

Wherever you are,

Walmart México y Centroamérica Financial and Corporate Responsibility Report

Message from the Chairman of the Board and from the CEO

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Nalmart



At *Walmart de México y Centroamérica*, we worked our way throughout 2018 up to becoming **the most trusted omnichannel chain** in the region on our continuous quest to **create value** for all of our stakeholders.



Enrique OstaléPresident of the Board of Directors

Walmart de México y Centroamérica

Our goal is to make the lives of our customers and members easier while saving them money when they buy with us in our online or brick-and-mortar stores and clubs. In that regard, we devoted our efforts to developing a seamless shopping experience founded on key capabilities that will set the path for our continued success, always keeping in mind our Every Day Low Prices philosophy.

Being the most trusted omnichannel chain means generating value, benefiting all of our stakeholders, making the lives of our customers and members easier every day, developing the potential of our associates, strengthening relations with our business partners, decreasing the environmental impact of our operations, supporting the communities that we serve, and conducting ourselves in accordance to the trust placed in us by our shareholders. Our adherence to the highest ethical and legal standards ensures certainty and trust in our company's long-term strategy.

Improving the omnichannel shopping experience meant strengthening our price leadership; having a better supply of perishables; setting up successful kiosks that offer an extended catalog, as well as pickup areas in stores and clubs; redesigning our websites; creating new mobile applications, and working to optimize our delivery system. All these efforts were devoted for our customers to find the products they want wherever and whenever they want them.

We devoted our efforts to developing







Guilherme Loureiro

President and Chief Executive Officer Walmart de México y Centroamérica



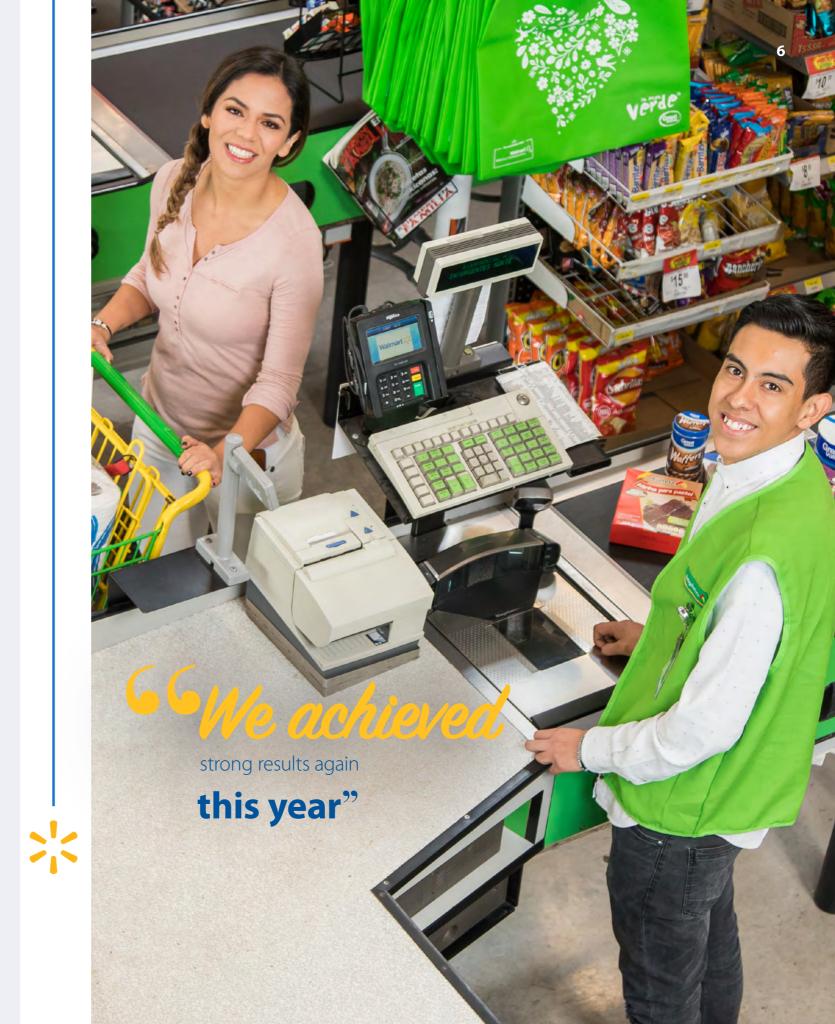


We achieved strong results again this year, having our customers and members at the center of all of our decisions. We changed our way of working, created new tools that made us more efficient, and accelerated innovation and transformational agility to acquire a new mindset focused on improving the shopping experience of our customers and members in the digital age. Also, we were able to obtain enough profits to reinvest in the business and drive future growth.

Consistent and profitable growth



The results achieved for this year were the product of consistent, profitable growth across all of our business formats, merchandise divisions, and the regions where we operate. The total revenues for our company amounted to 616.9 billion pesos, which represents 7.6% solid growth over last year. We were able to increase our margins by 10 basis points as percentage on total revenues. Our productivity and discipline initiatives led us to an expense reduction of 20 basis points, going from 15.2% to 15.0% on consolidated revenues. Our EBITDA totaled 61.7 billion pesos, 11.3% higher than figures posted for 2017, and equivalent to 10.0% of total revenues. Net income amounted to 36.8 billion pesos, representing 7.8% less than the previous year, given Suburbia's sale in 2017.



In Mexico, we grew over the self-service store and club market with same-store sales driven by a sound traffic growth. As our way to give our customers and members back for their preference and loyalty, we had strong price point programs, appealing seasonal events, and omnichannel expansion within Bodega Aurrera, and launched our new Sam's Club Plus membership card to offer special benefits and exclusive prices for our members. Another highlight this year was the grand opening of our 100%-omnichannel Walmart store, recognized by the IGD Retail Analysis as one of the five most innovative and successful stores in the world.

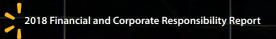
With regards to Central America, we continued gaining market share and investing in the region in spite of a challenging economical, political and social environment. We operated our stores under the Center of Excellence program, which requires such service and cleaning standards that our customer and member shopping experience is improved, and our price leadership is achieved.

