



Capabilities for
***continuous
success***



Aware of the

business challenges and opportunities that we face for the

medium and long term, we devoted efforts to

strengthen and develop key capabilities that will allow us to keep on

writing a story of **continuous success**

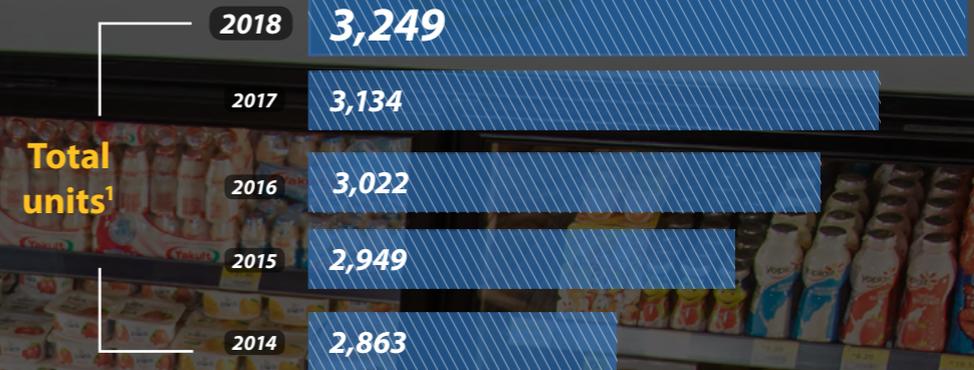
and profitability.



As a consequence,

we accelerated the **transformation process of our company,** training our associates, reinforcing our distribution network, and generating operating efficiencies that translate into **higher savings for our customers.**





¹ Walmex excluding Banco Walmart, Vips & Suburbia

Zona 18

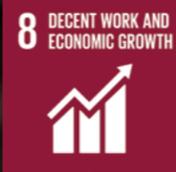
a business incubator working as
the foundations for the **digital
transformation** and the right
execution of **our strategy**.

Digital transformation

Two years ago, we started working on our transformation into a digitally-enabled company to be able to respond to the new trends in a market with increasingly technology-empowered customers and a wider array of options and assortment of products available to them.

To this end, we started changing our way of working and developing new digital tools to train our associates in customer-focused processes. Our digital factory evolved and gave way to *Zona 18*, a business incubator working as the foundations for the digital transformation and the right execution of our strategy.

Zona 18 comprises four main areas: labs focused on developing digital products (such as recruiting apps for stores and clubs, an omnichannel logistics brain, purchasing process automation, and virtual assistants for store associates), a design center in charge of making new experiences and services, an area to manage cross-functional teams created to work in strategic projects and under an agile methodology, and the *Walmart Laboratorio*, which along with external collaborators, helped us create solutions that generate operating efficiencies and value to our customers.



Changing the way we work

GRI 102-8

234,431
associates

4,148
jobs created
GRI 203-2, 401: 103-3, 401-1

48%
men

52%
women

22,996
promotions
GRI 405-1



To attract and retain our talent
we defined our **Employer Brand**
with a clear value proposition for
associates and candidates.

Our employment value proposition



GRI 401: 103-1, 103-2

At Walmart de México y Centroamérica, our purpose is to improve the quality of life of families and to achieve this we have enthusiastic and invincible associates, who work full of energy to overcome any challenge and meet every goal.

What makes

us great
is in

our people's heart

A place where you can be yourself

Everyone is welcome

You make the difference

Improve the quality of life of those who are most in need

You get where you set your mind to

Grow more and keep on learning big

A place that inspires you

Everything is possible here

You re-invent the retail rules

Digital is both a mindset and a way of working



Our Talent

GRI 401-1

Mexico

195,571

associates



46%

54%

234,431

associates

48%

52%

Central America

38,860

associates



59%

41%

	TOTAL	W%	M%
Executives	2,856	36	64
Non-executives	192,715	54	46
Permanent	191,710	54	46
Full time	172,628	53	47
Part time	19,082	60	40
Temporary	3,861	45	55
Full time	3,613	45	55
Part time	248	50	50

	TOTAL	W%	M%
Executives	423	39	61
Non-executives	38,437	41	59
Permanent	37,420	41	59
Full time	33,906	39	61
Part time	3,514	61	39
Temporary	1,440	46	54
Full time	1,060	38	62
Part time	380	70	30



Mexico

	TOTAL	W%	M%
New associates	60,224	50	50
=<25	31,701	42	58
26-30	9,276	52	48
31-35	5,709	61	39
36-40	4,378	67	33
>=41	9,160	63	37
Terminations	125,349	46	54
=<25	66,790	39	61
26-30	20,636	47	53
31-35	12,123	54	46
36-40	8,894	59	41
>=41	16,906	59	41

Central America

	TOTAL	W%	M%
New associates	12,646	38	62
=<25	5,617	32	68
26-30	3,236	41	59
31-35	1,838	41	59
36-40	1,062	48	52
>=41	893	38	62
Terminations	10,408	34	66
=<25	3,451	28	72
26-30	3,004	33	67
31-35	1,860	36	64
36-40	1,040	44	56
>=41	1,053	35	65





4 QUALITY EDUCATION

Developing our talent

GRI 402-2, 404: 103-1, 103-2, 103-3, 404-1

We have a clear workforce philosophy built upon our guiding principles of stability and mobility, and we firmly believe both are key to a fulfilling career. Walmart de México y Centroamérica offers a wide variety of career opportunities to people of every background. Based on our commitment to our associates our goal is to provide them with the possibility to level up and succeed in the organization. We have various training programs in place, designed after finding out each associate's needs, and focused on offering the necessary tools for their professional and personal development.



11.6
million hours
worth of training

 **52%**

 **48%**

52.6
million pesos
invested in training

Training hours per level

Level	Mexico		Central America	
	Men-hours	Hours per associate	Men-hours	Hours per associate
Executive	139,453	142.15	11,929	103.60
Non-executive	622,216	175.4		
Department /Line	10,328,158	108.03	485,164	122.28



35 training hours per associate on average

Operations Academy for self-service stores and Sam's Clubs

We designed **programs and courses** to supplement training for hourly associates all the way up to directors. For example:

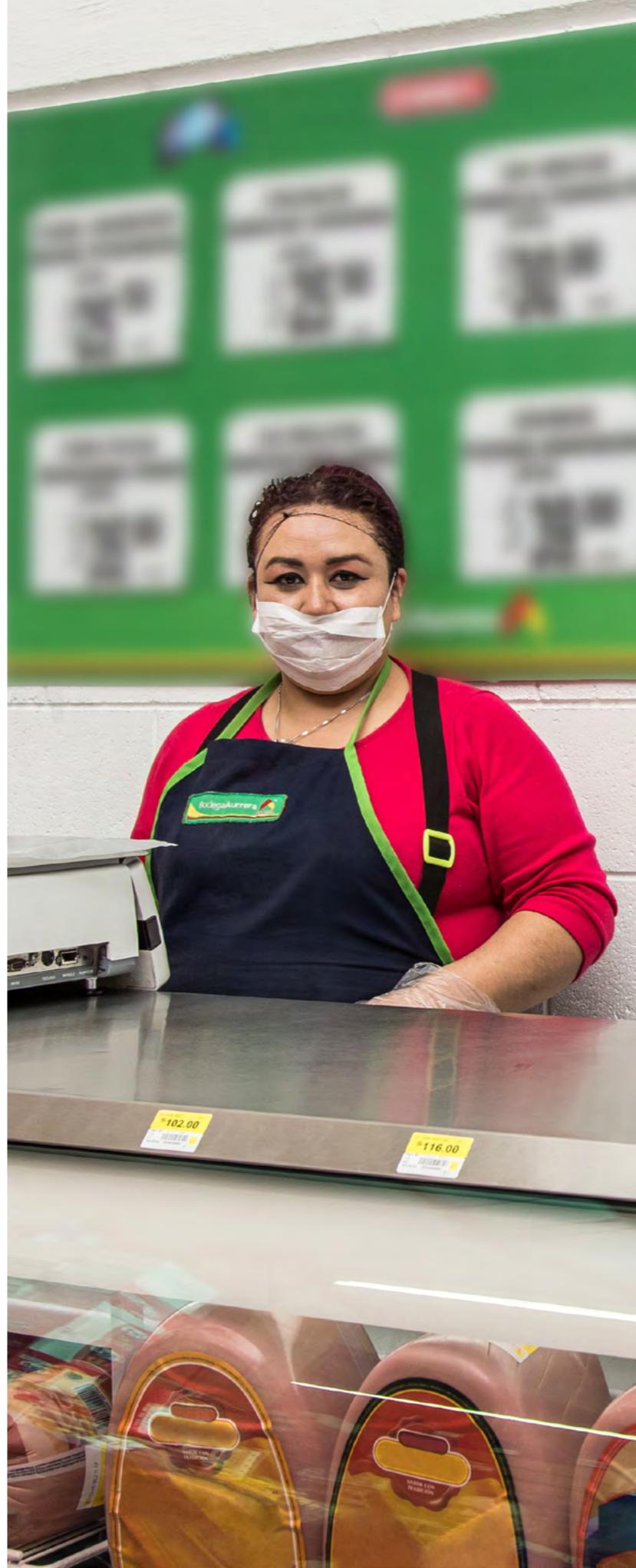
EduWalmart

We **helped associates** graduate from elementary and high school

We funded

counseling for **associates** from various levels who are currently preparing to complete

high school in 2019



Superama's Develop, Attract and Retain Program

It guarantees that new hourly, field associates get the basic knowledge and tools for their jobs.

We trained **3,016 associates**, achieving **100% compliance**.

I'm an Associate of Excellence

Focused on Central America units transitioning into Centers of Excellence.

5,885 associates trained.

TWO in ONE

This program was designed for District and Operations Managers of Discount and Bodega stores in Central America to acquire knowledge on the bi-format approach and business strategy.

Merchandising Academy

1,320 merchants were trained to develop their negotiation, marketing, category management, leadership, and retail and transportation skills:

We worked together with the Apparel area to define and implement the Grow Circle program strategy, building a forum with experts in merchandising processes, and allowing for the strengthening of technical skills of **247 associates** so they could do their jobs.

We trained **218 Produce associates** and generated collaborative communities so that associates could identify main problems and solutions in replenishment, price analysis, category analysis, and work impact processes through the presentation of current cases.

We trained **210 Self-Service Merchandising associates** in the digital platform Compass to simplify, analyze, activate and predict transactions.

Logistics Academy

Supply Chain of the Future (SCOFT)

It was designed to align the middle management to a comprehensive vision of how distribution centers work on various issues such as owner attitude, replenishment, item file, Logistics ISD, equality and inclusion, traffic, engineering, logistics programs, logistics planning, and internal distribution center processes. An e-learning version has been designed from this program's impact and need, which will allow for new middle managers to receive the course faster through new technologies accessible from distribution centers.

Traffic

 **Training** to standardize knowledge regarding import terms, the **importance of this for each of our stores**, negotiation terms and elements that have to do with landed cost of imports.

Replenishment Excellence and Applied Learning

This classroom program was implemented for Replenishment associates in response to the alignment between processes and point of sale replenishment related areas. The replenisher is key to the operations of the four formats, reason why communication processes and technical skill development become so important.

 **Various items were included**, such as Centers of Excellence, Central Team, Fulfillment, Demand, CPFR Projects, Innovation, Commercial and Perishables, MOM, Traffic, Say It, and some others.

179 associates participated

Retail Supply Chain Certification Program (RSCC)

This program has a duration of six months and focuses on associates belonging to the Supply Chain, who were trained on four modules: Supply Chain, Prognosis Building, Inventory Management, and Processes Metrics and Integration.



Agro-Industrial Development Academy

37 technical/functional playbooks were designed with the help of two experts to be used for critical positions, thus assuring operational continuity. They include such items as safety, quality and security for us to offer comprehensive training to associates in Central America.

✦ From there, **safety, quality and security e-learning** courses were designed

Meat Plant

We implemented **25 classroom and online courses separated per regulatory** and specialized issues. With regards to the opening of the meat plant in Monterrey, we developed and implemented onboarding courses for critical positions, and were able to train **402 new associates** on technical, regulatory and specialized issues, thus guaranteeing the proper working of the plant.

Home Office Staff

Apart from the training supply available for staff areas, we implemented the following:

Leading Digital Change program

It's aimed at offering the company training on issues such as digital transformation like Scrum, Agile, Management 3.0 and Lean Change Management. We trained change leaders in the company.

Marketing College

It's aimed at training associates all across Marketing on various issues, such as digital marketing.

Digital marketing and Google certification

Designed for Marketing and Our Brands associates in Central America, and aligned to the digital, commercial and brand strategy. Some 70 associates participated.

Openings

We developed new store leaders through theoretical-practical training for them to have significant learning to know and understand the operational and strategic aspects of their work, and the importance of their roles.

✦ We contributed to **successful** initiate the operation of **100 new units**

Talent Center

The objective of the Talent Center is to offer business units the necessary talent through a totally practical training process offered in a real environment. With this, we were able to increase productivity and service level, and to considerably decrease the retention percentage, which turned into a great shopping experience for our customers. We gave 60 training courses to 1,035 Checkout associates.

