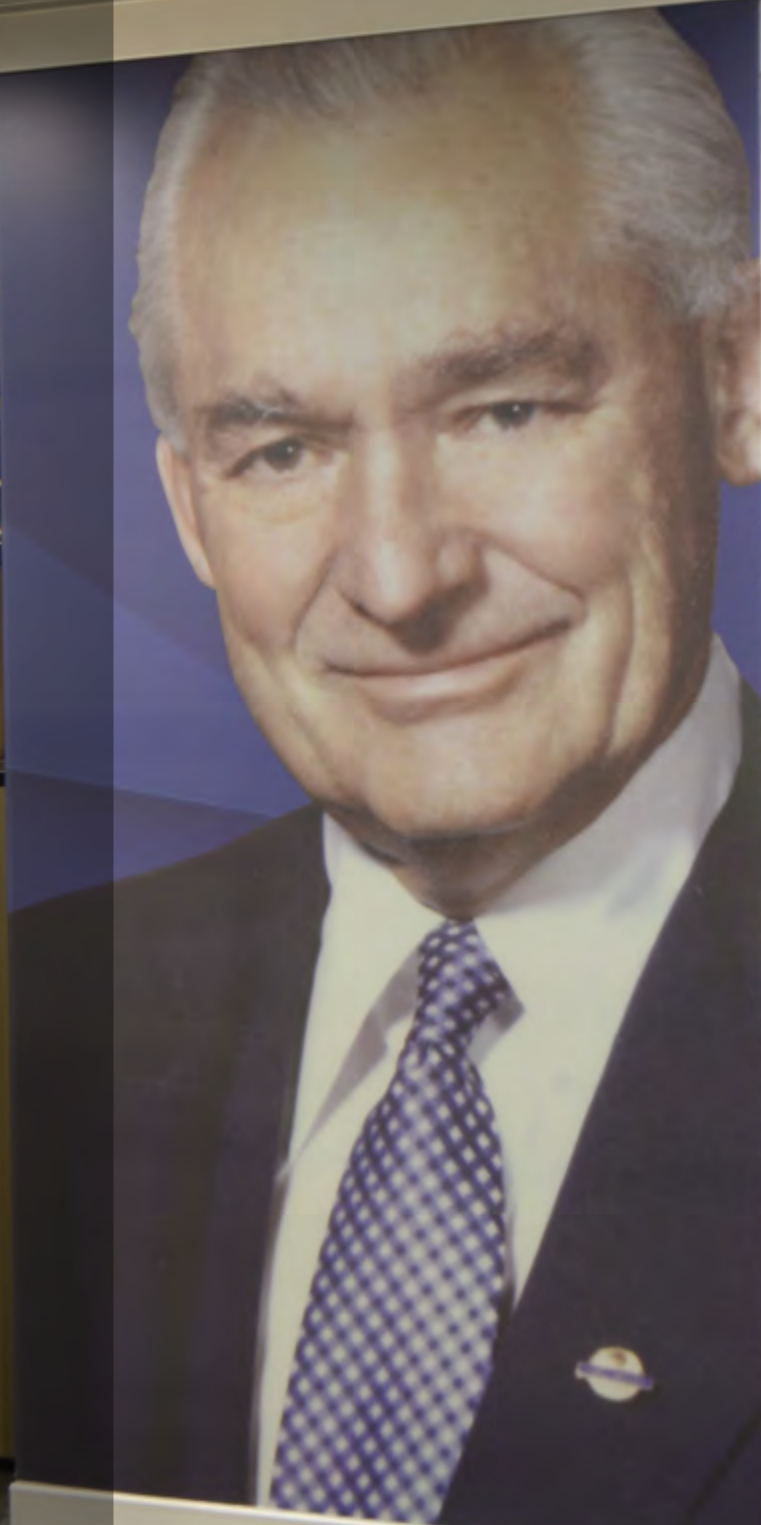


Corporate *Governance*

GRI 102-18

Walmart
México y Centroamérica

Contribuimos
a mejorar
la calidad
de vida de
las familias
en México y
Centroamérica



Our company is built
on the foundations of integrity and the highest
standards of ethics, thus always
guaranteeing **strict adherence**
to the legislation in force in all the
countries where we operate.