We strengthened our commitment to ensure the sustainable growth of our company by developing the environmental, social and governance aspects related to our operations. This was reflected in the specific actions that we carried out for the benefit of the people and the environment.

Another highlight was the

of our first 100%-omnichannel Walmart store" We supplied renewable energy to 84% of our units in Mexico, keeping up leadership in the use of clean energy, and reduced our GHG emissions by 5% versus 2015. We continue growing hand in hand with our over 49,000 suppliers, we maintain our commitment to improving the life of small producers by offering them better access to the market and building their skills. We also keep on working to offer a safe, diverse and inclusive workplace environment for our more than 234,000 associates. We were included in the Bloomberg Index for Gender Equality for the second year in a row, bestowed the distinction as a Socially Responsible Company for the 18th consecutive year, and awarded the HRC Equity MX certification by the Human Rights Campaign Foundation for the second time, after our policies and practices in favor of diversity and inclusion of the LGBT+ community.







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Reducing our GHG emissions by

5%

versus 2015

We work to offer a safe, diverse and inclusive workplace environment for our more than

Our adherence to the high ethical and legal stands

\$17.90

\$18.90

\$9.90

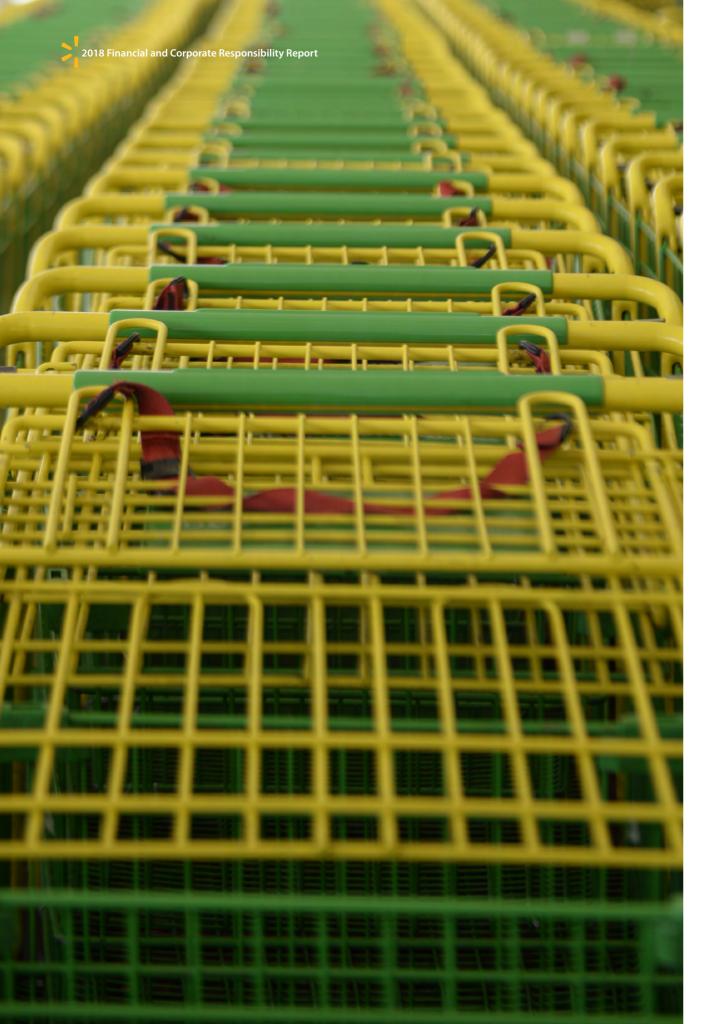
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ensures certainty and trust in our long-term strategy



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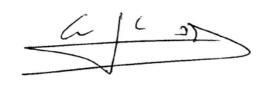




in the Bloomberg Gender Equality-Index

for the second year in a row

We're pleased with our achievements this year and driven by the challenges that we'll continue to overcome, always keeping the benefit of our customers and members in mind. We firmly believe that with our team efforts, supplier's support, shareholders' confidence and customer and member loyalty, we will continue writing a sustainable and profitable success story that helps Mexican and Central American families save money and live better. We really appreciate your interest in our company.