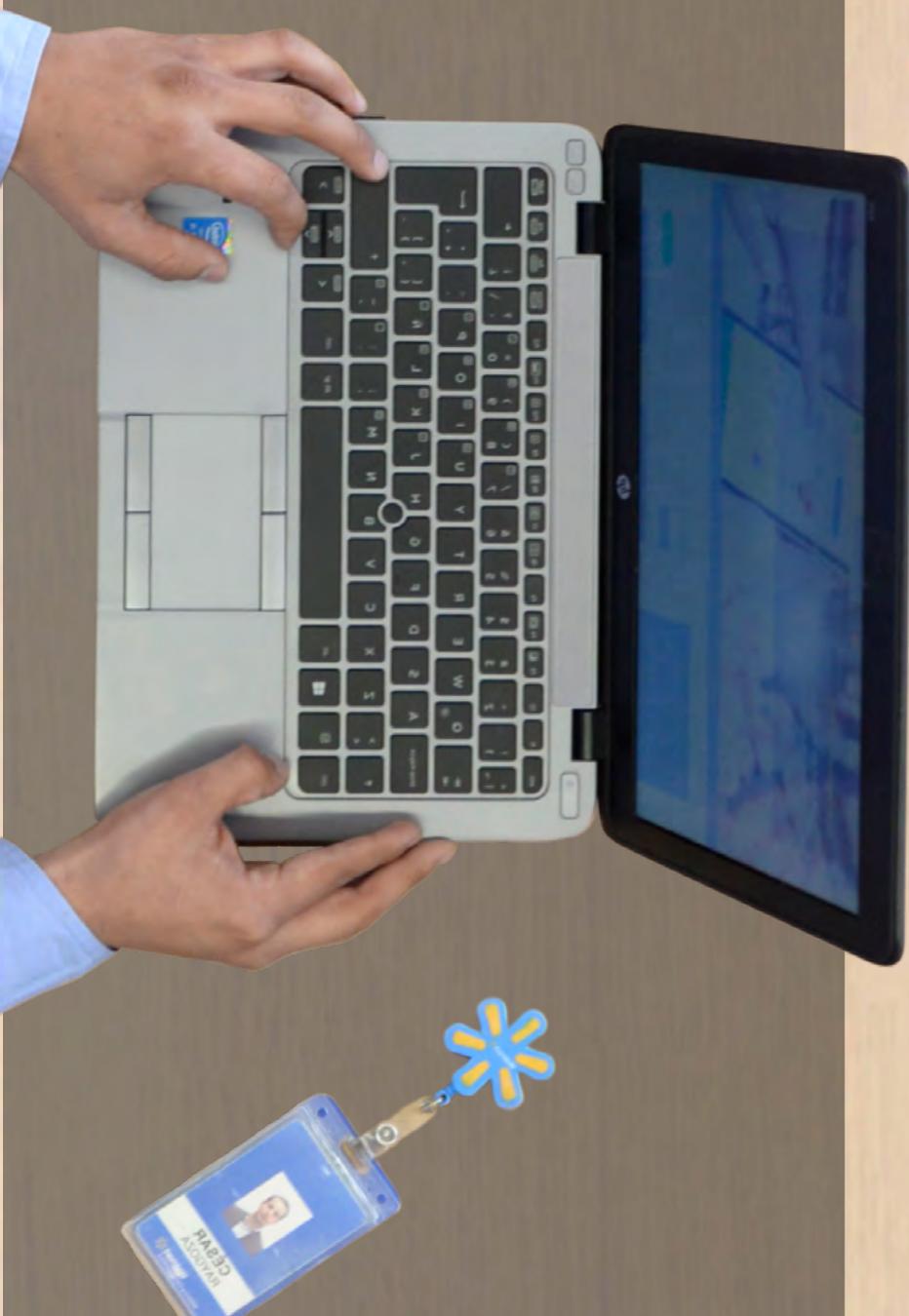
We currently have three Talent Centers which service 156 self-service stores in greater Mexico City to increase our education supply in our operations. This year, we started designing contents and the infrastructure to implement the Groceries School in 2019.

✦ We were able to **increase productivity and service level**, and to considerably decrease the turnover percentage, which turned into a **great shopping experience** for our customers.



Learning Centers

We have three Learning Centers in Mexico City, Guadalajara and Monterrey to raise leaders through our educational supply for associates to acquire the necessary competencies to meet business priorities, to do their jobs, and to have quality and leadership standards. The following training programs were implemented:



Self-Service Operations Trainees

 This seedbed program for **future assistant managers** achieved the graduation of **99% of participating associates**.

Asset Protection

Training for Assistant and District Managers to find operational and administrative red flags to prevent and control any kind of situation that may cause the loss of assets, cash or merchandise, and to generate a safety atmosphere for customers, associates and suppliers.

 **46 associates** registered

Onboarding for self-service Managers, Assistant Directors and Directors

The approach for these programs is to have direct training in stores, and shadow training with Assistant Directors and Directors, thus allowing for a completely practical learning process.

Retail Certification

It offers associates the technical and leadership knowledge to help them successfully perform in their positions. It has allowed for the standardization of knowledge, processes and operational procedures to meet the objectives of the operations in the four formats.

 **23 associates** registered

 **Nine generations of 116 associates** in Central America

Replenishment Trainees

 **44 associates** received comprehensive training and **100% graduated**

Middle Management

It aims at developing associates across the four formats by strengthening their competencies, analytics skills and decision making processes to achieve results for operations and growth.

 **41 associates** participated



Leadership Essentials

This program is aimed at developing influence, feedback and strategic thinking tactics by leveraging interpersonal relations to lead in a more effective way and with a company goal and objective-center approach.

Updating Top Management Seminars

This set of three-day classroom workshops is focused on developing our directors' competencies and is offered by the Tecnológico de Monterrey on issues such as marketing strategy, omnichannel strategy and transformational leadership.

Top Schools

This supply of formal educational programs at international, prestigious universities aims at strengthening our Directors' and Vice-Presidents' knowledge and skills.

Executive Coaching

This is an ongoing help process for directors that comprises ten sessions with an external coach who develops activities to drive and improve associates' performance on the job and release their full potential by maximizing their professional skills.

Level up

This global program identifies high potential and diverse talent, and creates a transparent system to develop the necessary capabilities for succession plans.

International Academy

This accelerated development program allows to experience the Walmart culture from our corporate headquarters in Bentonville (Arkansas) and to strengthen international leadership competencies through experiential learning. Our associates were trained in:

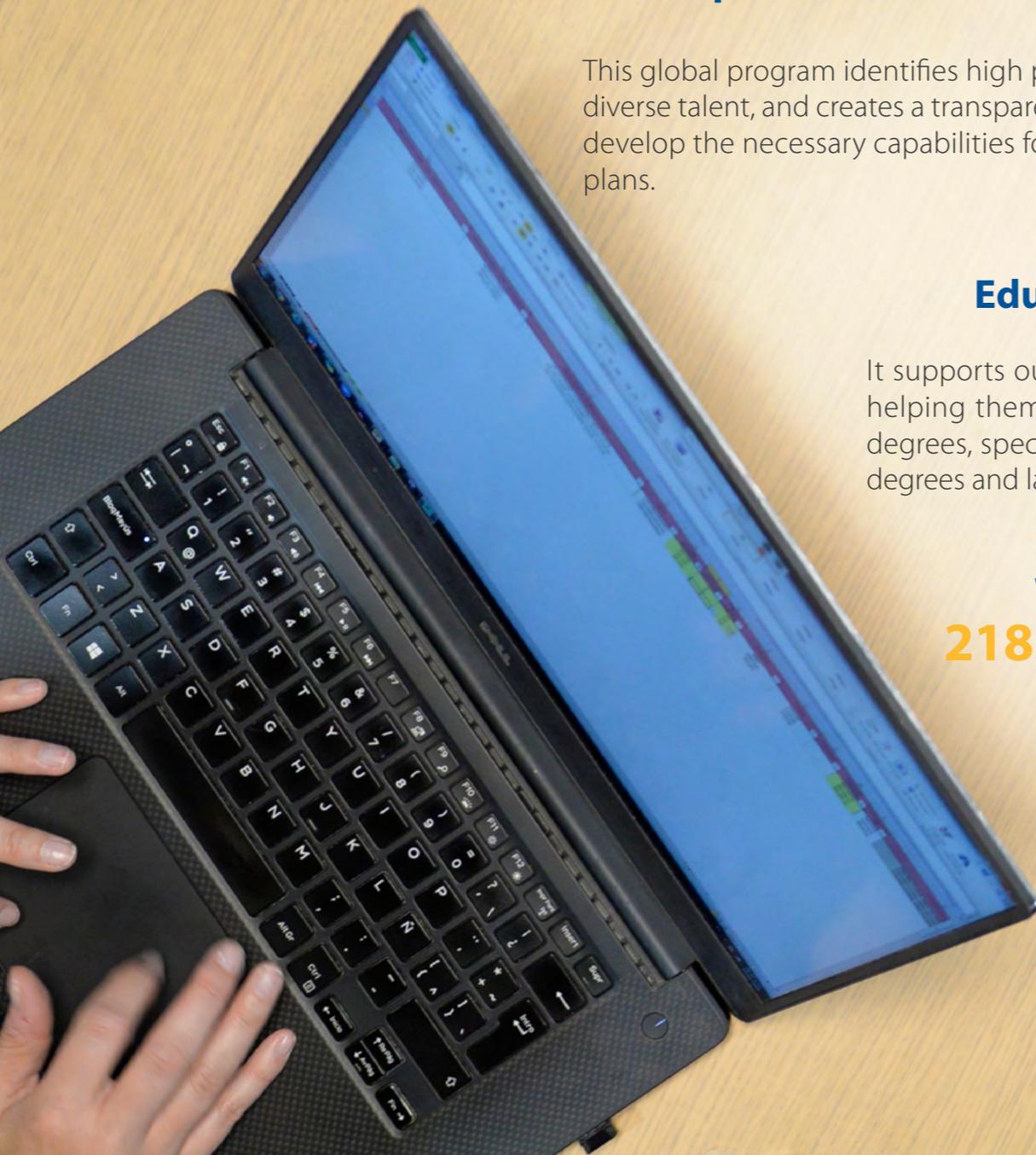
- * **Logistics Academy**
- * **Sam's Merchandising Academy**
- * **Supply Chain Academy**
- * **Real Estate Academy**

Education Funding

It supports our executives' development by helping them start or complete bachelor's degrees, special certificate courses, master's degrees and language studies.



**We assigned
218 scholarships**





Master's Degree Program

It helps integrate Mexican students currently enrolled in an MBA, by having them lead a strategic project for three months during the summer. The best students are called to work in various areas once they complete their MBAs.

Dialogue with associates

At Walmart de México y Centroamérica, we believe that the growth of a successful company calls for the participation of its people. Our associates complete an engagement survey every year so they can speak up their opinions on what we need to improve, about their leaders, how the Walmart culture is honored, and the main issues that build up the working experience. This survey is managed by an independent service provider in charge of collecting individual answers, treating them as confidential information, and reporting results per team. In 2018, 84% of associates completed the survey across the region, and accounted for around 174,000 associates sharing their opinions.

Engagement rate went
from **82% in 2017 to 87% in 2018**

	2017	2018
Mexico and Central America	82%	87%
Mexico	81%	86%
Central America	88%	92%

We will continue working to promote an authentic culture of leadership and open communication that improves the work experience of those who are part of the company. Feedback meetings across the company stemming from this survey allow for an open, constructive dialogue aimed at building better work environments and detecting areas of opportunity. The outcome of such meetings are translated into action plans.





Life-work balance

GRI 201-3

We are committed to the welfare of our associates; consequently we look for innovation by implementing initiatives that help us create a healthy, collaborative and flexible work environment.

4,926

associates had access to nutrition services

313

doctor's offices set up in stores and homeoffices nationwide, free of charge for associates