Members at December 31, 2018

GRI 405-1

Chairman of the Board

GRI 102-23

Enrique Ostalé 2013

Directors

Adolfo Cerezo* 2012

Ernesto Cervera* 2014

Kirsten Evans 2018

Lori Flees 2016

Guilherme Loureiro 2016

Richard Mayfield 2015

Roberto Newell* 2014

Eric Pérez Grovas* 2018

Gisel Ruiz 2016

Blanca Treviño* 2006

* Independent directors

36%

of Directors
are women

45%

of Directors
are independent



Board of Directors

GRI 102-22

Makeup and Frequency:

GRI 102-24, 102-28

- 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 2018 there were five sessions held. Attendance averaged 85%.

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.

Walmart
Centroamérica

Primary responsibilities

GRI 102-26, 102-27, 102-29

Choose the President and CEO of the company.

Work actively with Top Management to develop overall strategies for the company and its subsidiaries.

Approve information and communication policies with shareholders and the market.



Act as adviser/consultant for top management of the company.

Oversee the management of the company and its subsidiaries.

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.

Audit and Corporate Practices Committees

**Members at
December 31, 2018**

GRI 405-1

Chairman

Adolfo Cerezo

Members

Ernesto Cervera
Eric Pérez Grovas
Blanca Treviño
Roberto Newell

These Committees



five statutory Directors,
all of them independent

Primary responsibilities

GRI 102-20, 102-22, 102-36

- Giving and opinion on the hiring and establishment of the fees of the independents auditors.
- Ensuring the existence of a proper internal control system for the company that meets any and all applicable accounting and legal provisions, and reviewing company and subsidiaries 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 and enjoyment of properties pertaining to the net worth of the company.
- Authorizing transactions with related parties, remuneration for the Chief Executive Officer, 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 matters deemed necessary.

Primary requirements and practices



Independent auditors are forbidden from providing consultancy services to the company.



All members must be independent Directors, experts in finance.



The partner from the independent auditing firm that renders the opinion on the financial statements must be rotated periodically.



Walmart de México Foundation Board

GRI 102-20, 102-22

Trustees at December 31, 2018

GRI 405-1

Guilherme Loureiro
Carlos Gerardo Arroyo
Álvaro de Arrigunaga
Roberto Delgado Gallart*
Jorge Familiar Haro*
Tanya Farah

Martha Smith*
Kathleen McLaughlin
Alberto Sepúlveda
Marinela Servitje *
José Luis Torres*

*Independent trustees

Alternate trustees

Mariano Fiscella
Julie Gehrki



Corporate Responsibility Committee

GRI 405-1

Meeting our vision means having to include corporate responsibility in our company strategy for the business, and thus we have our Corporate Responsibility Committee, which reports directly to the Board of Directors of the company in charge of defining the long-term company strategy, adjusting business processes and making suitable decisions for every material issue.

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. 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.

The President and CEO

presides over the **Committee**, whose members include the principal Vice Presidents for each of the **areas of the company**



Members at December 31, 2018

GRI 102-19, 102-20, 102-22

Chairman

Guilherme Loureiro
President and Chief Executive Officer

Adriana Velázquez
Chief Compliance Officer

Álvaro de Arrigunaga
Chief Merchandising Officer

Carlos Arroyo
Chief Operations Officer

Olga González
Chief Financial Officer

Cristian Barrientos
Senior Vice President and General Director for Central America

Eduardo de la Garza
Senior Vice President of Human Resources

Ivonne Montiel
Vice President of Marketing, Customer Insights and Business Intelligence

Roque Velasco
Vice President of Audit

Ignacio Caride
Vice President of eCommerce

Beatriz Núñez
Vice President of Digital Transformation

Gaston Wainstein
Senior Vice President of Real Estate and Realty Business

Alberto Sepúlveda
Executive Vice President and General Director for Legal and Institutional Matters



Primary responsibilities

GRI 102-29, 102-30, 102-31



Making sure of the solid integration of sustainable development into company strategy.