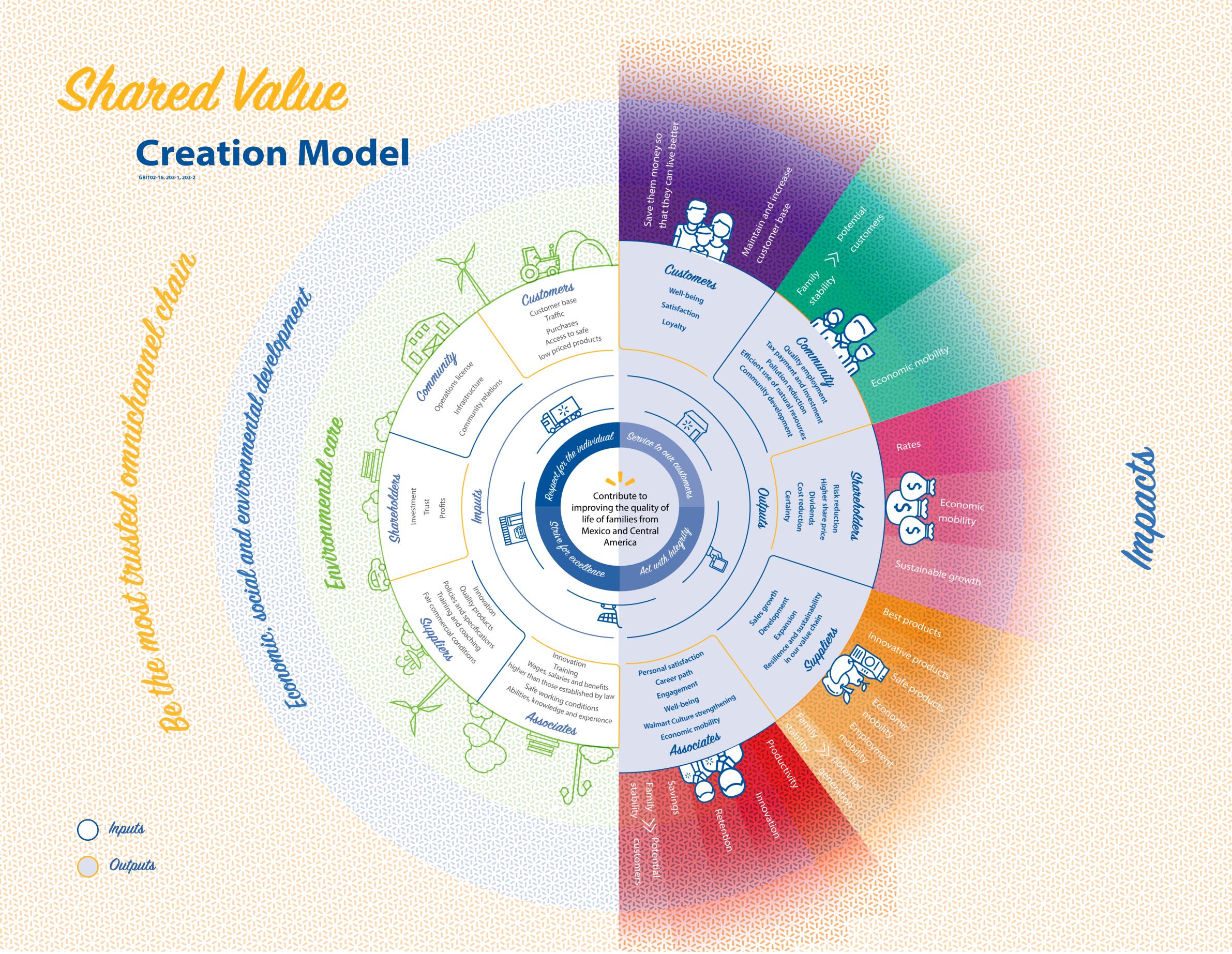
ENRIQUE OSTALÉ President of the Board of Directors Walmart de México y Centroamérica



GUILHERME LOUREIRO President and Chief Executive Officer Walmart de México y Centroamérica

Shareavalue Creation model RT 102-15, 102-31, 203-1

We aspire to create **Shared Value** by building a business that *benefits all our stakeholders*, making us the **MOST trusted omnichannel chain** and one of which they can feel very proud.



We want to use

A company of our size -with over 234,000 associates, millions of customers, over 49,000 suppliers, and presence in 648 cities throughout the region- has the opportunity and responsibility to achieve a significant contribution to sustainable development. This is why we believe in our approach: **Shared Value.** The Corporate Responsibility principle is to guarantee sustainable growth for the company and ensuring our daily actions enhance environmental, social and governance aspects related to our operations.

+ **49,000** suppliers

2.2 billion transactions*

Presence in 648 cities in the region

+234,000

associates

Materiality analysis

GRI 102-21,102-42, 102-43, 102-44, 102-46, 102-47

As an omnichannel chain, our company depends on the direct and frequent engagement with our stakeholders, whom we consider a key factor for the accomplishment of our business strategies.

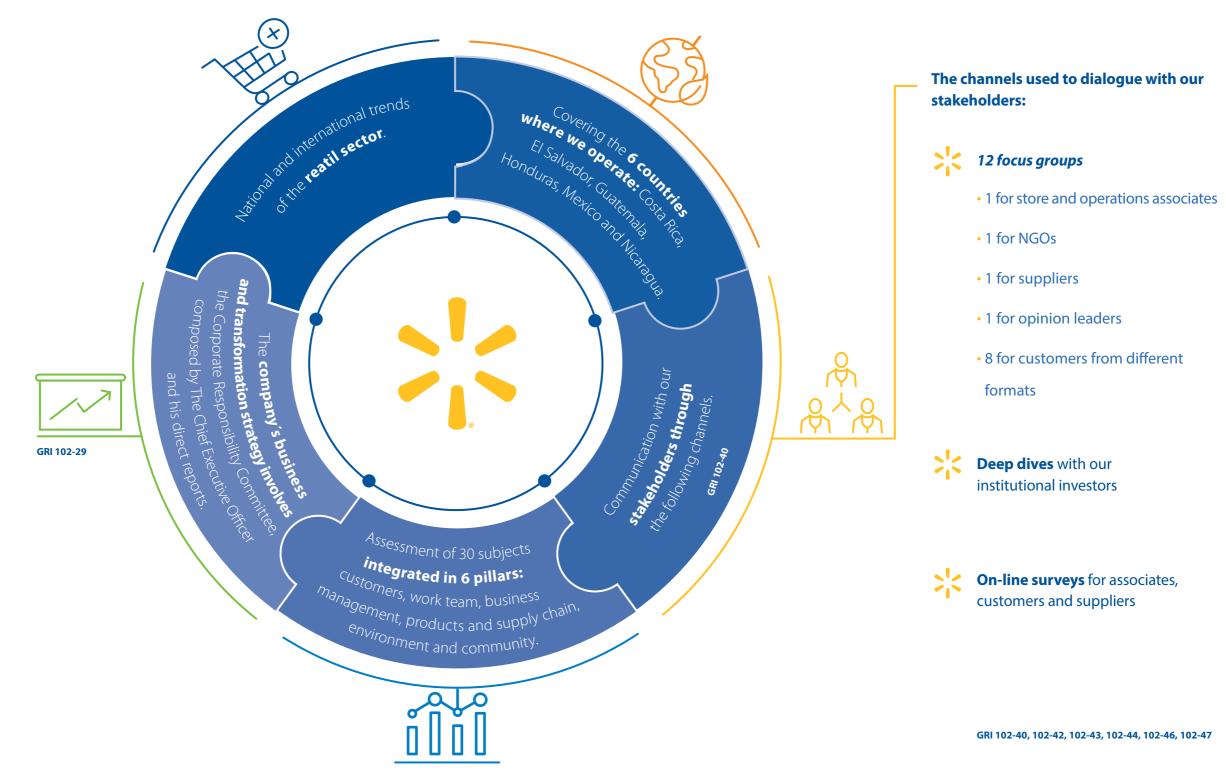
With respect to environmental, social and governance (ESG) issues, we have engaged our stakeholders in continuous, intense and formal dialogues, using a number of mechanisms and updating our materiality. Stakeholder perspective and feedback improve the relevance and effectiveness of our operations, services, products, and initiatives. For that end, we conducted our first materiality analysis in 2009, updating it periodically, being the last one this year.