Associate benefits

GRI 401-2

Mexico

● Full time

● Part time/temporary

Central America

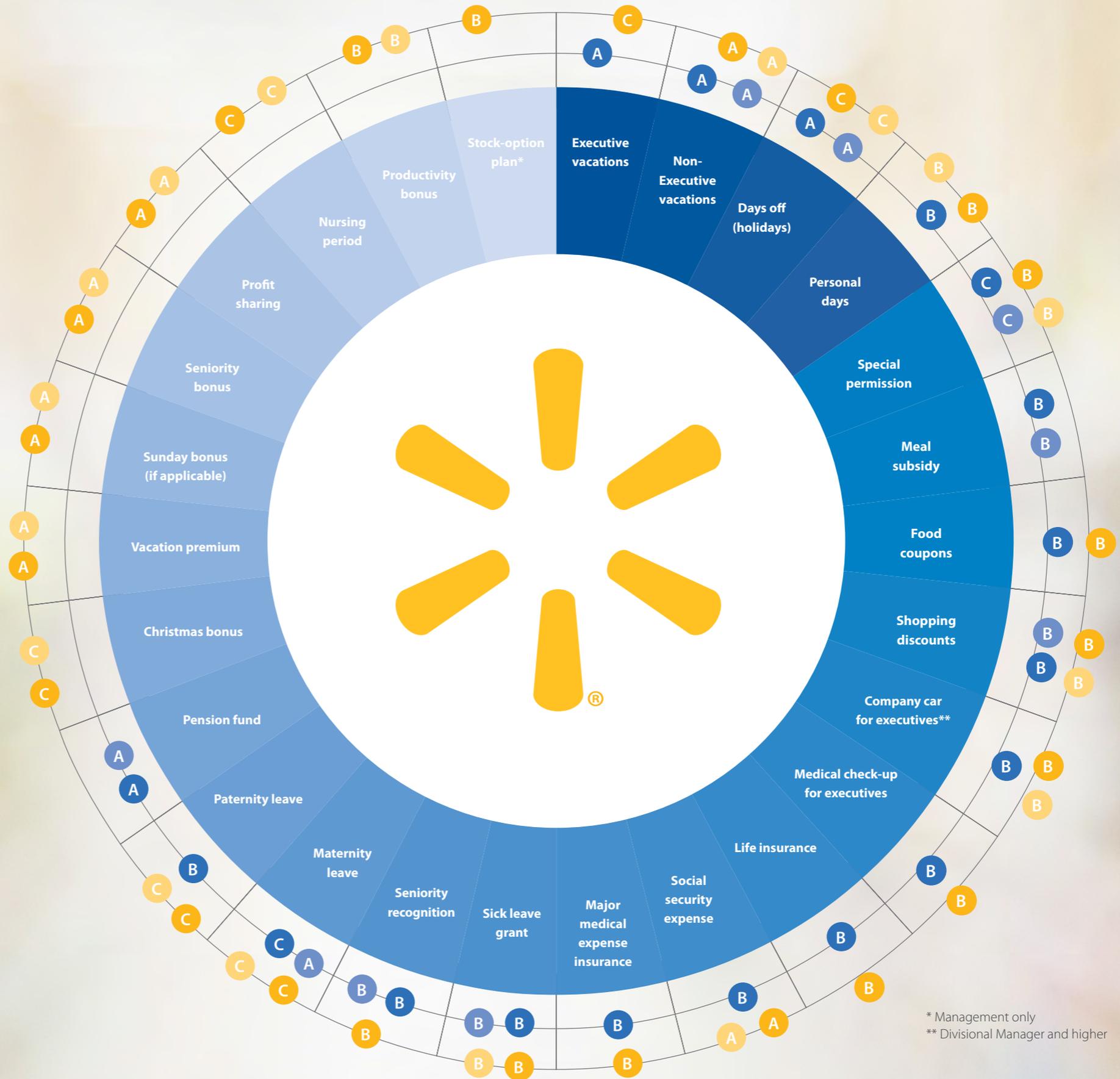
● Full time

● Part time/temporary

A Legal benefits

B Fringe benefits

C Higher legal benefits



* Management only
 ** Divisional Manager and higher

GRI 403-6

Partnerships

We have **817 education, service and entertainment partnerships** available for our associates and their relatives so that they **can save money and improve their quality of life.**





Health equals Life-work balance

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

The program is aimed at boosting healthy life styles and providing our associates with useful tools, tips and actions to help them make changes in their life styles and develop healthy habits, focusing on the following aspects:



Prevention



Emotional health



Physical health



Financial health

Some relevant initiatives in this respect were:



PrevenIMSS

Store and office visits, 44,509 associates treated and vaccines application.



Nutrition

Nutrition plans and associate treatment at corporate offices, two nutritionists for all the offices, 4,926 associates treated.



Doctor's offices

We have six doctor's offices, one fixed nutritionist office at Toreo, home offices and a mobile one to serve all the other offices. Six lactation rooms inside our corporate offices in addition to 307 doctor's offices at stores throughout the country at no cost to associates.

Comprehensive Assistance Program



Associates
can use this service
from all over the country, **24**
hours a day, by phone,
e-mail and the web site.

Free, optional and confidential hotline service for our associates and their relatives to answer personal questions or concerns related to issues such as:

Psychological counseling

- Personal issues
- Depression
- Stress

Financial counseling

- Credits
- Credit Bureau
- Savings

Legal counseling

- Laws
- Regulations
- Rights and duties



Work flexibility

GRI 401-3

- Postnatal LOA for parents. It allows women to gradually integrate into working life after having a baby and up to 6 months afterward. For male associates, we have a six-hour flexible schedule during the first month.
- For operations associates, we have fixed shifts during breast-feeding periods, schedules for students, transfers for work-life balance purposes, fixed shifts for single parents, quarterly breaks, monthly free weekend for unit Managers and Assistant Managers.
- Remote work. Associates work remotely once a week, complying with their normal schedule. Among the main benefits we offer are: productivity increases, result-approach maximization, and work-life balance improvement for associates.
- The Flexible Work Week Program for staff associates consists of adjusted work hours from Monday to Thursday so that Friday afternoons are free (short Fridays).

The sense of belonging
of **our associates** to the company
is of great importance as it encourages their
commitment and motivation

Therefore, this 2018 the Sparky Days were organized, for the first time, at 20 outstanding units of the Central American region. This event is an effort to get the families of our operation associates closer to us by inviting their children to spend a day at the store and let them know where their parents work through a guided tour around the store and several entertaining activities specially designed for them.

Diversity and inclusion

GRI 405: 103-1, 103-2, 103-3, 405-1
GRI 406: 103-1, 103-2, 103-3

We believe it is our people, in all their diversity, and our culture that help make Walmart successful. We value a diverse workforce that serves millions of customers who choose to shop with us at stores or online. Unique styles, experiences, identities, ideas and opinions enrich our culture allowing for innovative solutions for the business and enabling us to meet the needs of a diverse base of customers, thus strengthening the business. We are committed to creating inclusive environments in every part and at every level of our business.



*We guarantee an
working environment*
based on respect where customers, associates ,
suppliers and members, **feel free to
be themselves;** valuing and enhancing
ideas and opinions, experiences and identities
to develop their potential.

For the second consecutive year, we were recognized as an **inclusive LGBT+ company**

We achieved a better understanding and collaboration **among associates of different generations**

52% of our associates are women

1,539 associates with disabilities, **184% more vs. 2017**



Diversity and Inclusion Policies

Our policies clearly state that discrimination and/or harassment are strictly forbidden, regardless of the situation of the individual, including ethnic origin or nationality; skin color; culture; gender and/or sexual identity; age; disabilities; social, economic, health, or legal situations; religion; physical appearance; genetic characteristics; migratory status; pregnancy; language; opinions; sexual preferences; political identity or affiliations; marital status; family conditions and/or responsibilities; criminal background; or any other reason that may hinder or annul recognition or enjoyment of rights and equal opportunities.

Diversity and Inclusion Advisory Board

There are two Advisory Councils on Diversity and Inclusion –one in Mexico and the other in Central America- having high level team leaders who are in charge of promoting strategies programs and initiatives that enable the identification, development and retention of diverse talent so as to encourage participation at all levels of the organization and to generate an inclusive work environment.

Objectives of the Board

Directing, monitoring, and communicating
progress

Overseeing
the existence of policies, procedures, and activities

Promoting
equality between men and women

Serving
as a surveillance body

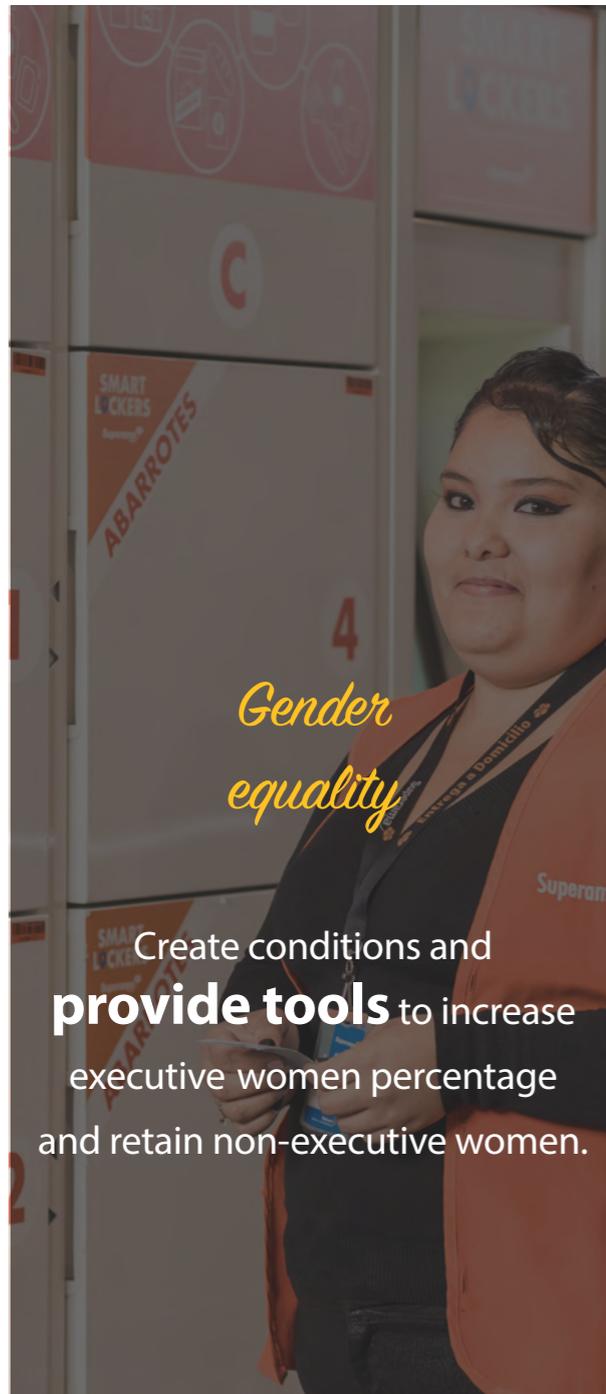
Guaranteeing
levels living by the culture