Assessing the effectiveness of Corporate Responsibility initiatives and the implementation progress.

Establishing a long-term vision and strategic priorities that are based on what is best for our customers, business, and society.

Supporting the consolidation of structural changes, and establishing action plans, indicators, policies, and procedures.

Analyzing risks and internally identifying opportunities that arise so as to improve our performance.

Leading the company towards national and international trends aimed at maintaining our leadership position.

At Walmart

de México y Centroamérica **we work** to guarantee that every operation, product and service **generates value** for all stakeholders.

This responsibility mainly falls on the Executive Director of Corporate Development, who reports directly to the Executive Vice President and General Director for Legal and Institutional Matters in Mexico and Central America, and is in charge of finding company strengths and opportunities on environment, social and corporate governance issues, along with the Corporate Responsibility Committee, and of building business plans, objectives and indicators to improve our performance.



Risk Assessment

GRI 102-11, 102-15, 102-30

Walmart de México y Centroamérica performs a Risk Assessment with the purpose of identifying and reducing risks that could affect our operation. Every year, the Risk Assessment is performed by Global Audit Services following the methodology established by Walmart Inc., adapting it to the reality of Mexico and Central America.

External Risk Factors

Economic

Financial markets, unemployment, mergers & acquisitions

Political

Government/policy changes, laws and regulations

Environmental

Natural disasters such as hurricanes, earthquakes, global warming

Technological

Emerging technologies that represent competitive advantage/disadvantage

Social

Shifts in demographics or social behaviors

Competition

Financial condition and market share of competitors, new market players

Internal Risk Factors

Compliance

With laws and regulations, internal policies, and standards

Technology

Systems and data availability and integrity, development and deployment

Process

Complexity, level of automation

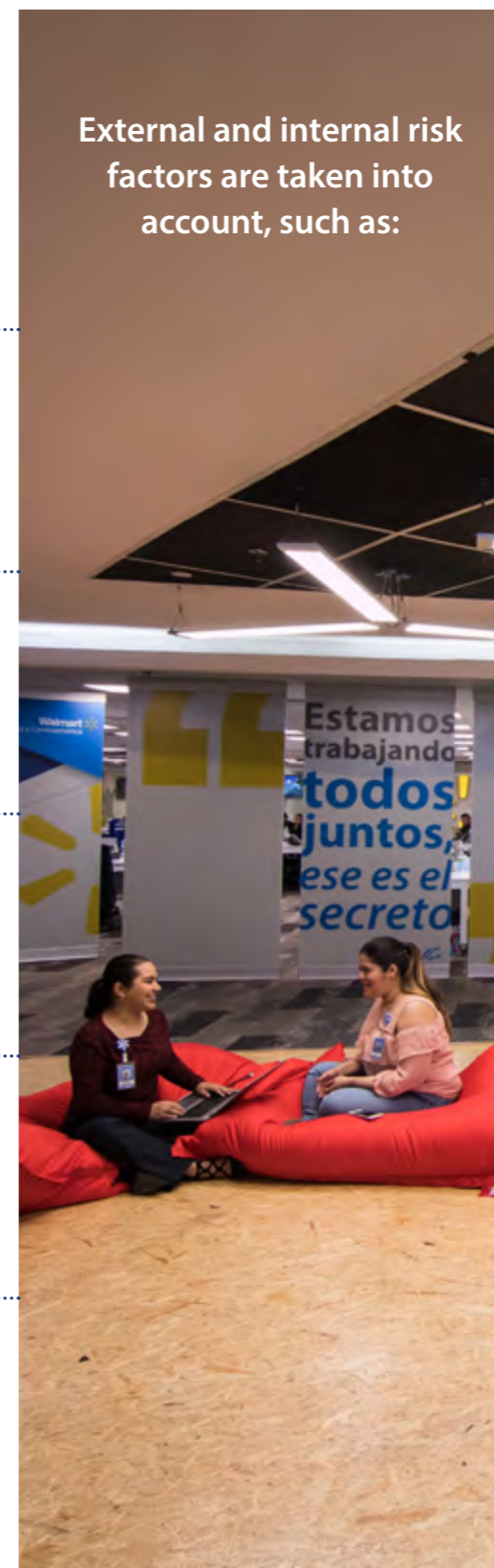
Personnel

Employee capability, fraud, health and safety

Infrastructure

Availability of assets

External and internal risk factors are taken into account, such as:



Relevance
of the eight **major risk categories:**

- **Regulatory Compliance.** Compliance with laws and regulations.
- **Strategic.** Related to high-level goals, aligned with & supporting the company's vision.
- **Customer Trust.** Actions or conditions that abate customer trust in our company brand and vision or our standing in our community.
- **Financial Accuracy.** Effectiveness of the company's financial reporting.
- **Impact to core business caused by Operational areas.** Loss (including risks for financial performance and condition) resulting from inadequate or failed internal processes, people, and systems that support core business functions.