We conducted Our first materiality analysis

in 2009, updating it periodically

As a result of a constant change in our environment and aimed at aligning our **Corporate Responsibility Strategy** to the economic, social and environmental context where we operate, we prepared, jointly with an external consultant, a new **materiality analysis,** which included the following aspects:









Material

Relevant

Important

CUSTOMERS			
E.S	Product availability and price	11.45	
گ	Shopping experience	10.23	
к.	Reputation	9.49	
S	Responsible merchandising and communication	8.32	
	Shopping channels	7.11	

	BUSINESS MANAGEMENT	
	Ethics and compliance	11.04
	Information security	10.29
	Transparency	10.23
S	Human rights	7.95
	Corporate governance	7.72
EB)	Innovation	7.61

	WORK TEAM	
	Diversity and inclusion	9.51
	Work climate	9.00
	Associate development	8.54
(4) (4)	Compensation and benefits	8.34
	Health and safety	7.74

	PRODUCTS AND SUPPLY CHAIN	
	Supply chain risks	9.81
6	Trustable products	9.50
	Supplier development	8.79
	Sustainable sourcing	7.82
i I	Supply chain assessment	7.61

ENVIRONMENT				
V	Wastes	10.15		
CIMP	Energy	9.55		
	Emissions and climate change	8.57		
\bigcirc	Water	8.03		
	Biodiversity and undersea life	6.32		

COMMUNITY			
Commitment to local communities	11.00		
Food security	10.23		
Support during natural disasters	8.79		
Volunteerism	7.88		

K Materiality glossary

This solid materiality analysis process helped us to:



Identify priority subjects for the company

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Identify priority subjects for each of **our stakeholders**

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Identify risks and **opportunities**



Define and implement **action plans** contributing to improve our performance With all the above mentioned, we validated our strategy articulating three major pillars: environmental, social and governance (ESG) and a set of related priorities, commitments and goals. Our approach to ESG issues goes beyond minimizing our footprint or mitigating risks. We have taken a more assertive approach towards: inspiring join efforts to transform the retail sector towards environmental, social and economic sustainability.

GRI 102-42, 102-43, 102-44, 102-46, 102-47



Classification of *material topics in ESG*

GRI 102-46, 102-47

Waste

Energy

Environmenta

Risk in the supply chain

Social

2

Availability and product price

Commitment to local communities

Food security

Trustable products Diversity and inclusion

Ethics and Compliance

Governance

Information security

Shopping experience

Reputation

Transparency



Our priorities are based on:

*

Relevance to Walmart's purpose, key categories and market conditions.

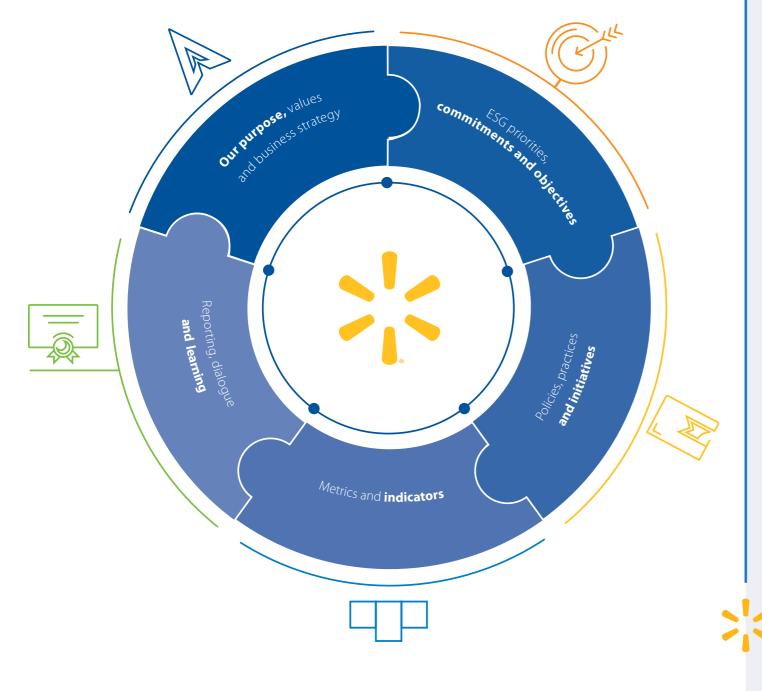
Shared Value: potential impact on our business and society based on our analysis and the importance to our stakeholders.

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Walmart's ability to **make the difference** through our strengths such as our 234,000 associates across the region, supplier relationships, expertise in food, groceries and other categories, 3,249 units, and capabilities such as logistics and technology.

Walmart's ESG priorities help us focus on the most salient opportunities inherent in shared value creation. Our commitments and goals help us aim high, be accountable and move at the right pace.

Continuous improvement process



We keep our strategy updated through a continuous improvement process and we share our commitments, progress and challenges with all of our stakeholders. We are always focused on informing about our performance with clarity and transparency.

When we make a public commitment, our top management is always involved and following up on it. This drives actions for our business, standards, programs, practices and metrics, including the annual publication of our financial and corporate responsibility report.

In this report,

you will find a summary of our aspirations, programs and the progress of **Our priority areas.** We welcome your feedback and join efforts to help **accelerate progress.**

GRI 102-46, 102-47

Creating financial value

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RI 201-1

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Our value-creation

financial strategy led us to deliver sound results this year. We were able to increase sales across all regions and business formats in an **extensive, profitable and** *sustainable way.*



Olga González

Senior Vice President and Chief Financial Officer Walmart de México y Centroamérica

Focused on improving a seamless, *omnichannel* shopping experience for our customers, along with transformational agility and a new digital mindset, we were able to obtain the necessary funds to reinvest in the business, drive future growth, and improve profitability in Mexico and Central America.

