Coverage of the organization's defined benefit plan obligations	51-53, 58, 88	YES
<b>EC4</b>	Financial assistance received from government	For the Fiscal Year 2015, whose declaration was submitted on March, 2016, a tax stimulus was carried out, as foreseen on Article 186, Paragraph Two of the Income Tax Law. Derived from the implementation of said stimulus, Walmart de México had an economic benefit totaling 4.8 million pesos.	YES
<b>EC5</b>	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	58	YES
<b>EC6</b>	Proportion of senior management hired from the local community at significant locations of operation	55	YES
<b>EC7</b>	Development and impact of infrastructure investments and services supported	Not applicable	YES
<b>EC8</b>	Significant indirect economic impacts, including the extent of impacts	63-66	YES
<b>EC9</b>	Proportion of spending on local suppliers at significant locations of operation	63-66	YES

\* Walmart does not report the full process for defining the report content because it is an internal process of working within all areas of the Company, this information is subject to specific confidentiality constraints.

\*\* External assurance in process

# GRI G4 CONTENT INDEX

INDICATOR	DISCLOSURE	PAGE	EXTERNAL ASSURANCE**
<b>ENVIROMENTAL</b>			
<b>EN1</b>	Materials used by weight or volume	110	YES
<b>EN2</b>	Percentage of materials used that are recycled input materials	110	YES
<b>EN3</b>	Energy consumption within the organization	97, 99	YES
<b>EN4</b>	Energy consumption outside of the organization	Not available	YES
<b>EN5</b>	Energy intensity	98	YES
<b>EN6</b>	Reduction of energy consumption	96-97 The method used to determine reduction in energy use consists of the total sum of electricity used, as per billing during the reported year, compared to use for the previous year in comp stores, thereby comparing equal periods.	YES
<b>EN7</b>	Reductions in energy requirements of products and services	97, 99	YES
<b>EN8</b>	Total water withdrawal by source	108 Some of the volumes are estimates, due to a lack of consumer invoices. Reuse volumes are estimated by the companies who operate the treatment plants.	YES
<b>EN9</b>	Water sources significantly affected by withdrawal of water	97	YES
<b>EN10</b>	Percentage and total volume of water recycled and reused	108	YES
<b>EN11</b>	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	111	YES
<b>EN12</b>	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	111	YES
<b>EN13</b>	Habitats protected or restored	We have various initiatives in volunteerism to protect or restore different habitats in each of the countries that we serve. In Mexico we conducted 199 activities in streams, forests, fields, hillsides, gardens, lagoons, parks, beaches, dams, and zoos regarding reforestation, maintenance and cleanup; as an example, we helped reforest the Cerro de Jaguey, located in Chapala, Jalisco. Throughout Central America we planted over 8,700 trees. In Guatemala, for example, a recycling and reforestation campaign took place, thereby reforesting 6.93 hectares.	YES
<b>EN14</b>	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not available	YES
<b>EN15</b>	Direct greenhouse gas (GHG) emissions (Scope 1)	101	NO
<b>EN16</b>	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	101	NO
<b>EN17</b>	Other indirect greenhouse gas (GHG) emissions (Scope 3)	101	NO
<b>EN18</b>	Greenhouse gas (GHG) emissions intensity	101	NO
<b>EN19</b>	Reduction of greenhouse gas (GHG) emissions	100	NO