Ensuring
the proper gender balance among management

Sponsoring
diverse group inclusion programs

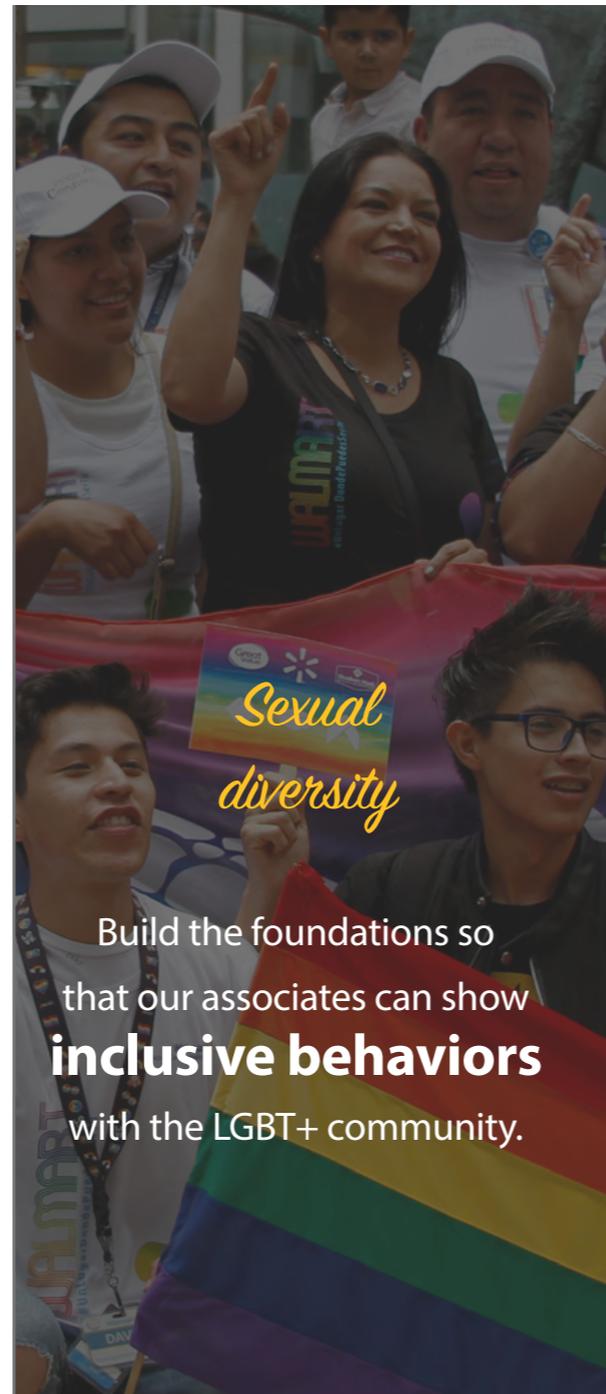


The *Diversity and Inclusion* strategy of the company is based on four pillars:



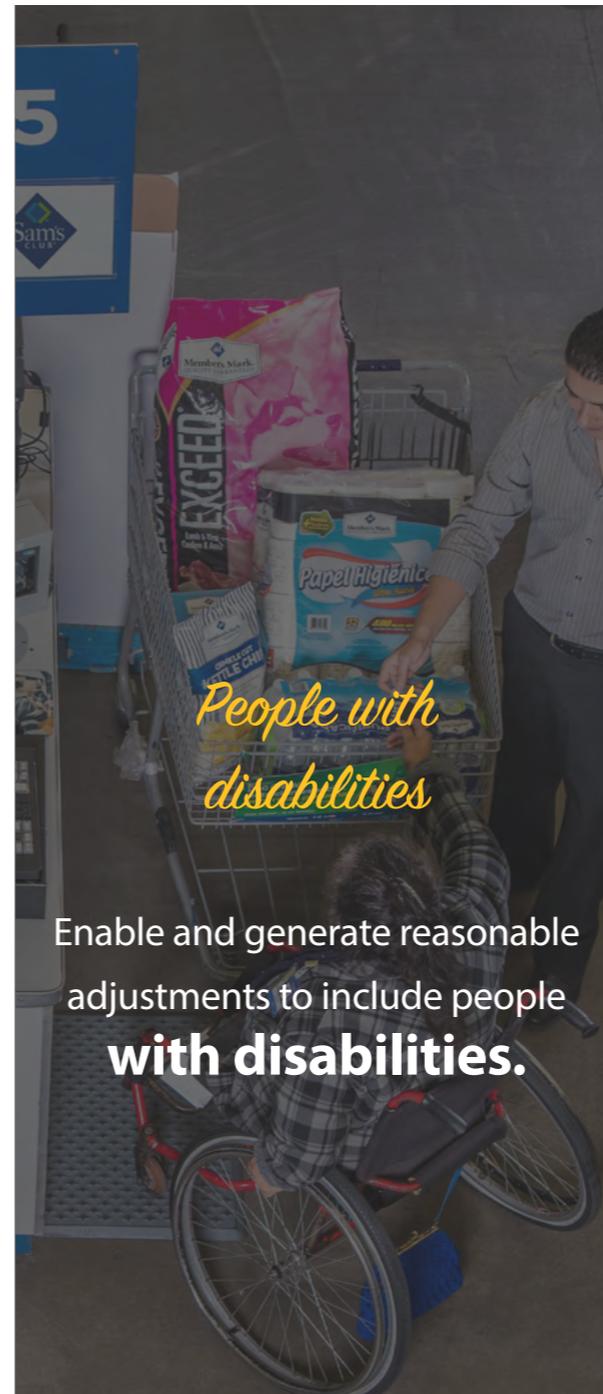
Gender equality

Create conditions and **provide tools** to increase executive women percentage and retain non-executive women.



Sexual diversity

Build the foundations so that our associates can show **inclusive behaviors** with the LGBT+ community.