Improving quality all across the business

Our solid revenues increase, supported by our consistent price investment to keep up our competitiveness, and our commitment to generating operating efficiencies to reduce expenses and invest in the future growth of the business, allowed us to increment earnings higher than sales, and to strengthen the financial health of our company.

In Mexico, total revenues amounted to 503.7 billion pesos, 8.1% higher than last year, driven by sale increases across all merchandise divisions, and by more traffic in our stores and clubs, thus overperforming market growth (ANTAD self-service stores and clubs). Our eCommerce sales are increasingly getting stronger, and since they grew 47.4% in GMV for 2018, they now account for 1.4% of sales in the country.

In Central America, total revenues amounted to 113.2 billion pesos, accounting for 5.9% growth on a constant currency basis, thanks to the solid commercial strategies in place and a positive beginning of the Center of Excellence program in our stores, which has led us to gain market share in spite of the challenging economic, political and social conditions in the countries of this region. Total revenues Mexico

503.7 billion pesos + 8.1%

Our Commence sales are increasingly getting stronger Total revenues Central America

113.2 billion pesos +5.9%*

*On a constant currency basis



Growth by region,

format and division

Comp Stores Growth Walmex

January-December 2018

- 6.7%

- 2.1%*

*On a constant currency basis

By format in Mexico

Sam's Club

6.7% Mexico

Walmart

Bodega Aurrera

Superama

- By geographic area in Mexico
- 6.7% Mexico

Center South North

Metropolitan

By division in Mexico Food and consumables General merchandise

_ Apparel

6.7%

Mexico

Managing expenses to reinvest in the business

We're aware that in order to offer our customers Every Day Low Prices, we need to maintain a disciplined control of expenses across our operations, so that we can create efficiencies and fund top performance projects to ensure our bussiness growth in the future.

Encouraged by our successful productivity initiatives implemented in our stores, distribution centers and offices, we were able to decrease general expenses in Mexico by 10 basis points, so that they now account for 14.4% of the total revenues in the country. EBITDA totaled 51.7 billion pesos, accounting for 11.6% growth as compared to 2017, and for 10.3% of total revenues. Also in Central America, we were able to leverage expenses from operating improvements, by 120 basis points, thus getting EBITDA for 10.1 billion pesos, 10.4% over the figures reported last year, and 8.9% of the total revenues.

Due to the solid performance

of our operations, we continue **generating resources** to keep developing a seamless, omnichannel shopping experience **for our customers.**



2018 Financial and Corporate Responsibility Report

Strategic *capital* management

In 2018, we generated cash in our company for 60.5 billion pesos. This is a reflection of our financial soundness and the successful execution of our business strategy and operating efficiencies. Our capital was invested in productive, profitable and innovative projects aligned to our long-term priorities and strategies.

We opened 134 new stores this year, thus adding 1,662,000 sq. ft. worth of sales floor to our unit base and 2.3 percentage points to our consolidated sales growth. Also, we remodeled stores in Mexico to adapt them to our omnichannel approach and achieve a better shopping experience for our customers and members.

We believe in the potential for growth in the region so much that we opened two new distribution centers, one in Managua, Nicaragua and the other in Coris, Costa Rica; and announced the construction of another in Villahermosa, Tabasco, in Mexico, which will help us improve our supply chain capabilities and serve more customers in a more efficient way. Cash generation 60.5 billion pesos

We opened 134 new stores

2 new distribution centers in Central America 2018 Financial and Corporate Responsibility Report

We released

our mobile application Cashi Más que Efectivo

We updated our point of sale system to FlexPOS as part of the most important investments made in technology to facilitate the implementation of business strategies in the stores, to streamline our associate work by decreasing manual processes, and to drive our supply of financial services.

Another highlight is the release of our mobile application Cashi *Más que Efectivo* (Cashi, more effective than cash), which simplifies the use of cash for our customers and allows them to buy merchandise and pay services online without the need of a credit or debit card.

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App Store A iTunes 2018 Financial and Corporate Responsibility Report

5 straight years growing above of the market

Difference in same store sales growth Walmex¹ vs Antad Self-service & Clubs² (percentage points)

2018	3.5
2017	1.6
2016	3.3
2015	2.1
2014	0.4

¹Self-service & Sam's Club

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Delivering value to shareholders

We are a company which consistently compensates shareholders for their trust. This year, a dividend of 1.65 pesos per share was decreed, to be paid as follows: an ordinary dividend of 0.76 pesos per share in four installments of 0.19 pesos per share each, in April, August and November 2018, and February 2019; and an extraordinary dividend of 0.89 pesos per share, to be paid in four installments of 0.20, 0.10, 0.45 and 0.14 pesos per share in April, August and November 2018, and February 2019, respectively. On the other hand, the dividends paid during 2018 amounted to 25.6 billion pesos, at 1.48 pesos per share. This includes the 0.16 pesos per share corresponding to the remaining ordinary dividend decreed in 2017, and does not consider the dividends decreed in 2018, paid in February 2019.

> Our performance in 2018 was very strong and our results reflect the right execution of our strategy and generate new opportunities for the future growth of our company.