\*\* External assurance in process

# GRI G4 CONTENT INDEX

INDICATOR	DISCLOSURE	PAGE	EXTERNAL ASSURANCE**
EN20	Emissions of ozone-depleting substances (ODS)	100	NO
EN21	NOx, SOx, and other significant air emissions	100 Atmospheric emissions from transporting wastes is not defined in Mexico due to a lack of national emission factors.	NO
EN22	Total water discharge by quality and destination	108	YES
EN23	Total weight of waste by type and disposal method	93	YES
EN24	Total number and volume of significant spills	Mexico had two significant diesel spills. The first case, concerning 1,350 liters in the state of Chihuahua, was due to failures in level hoses, floats, valves and/or piping. The second incident, in Puebla, involved 3,250 liters spilled due to level hoses, floats, valves and/or piping.  In Cental America we experienced 27 cases of chemical spills or leaks, none of which resulted in material impact for the business, or in actions filed by the authorities (fines or sanctions). Of these cases, 68% correspond to LP gas leaks, the majority of which resulted from faulty cylinders.	YES
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention <sup>2</sup> Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	93	YES
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	Not applicable	YES
EN27	Extent of impact mitigation of environmental impacts of products and services	105	YES
EN28	Percentage of products sold and their packaging materials that are reclaimed by category	105	YES
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	1.2 million pesos for the payment of 25 fines	YES
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	100, 102	YES
EN31	Total environmental protection expenditures and investments by type	102	YES
EN32	Percentage of new suppliers that were screened using environmental criteria	67-71	YES
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	67-71	YES
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	9 claims concerning noise, solved	YES

\*\* External assurance in process

# GRI G4 CONTENT INDEX

INDICATOR	DISCLOSURE	PAGE	EXTERNAL ASSURANCE**
<b>LABOR PRACTICES AND DECENT WORK</b>			
LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	56	YES
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	53	YES
LA3	Return to work and retention rates after parental leave, by gender	52	YES
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	The law does not include this figure	YES
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	61	YES
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of workrelated fatalities, by region and by gender	61	YES
LA7	Workers with high incidence or high risk of diseases related to their occupation	61	YES
LA8	Health and safety topics covered in formal agreements with trade unions	Compliance with labor law in each country where we operate	YES
LA9	Average hours of training per year per employee by gender, and by employee category	46, 50, 62	YES
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	47-50	YES
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	50	YES
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	55	YES
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	55	YES
LA14	Percentage of new suppliers that were screened using labor practices criteria	67-71	YES
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	67-71	YES
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	58	YES
<b>HUMAN RIGHTS</b>			
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	67-71	YES
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	54	YES
HR3	Total number of incidents of discrimination and corrective actions taken	117	YES
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	58, 67-71	YES
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	58, 67-71	YES
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	58, 67-71, 117	YES
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	117	YES
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Not available	YES
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	117	YES
HR10	Percentage of new suppliers that were screened using human rights criteria	67-71	YES

\*\* External assurance in process

# GRI G4 CONTENT INDEX

INDICATOR	DISCLOSURE	PAGE	EXTERNAL ASSURANCE**
<b>HR11</b>	Significant actual and potential negative human rights impacts in the supply chain and actions taken	67-71	YES
<b>HR12</b>	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	117	YES
<b>SOCIETY</b>			
<b>SO1</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programs	79-88	YES
<b>SO2</b>	Operations with significant actual or potential negative impacts on local communities	There were 94 claims in Mexico on social impact, attended by Community Support Area.	YES
<b>SO3</b>	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	119	YES
<b>SO4</b>	Communication and training on anticorruption policies and procedures	119	YES
<b>SO5</b>	Confirmed incidents of corruption and actions taken	Report of Independent Auditors, Note 13, paragraph c Legal proceedings, page162-163.	YES
<b>SO6</b>	Total value of political contributions by country and recipient/ beneficiary	119	YES
<b>SO7</b>	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	119	YES
<b>SO8</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No significant fines were reported	YES
<b>SO9</b>	Percentage of new suppliers that were screened using criteria for impacts on society	67-71, 119	YES
<b>SO10</b>	Significant actual and potential negative impacts on society in the supply chain and actions taken	67-71, 119	YES
<b>SO11</b>	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	67-71, 117 There were 94 claims in Mexico on social impact, attended by Community Support Area.	YES
<b>PRODUCT RESPONSIBILITY</b>			
<b>PR1</b>	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	72-78	YES
<b>PR2</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	76	YES
<b>PR3</b>	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	77	YES
<b>PR4</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	78	YES
<b>PR5</b>	Results of surveys measuring customer satisfaction	26-27, 66	YES
<b>PR6</b>	Sale of banned or disputed products	78	YES
<b>PR7</b>	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	78	YES
<b>PR8</b>	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	119	YES
<b>PR9</b>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	78	YES

\*\* External assurance in process