People with disabilities

Enable and generate reasonable adjustments to include people **with disabilities.**



Generational diversity

Attain a better understanding and **collaboration among generations** so that they can develop their whole potential.

Gender Equality

Development of female talent



Women in Retail

It is a one-and-a-half-year development program for our associates aimed at developing and retaining the best talent, thus having highly trained, committed female associates with a strong sense of belonging, based on four development pillars: Experience, Exposure, Education and Mentoring; with a view to strengthen skills and competencies as well as increasing leadership and networking. Currently we have the 4th generation in progress.

Female Executives and Trust Circles

Aimed at developing subjects such as personal leadership and self-management; talent management, change management, strategic thinking, leading transformation, persuasion, empowerment and influence, among others.

Walmart Cafe

In Central America, we carried out sessions targeting 200 female operating leaders, which consisted of working groups aimed at finding solutions and concrete actions in order to promote women leadership at Walmart.

Special Certification Course on Executive Leadership

Its objective is to consolidate competencies through effective management tools in the following topics: Design Thinking for innovation, time management and productivity, emotional self-governance and assertiveness, leadership in times of crisis, development of high performance teams, numerical analysis and decision making, targeting 167 female managers and assistant managers.



36%
female executives

51%
promotion woman

Taking the Stage

This training course develops and enables female associates to play a leading role and be influential and speak with conviction. It was completed by 44 female Assistant Directors and Managers.

Reach High

Accelerated development program for our female executives to provide them with the necessary tools to manage their development on breaking barriers, insecurity and empowerment management, strategic relationships, Impact in high-level forums and assertive conflict management. Some 14 female, high-potential Directors and Assistant Directors have participated.



We participated in several forums and congresses in Central America to promote labor gender equality, such as Forbes, the SHIFT event and the Female Leader Congress in Central America of the Guatemalan Chamber of Commerce. Lastly, we carried out a webinar on the International Men's Day to make associates aware of men unconscious bias.



After our company's commitment to generate a diverse and inclusive environment, we were recognized as follows:

Tenth place in the Great Companies for Women Ranking, by Top Companies

Walmart was ranked tenth by Top Companies after its human resources practices, politics and programs for women that included social responsibility, working conditions, temporary work management, impartiality, compensation and benefits, satisfaction, productivity-driving conditions, and female leadership and women in executive positions.





Sexual Diversity

LGBT+ Pride March

For the second consecutive year in Mexico City and Costa Rica, and for the first time in Monterrey, Guadalajara and Mérida, we participated in the LGBT+ Pride March. The President and Vice Presidents of the company joined associates and relatives in the march.

2018 HRC Equidad MX certification

For the second consecutive year, we were certified by the HRC (Human Rights Campaign) Foundation as a company that fosters LGBT+ diversity and inclusion in the workplace.

Coronel Amelio Robles award

We were granted this award after our labor practices and initiatives in favor of the LGBT+ community, especially transgender people.

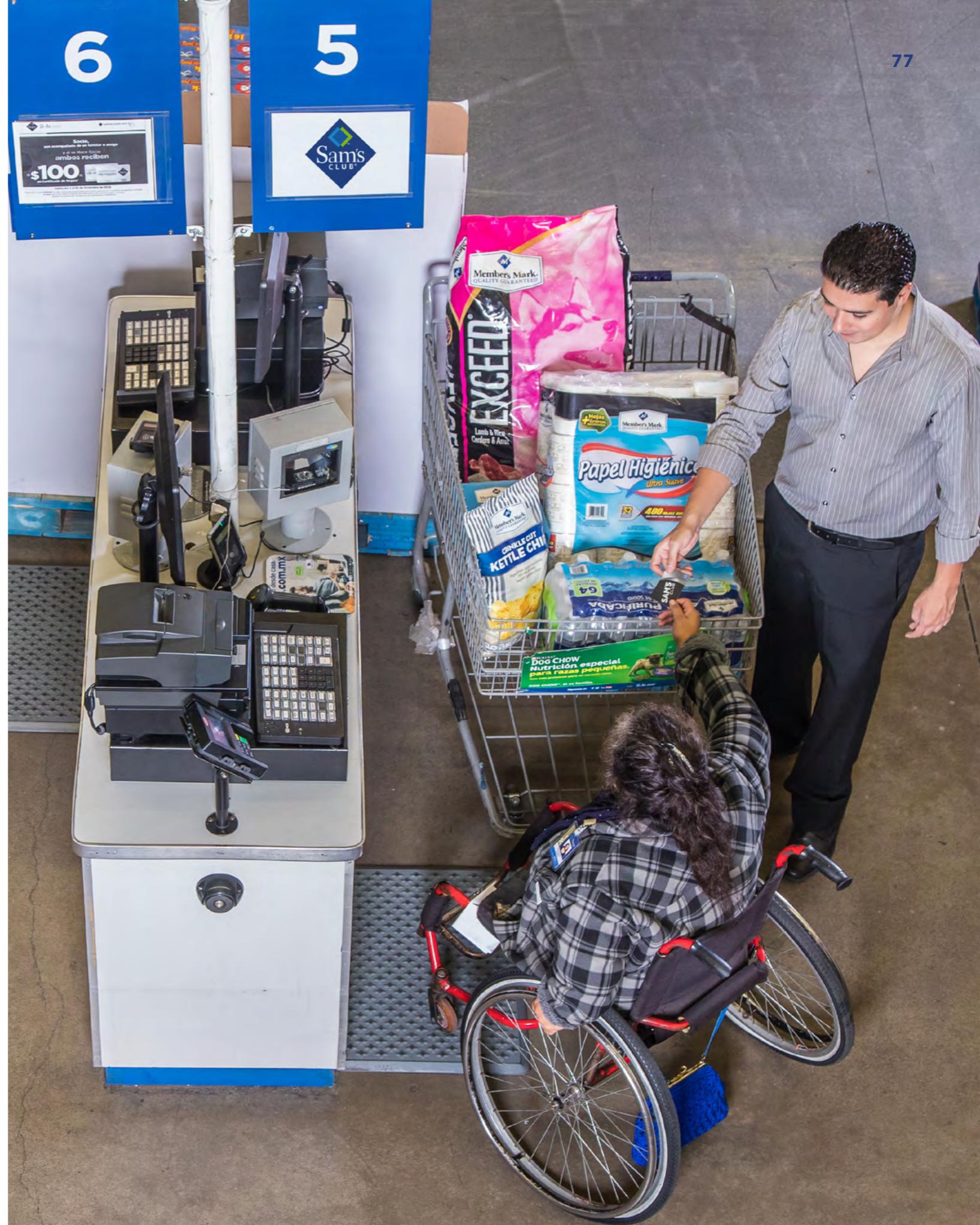


Labor inclusion for people with disabilities

Within the last years, we have worked at Walmart de México y Centroamérica to implement inclusion programs for people with disabilities. There are currently 1,539 associates with motor, hearing, visual and intellectual disabilities working in our stores, clubs, distribution centers and offices.

We have offered training and information on disabilities through face-to-face and online training, and videos and manuals on how to assist associates, customers and suppliers with disabilities.