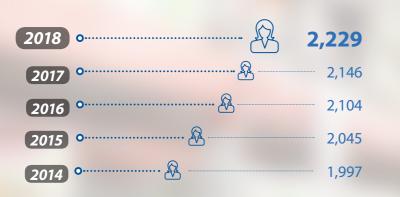


OLGA GONZÁLEZ Senior Vice President and Chief Financial Officer Walmart de México y Centroamérica





Transactions¹ Million

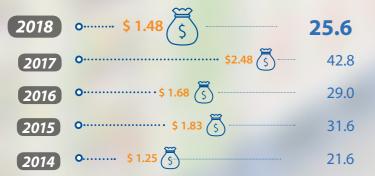


EBITDA¹ MXN Billion

2018	o	61.7
2017	0	55.5
2016	0	50.1
2015	0	42.6
2014	0	42.9

Dividend Paid (January-December) MXN Billion

MXN per share









Investment in Fixed Assets² MXN Billion



Number of Associates

 2018
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Operating Income¹ MXN Billion

2018	•	49.2
2017	o	43.8
2016	o	39.5
2015	o	32.8
2014	o	34.7

Cash Generation² MXN Billion

2018 •	60.5
2017 0	54.4
2016 0	51.3
2015 0	46.8
2014 0	43.4

Total Units¹

2018	0	₩.	3,249
2017	o) 🖮 —		3,134
2016	o) <u> </u>		3,022
2015	o) 🚎		2,949
2014	o) 🚎		2,863

1 Walmex excluding Banco Walmart, Vips & Suburbia 2 Excluding Suburbia as of 2016

Income statement and balance sheet

At December 31, 2018 (MXN Billion)

Consolidated	2018	% revenues	2017	% revenues	% growth
Total revenues	616.9	100	573.4	100	7.6
Gross margin	141.6	23.0	131.1	22.9	8.0
General expenses	92.6	15.0	86.9	15.2	6.5
Operating income	49.2	8.0	43.8	7.6	12.2
EBITDA	61.7	10.0	55.5	9.7	11.3





Financial **Summary**

MILLION PESOS

GRI 102-45, 102-48

		*I F R S												**MFRS			
	2018	2017 (10)	2017	2016 ⁽⁸⁾	2015 ⁽⁷⁾	2015 ⁽⁶⁾	2014 ⁽⁴⁾	2013 ⁽⁴⁾	2013 ⁽¹⁾	2012 ⁽¹⁾	2012	2011	2011	2010	2009		
Mexico GDP (Growth,%)	2.0	2.1	2.1	2.3	2.5	2.5	2.1	1.1	1.1	3.9	3.9	3.9	3.9	5.5	(6.1)		
Mexico Annual Inflation (%)	4.8	6.8	6.8	3.4	2.1	2.1	4.1	4.0	4.0	3.6	3.6	3.8	3.8	4.4	3.6		
Peso Depreciation (%)	0.0	(5.2)	(5.2)	19.2	18.0	18.0	13.0	1.4	1.4	(7.9)	(7.9)	12.9	12.9	(5.6)	(4.5)		
Average Exchange Rate	19.3	18.9	18.9	18.7	15.9	15.9	13.3	12.8	12.8	13.1	13.1	12.5	12.5	12.6	13.4		
Year-end Exchange Rate	19.7	19.7	19.7	20.7	17.4	17.4	14.7	13.0	13.0	12.9	12.9	14.0	14.0	12.4	13.1		
Mexico Average Interest Rate (28 Day Cetes,%)	7.6	6.7	6.7	4.2	3.0	3.0	3.0	3.8	3.8	4.2	4.2	4.2	4.2	4.4	5.4		
RESULTS																	
NET SALES	612,186	569,015	569,367	528,571	472,460	485,864	437,659	420,577	420,577	407,843	413,792	375,280	379,021	334,511	269,397		
% of growth total units	8	NA	8	12	11	11	4	3	3	NA	10	12	13	24	10		
% of growth comp units	6	6	6	10	9	9	1	(1)	(1)	4	4	4	4	3	3		
OTHER INCOME	4,724	4,356	3,898	3,813	3,451	3,503	3,329	3,246	4,584	4,217	4,259	3,570	1,885	1,346	1,054		
% of growth	8	NA	2	11	NA	5	3	NA	9	NA	19	NA	40	28			
TOTAL REVENUES	616,910	573,371	573,265	532,384	475,911	489,367	440,988	423,823	425,161	412,060	418,051	378,850	380,906	335,857	270,451		
% of growth	8	NA	8	12	NA	11	4	NA	3	NA	10	NA	13	24	10		
GROSS PROFIT	141,586	131,072	127,695	117,484	102,603	107,380	97,619	92,948	93,624	90,228	94,597	85,109	83,698	74,059	58,600		
% of profit margin	23.0	22.9	22.3	22.1	21.6	21.9	22.1	21.9	22.0	21.9	22.6	22.5	22.0	22.1	21.7		
GENERAL EXPENSES	92,597	86,921	83,684	77,834	69,548	72,235	64,010	61,318	62,102	58,541	61,926	55,574	53,619	47,015	36,332		
% of total revenues	15.0	15.2	14.6	14.6	14.6	14.8	14.5	14.5	14.6	14.2	14.8	14.7	14.1	14.0	13.4		
OPERATING INCOME	49,190	43,838	43,838	39,455	32,828	34,969	34,716	31,636	31,532	31,422	32,399	29,591	30,079	27,044			
% of total revenues	8.0	7.6	7.6	7.4	6.9	7.1	7.9	7.5	7.4	7.6	7.7	7.8	7.9	8.1	8.2		
% of growth	12	11	11	20	NA	14.002	10	NA	0	NA		NA	27.415	21	13		
EBITDA % of total revenues	61,747 <i>10.0</i>	55,482	55,482	50,149	42,592	44,993	42,854	40,305	40,222 <i>9</i> .5	39,860	41,166	37,188	37,415	33,294	26,915		
FINANCIAL INCOME (EXPENSES), NET	(330)	<u>9.7</u> (548)	<u>9.7</u> (548)	(323)	<u>8.9</u> 89	<u>9.2</u> 55	<u>9.7</u> (154)	<u>9.5</u> (16)	(15)	<u>9.7</u> 401	<u>9.8</u> 399	<u>9.8</u> 189	<u>9.8</u> 191	9.9 460	10.0 662		
INCOME BEFORE INCOME TAX	48,860	43,290	43,290	39,132	32,917	35,024	34,562	31,620	31,517	31,823	32,798	29,780	30,198	27,630	23,018		
INCOME DEFORE INCOME TAX	12,107	10,900	10,900	10,623	9,473	10,087	9,521	9,632	9,517	9,237	9,529	7,695	7,939	8,066	6,212		
DISCONTINUED OPERATIONS	12,107	7,475	7,475	4,842	2,935	1,442	5,394	725	713	683	9,329			0,000	0,212		
CONSOLIDATED NET INCOME ATTRIBUTABLE TO	THE PARENT 36 753	39,865	39,865	33,352	26,376	26,376	30,426	22,717	22,717	23,275	23,275	22,080	22,254	19,550	16,806		
% of growth	-7.8	19.5	19.5	26.5	(13.3)	(13.3)	33.9	(2.4)	(2.4)	5.4	5.4	22,000 NA	13.8	16.3	14.5		
FINANCIAL POSITION	7.0	17.5	17.5	20.5	(13.3)	(13.3)	55.7	(2.7)	(2.7)	5.4	5.7	1 1/1	15.0	10.5			
CASH	38,830	35,596	35,596	27,976	24,791	24,791	28,048	21,129	21,129	28,163	28,163	25,166	25,166	24,661	19,483		
INVENTORIES	63,344	59,463	59,463	53,665	49,749	49,749	47,175	43,795	43,795	39,092	39,092	39,336	40,163	29,023	22,507		
OTHER ASSETS	25,144	22,742	22,742	30,881	15,831	15,831	19,475	19,510	19,510	12,909	12,909	13,579	13,249	9,056	6,256		
FIXED ASSETS	144,222	140,082	140,082	136,349	130,222	130,222	125,996	121,083	121,083	117,377	117,377	111,372	116,680	102,300			
GOODWILL	34,989	37,373	37,373	39,421	33,057	33,057	28,020	24,745	24,745	24,745	24,745	29,768	29,768	29,768	_		
TOTAL ASSETS	306,529	295,256	295,256	288,292	253,650	253,650	248,714	230,262	230,262	222,286	222,286	219,221	225,026	194,808	133,139		
SUPPLIERS	85,327	80,099	80,099	65,919	56,396	56,396	52,710	47,609	47,609	44,770	44,770	50,854	50,854	38,000	30,378		
OTHER LIABILITIES	56,288	55,623	55,623	55,347	45,433	45,433	45,758	39,702	39,702	37,679	37,679	39,184	40,894	33,948			
EQUITY	164,914	159,534	159,534	167,026	151,795	151,795	150,223	142,931	142,931	139,701	139,701	128,867	132,962	122,531			
NON-CONTROLLING INTEREST		-	-	-	26	26	23	20	20	135,701	136	316	316	329			
TOTAL LIABILITIES, EQUITY AND					20	20	23	20	20	100	100	510		527			
NON-CONTROLLING INTEREST	306,529	295,256	295,256	288,292	253,650	253,650	248,714	230,262	230,262	222,286	222,286	219,221	225.026	194.808	133,139		
	500,527	270,200		2001272	200,000	200,000	2.0,711	200,202	200,202	,200	222,200			.,			