- **Business impact caused by Operational Support areas.** Interruptions resulting from inadequate or failed internal processes, people, and systems within business support functions.
- **Internal Compliance.** Compliance with company policies and procedures, contracts, ethics and business conduct standards, and other voluntary corporate standards.
- **Efficiency and Effectiveness.** Optimization of company resources to support the business mission and reward shareholders.





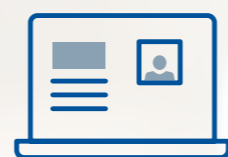
In addition, the risk considerations that help define the magnitude and probability of losses derived from events or unfavorable activities, for example:

- **Operational Disruption.** Events such as natural disasters, terrorism, interruption of key supplier operations failed process changes, system failures, and prolonged adverse weather conditions.
- **Impact on Earnings.** Competitive pressures, market economic conditions, financial management, sustainability of the business model.
- **Impact on Strategic Initiatives.** Changes in leadership, lack of access to capital or liquidity, actions of competitors, changes in broad economic conditions, and adverse actions by foreign governments.
- **Changes in Leadership.** Historical leadership change outcomes, succession planning, training and development.
- **Level of Automation.** Business reliance on technology and systems, historical credibility, the ability to revert to manual alternatives, and the company's adoption rate of emerging technology.
- **Compliance Requirements.** The ability of the company to comply with laws, regulations and policies, occurrence of fraudulent, illegal or unethical acts, changing laws, ongoing liabilities and disputes, unsafe products or handling, etc.

- **Changes in Processes.** Maturity of processes within the company, process change management, quality assurance functions, process owner expertise, process documentation.
- **Historic Audit Results.** Issues identified during previous audit activities that are relevant to the auditable group or component, management tone, and status of remediation efforts.
- **Customer Insights.** Concerns expressed by business and technology leadership.
- **Other Risk Assessments.** Results of assessments conducted by internal and external parties that are relevant to the auditable group or component
- **GFT Insights.** Guidance provide by Global Functional Teams in the form of questionnaires, newsletters, interactive meetings, etc.

Considering market conditions and the risk factors described above, an overall risk rating of HIGH, MEDIUM or LOW is designated in the Risk Assessment for each company area.

Based on results of
the risk assessment process
the following actions are carried out:



• **Audit plan** for next year, **focused on the main risks** of the company, related to our goals and objectives



• **Follow-up** to the **action plans resulting** from audits



• **Quarterly progress** report to the **Audit Committee**