In Mexico, a diagnosis was performed regarding structural conditions, work environment, and positions, to obtain an updated status on inclusion in the organization, thus allowing us to have a list of our areas of improvement and to generating inclusive work plans. As a consequence, in 2019, we will have inclusive remodeled and new stores for people with disabilities.



Costa Rica Incluye award

In Central America, for the second consecutive year, the AED (Business Association for Development), the Second Vice President of the Country, the MTSS (Labor and Social Security Ministry), and the CONAPDIS (National Board for People with Disabilities), in partnership with the PNUD (United Nations Development Program) and the International Labor Organization (ILO) recognized us with such award in two categories: Access to Physical Spaces and Inclusive Hiring.

International Day of People with Disabilities

For the first time, we celebrate the International Day of People with Disabilities; 170 associates participated showing with their day-to-day passion and devotion; that barriers are only in our minds, and that everybody has the opportunity to have a fulfilled and free-of-discrimination life.

1,539 associates

with disabilities are part of

our workforce

GRI 405-1



Generational Diversity

We promote the integration of different generations in favor of labor inclusion. We currently have Millennial, Generation X and Baby Boomer associates. Similarly, we promote the exchange of knowledge among generations by implementing programs such as Reverse Mentoring, where Millennial associates enabled the members of the Executive Committee in digital skills of apps and social media.



Diversity and inclusion month

During this month we held conferences and events, such as: Training on the Right to non-discrimination and inclusive behaviors for associates and suppliers. We also conducted conferences and training courses on gender equality matters for small producers, and trained Directors and District Managers on unconscious bias.

Equal pay

GRI GRI 202-1, 405-2

There is no salary difference on the grounds of gender, age, religion, sex preference or political ideology. We have a pay band; differences are based on the associate individual performance. Associates are evaluated every year based on seniority and adherence to successful behaviors under the Policy of workplace free of discrimination and harassment. The company complies with and exceeds the minimum wage established by the authority.

Freedom of association

GRI 102-41

In Mexico, we comply with the Federal Labor Law. We start a new regime of collective bargaining, in order to improve the value proposition of our associates.

Thanks to the efforts of all the associates of the company, we received the following recognitions in

diversity and inclusion:

Certification on labor equality and anti-discrimination

Walmart de México y Centroamérica received this certification once more by the Mexican standard on Labor Equality and Anti-Discrimination after the compliance of its policies and practices with labor equality, and inclusion requirements set forth by the Department of Labor and Social Welfare, the National Women's Institute, and the National Council for the Prevention of Discrimination, who promote and back up the Standard.

We are the *only retail*  **company certified** *in Mexico*

In order to achieve this, the most important assessment factors are:



Equal opportunities in **recruitment and selection** processes

Inclusive, accessible and non-sexist use of **language**

Breast-feeding rooms

Flexible working hours

Training in **equality and discrimination matters**

Physical spaces accessible for people with disabilities



Implemented mechanisms to **address, prevent and sanction** violence or discrimination-related situations

Encourage a labor climate **free of discrimination**

Mechanisms to **attract and retain talent**

Guarantee **equal pay**

Implementation of actions to offer associate **work-life balance**



Bloomberg Gender- Equality Index

We were included in the Bloomberg Gender-Equality Index, a reference index created by Bloomberg that measures gender equality and recognizes companies after their disclosure and commitment to gender equality through internal policies and statistics, as well as participation and support from companies to communities. Our results were above the average companies that belong to this index, regarding subjects such as the make-up of the workforce, female executive positions and the number of women members of the Board of Directors.

We are

the only company



of the retail sector

included in this index worldwide

36%
of women in executive
positions



**First Place in
the Inclusive
Business Ranking
by Expansion
Magazine**

We ranked first among due to the company's vision for the integration of vulnerable groups to its growth strategies in the short and medium term, highlighting Diversity and Inclusion policies in talent hiring.

36%
Directors of the
Board are women

Supply chain

GRI-: 102-9

In 2018, we invested in, and fostered, new ways of working aimed at strengthening our supply chain and enabling us as a more profitable, efficient omnichannel company which is closer to customers.

We reinforced our presence in Central America with the opening of a new distribution center in Managua, Nicaragua, and a new agroindustrial plant in Coris, Costa Rica. In parallel, in Mexico we signed an agreement in April for the construction of a new perishables distribution center in Villahermosa, Tabasco, which will allow us to service our stores in the region better and to take our value proposition to more customers.

We kept up the development of eCommerce projects to increase our capabilities, reduce shipping costs and improve our customers' shopping experience. We also implemented our Omnichannel Shipping Process, along with *Zona 18*, to link our eCommerce logistics network to our distribution centers and brick-and-mortar stores. For the third consecutive year, we were granted the National Logistics Award *Galardón Tameme 2018*, after our efforts to develop an omnichannel last-mile fleet.

We were granted

the National Logistics Award

Galardón Tameme 2018

We were awarded the AEO (Authorised Economic Operator) Certification by the SAT (Tax Administration Service, per its acronym in Spanish), thus becoming the first self-service company to receive it. This recognition earns us the position of trusted importer that has such an internal control approach that imported merchandise is guaranteed to enter our supply chain in an agile, safe and transparent way.

Throughout the year,
we moved over
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Throughout the year, we moved over 1.2 billion cases, accounting for a 5.5% increase versus the previous year, and our cases per man-hour productivity indicator had a 5.3% increase in the same period. We traveled over 306 million kilometers in a total of 963,000 trips across Mexico. Supported by backhaul initiatives, we completed 282,000 trips and traveled almost 24 million kilometers.

963,000

trips across the
Mexican Republic

Cases per
Man-Hour

+5.3%

Productivity

GRI 414: 103-1, 103-3

We had another year of important productivity progress in stores, distribution centers and offices, reflected in a better use of resources, expense reductions, and investments that drive the future of our business.

As of last year, all of our stores and clubs in Mexico started operating under the Centers of Excellence program, and since the results have been positive, we are encouraged to keep on striving for operating excellence across all of our units so as to improve our omnichannel shopping experience and generate more loyalty among our customers. At the end of 2018, over half of our stores in Central America were operating under this approach and delivering positive results versus 2017.



We supported

our store and club associates through **new digital programs and tools** focused on driving productivity indicators, such as **UPLH (Units per Labor Hour).**



We updated our point of sale system to FlexPOS, enabling new payment functionalities such as self-checkout and the possibility to pay for a wider variety of services that facilitate our Checkout associates work, and improve our customer shopping experience. Also, this new system help us drive key initiatives, such as the Sam's Club Plus membership, and *Cashi Más que Efectivo*.

We implemented enhancement programs along with digital tools to successfully reduce the time it took to put together purchase orders for home delivery services at Walmart and Superama, and monitor the delivery process from the moment carriers leave the stores to deliver the orders.

We also drove digitization in our company through new work tools and mobile apps for our store associates, giving them access to all the digital reports and information they need. With this, we streamlined the processes to follow up on everyday backlog.



By **digitizing reports**, we achieved a reduction of over

100 million printouts a year.