	*IFRS												**MFRS			
	2018	2017 (10)	2017	2016 ⁽⁸⁾	2015 ⁽⁷⁾	2015 ⁽⁶⁾	2014 ⁽⁴⁾	2013 ⁽⁴⁾	2013 ⁽¹⁾	2012 ⁽¹⁾	2012	2011	2011	2010	2009	
NUMBER OF UNITS MEXICO																
Bodega Aurrera	1,910	1,820	1,820	1,763	1,719	1,719	1,660	1,589	1,589	1,423	1,423	1,204	1,204	899	684	
Walmart	274	270	270	262	256	256	251	243	243	227	227	213	213	192	169	
Sam's Club	163	162	162	160	160	160	159	156	156	142	142	124	124	108	98	
Superama	91	94	94	96	95	95	93	92	92	90	90	88	88	75	69	
Suburbia	-	-	-	-	117	117	116	109	109	100	100	94	94	90	86	
Medimart Pharmacies	-	10	10	10	10	10	10	10	10	6	-	_		-	_	
Vips Restaurants	-	_	-	_	-	_	_	-	_	365	365	364	364	366	360	
TOTAL	2,438	2,356	2,356	2,291	2,357	2,357	2,289	2,199	2,199	2,353	2,347	2,087	2,087	1,730	1,466	
NUMBER OF UNITS CENTRAL AMERICA																
Discount Stores	540	522	522	495	484	484	477	466	466	459	459	453	453	401	377	
Supermakets	97	94	94	92	99	99	96	100	100	97	97	96	96	94	92	
Bodegas	143	133	133	117	102	102	94	75	75	67	67	54	54	36	32	
Walmarts	31	29	29	27	24	24	22	20	20	17	17	17	17	16	16	
Clubs	-	-	-	_	_	_	1	1	1	2	2	2	2	2	2	
TOTAL	811	778	778	731	709	709	690	662	662	642	642	622	622	549	519	
Banco Walmart																
Bank branches	_	-	-	-	-	-	-	201	201	263	263	263	263	263	190	
OTHER INFORMATION AT THE END OF THE YEAR				(2)				(-)	(7)							
Number of Associates	234,431	237,055	237,055	228,854 ⁽⁹⁾	231,996	231,996	228,063 ⁽⁵⁾	224,901 ⁽⁵⁾	226,289 ⁽³⁾	248,246	248,246	238,128	238,128	219,767	176,463	
Share Price ⁽²⁾ (pesos)	49.97	48.19	48.19	37.05	43.49	43.49	31.72	34.26	34.26	42.33	42.33	38.23	38.23	35.44	29.35	
Number of Outstanding Shares ⁽²⁾ (millons)	17,461	17,461	17,461	17,461	17,461	17,461	17,507	17,627	17,627	17,722	17,722	17,747	17,747	17,848	16,752	
Market Value	872,526	841,446	841,446	646,930	759,379	759,379	555,322	603,901	603,901	750,172	750,172	678,471	678,471	632,533	491,671	
Earnings per Share ⁽²⁾ (pesos)	2.105	2.283	2.283	1.910	1.508	1.508	1.732	1.284	1.284	1.312	1.312	1.240	1.250	1.105	0.999	
Payment of Dividends	25,582	42,756	42,756	28,972	31,562	31,562	21,643	16,056	16,056	9,612	9,612	9,659	9,659	5,743	5,040	
Number of Shares Repurchased ⁽²⁾ (millions)	-	-	-	-	47	47	123	96	96	27	27	103	103	112	117	
Investment in Shares Repurchasing Operations	-	-	_	_	1,825	1,825	3,996	3,328	3,328	1,088	1,088	3,455	3,455	3,472	2,509	

1 Vips is presented under Discontinued Operations.

2 Adjusted according to split conducted in April 2010.

3 Vips' associates not included.

4 Banco Walmart's & Vips' results are presented under Discontinued Operations.

5 Banco Walmart's associates not included.

6 Results from Banco Walmart and its sale presented under Discontinued Operations.

7 Suburbia's and Banco Walmart' sales and results are presented under Discontinued Operations.

8 Suburbia's results are presented under Discontinued Operations. Financial position displays reclassifications in presentation, in order to be comparable to 2017 only.

9 Suburbia's associates not included.

10 Information with adjustments, derived from the Income Standard that applies as of 2018.

* IFRS = Financial information under International Financial Reporting Standards

** MFRS = Financial information under Mexican Financial Reporting Standards

NA = Non Applicable

ACQUISITIONS OF PROPERTY AND EQUIPMENT	17,933	17,426	17,426	14,335	12,526	12,526	12,691	13,987	13,987	14,660	14,660	18,352	18,352	13,130	9,735

Seamless sbapping bapping experience

Superama

Extra Special

EMPORALMENTE



We are convinced that in order to continue growing in the digital age, it is necessary to offer an omnichannel seamless shopping experience, a continuous innovation through new shopping solutions and turn our units into a more robust store base with new functionalities to meet the new habits and preferences of our customers and members.

This year we made good progress in providing our customers with such seamless **Omnichannel experience** in order to **save them time and money**.

Our foundation was on a solid commercial proposal and broad assortment of goods, which supported us in generating more traffic, in stores, digital platforms and applications. Likewise, we are evolving our way of working, centering on our customers, providing our associates with new tools to become more efficient, and accelerating innovation to cover new market trends in the digital age.





Omnichannel experience

With this approach of creating a more agile and simple omnichannel experience, we equipped physical stores and digital platforms to address the new market consumption patterns and increase shopping frequency in all our platforms and business formats.

We have included Bodega Aurrera to our omnichannel strategy; by the end of 2018 we had enabled 490 stores with free wireless internet access, and 302 with specialized kiosks for online sales of General Merchandise, under the brand *Bodega en 1 clic* (Bodega in one click). We widened our interaction scope with customers via WhatsApp, Facebook and Twitter. We conducted the first cooking reality show in social media in Mexico, named: *Cocinando con tu morralla* (Cooking with your spare change), where our customers participated by creating recipes with 5, 10, 15 and 20-peso items from our stores.

Based on quick response codes (QR codes, in promotional flyers), we redirected our customers to the entrecampeonas.com site, which is focused on sharing recipes, day-to-day tips and handcrafts. Partnering with a private-transportation service application, during the *Buen Fin*, we recognized the loyalty of our customers by granting them 2,000 free trips, departing from our stores in Mexico City.

We have included
Bodega Aurrera

to our omnichannel strategy

specialized kiosks

under the brand

Bodega en 1 Click 2018 Financial and Corporate Responsibility Report

At Walmart, we continue to be focused on being leaders regarding assortment, increasingly broadening the product assortment we offer to our customers at brick-and-mortar and online stores. We strengthened our emblematic campaign *Martes de Frescura* (Fresh Tuesdays), with a larger amount of items and features, thus offering fresher produce. We expanded our grocery home-delivery service to 113 stores and we enhanced our online platform, making navigation and promotion visibility more agile in addition to optimizing payment processes. Early in 2018, we opened our first 100% omnichannel store in Tlalnepantla, State of Mexico, which was among the five global finalist stores to be awarded an international recognition as Global Store of the Year, by the British Self-service consulting firm IGD for the most innovative concepts.

We expanded our **Process home-delivery** service to 113 Walmart stores.

Our first

100% omnichannel store

was recognized as one of the **five most innovative** in the world We strengthened our emblematic campaign

Martes de Frescura



We made Superama's value proposition more robust, offering high-quality items at competitive prices, with a rapid and friendly service at brick-and-mortar and online stores. We improved perishable prices, extended our grocery catalogue and successfully completed the image renewal of all our stores, with positive results in traffic generation. In line with our omnichannel strategy, we opened the first Superama with self-check-out functionalities and intelligent lockers, in addition to the relaunch of our mobile application to streamline the purchasing process.



membership

Our goal at Sam's Club is to continue providing the best omnichannel experience to our members, through differentiated goods, attractive memberships and the option to pick up items purchased online in all our clubs or have them home-delivered. We launched our new Sam's Club Plus membership offering a 2% special benefit on purchases made, as well as exclusive goods on sale for our members, in addition to all the benefits of our Benefits membership. We evolved the design of all our clubs, so that we can adapt to our member needs, in addition we kept on expanding our Member's Mark products. We had excellent results during *El Buen Fin*, due to successful bets and adequate volume of exclusive items that fit the taste and needs of our members.





Walmar

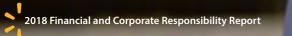
v mencionarte los di It is worth highlighting the launch of the Hot Days event, the first in its kind in Mexico, during which we offered appealing prices and an extended catalogue of products both online and in all our physical stores and clubs throughout the country. This event helped our customers and members to shop the products of their choice through their preferred channel.

> Supported by the good results obtained in Mexico, this year we started the implementation of the Centers of Excellence Program in Central America, aimed at improving operational execution in our stores by enhancing standards and routines to drive more loyalty from our customers. By the end of 2018, more than 56% of our stores operated under this strategy, with very good results. Simultaneously, we continued to strengthen our price gap measurement methodology, broadening our direct competitor sample in the current and traditional channels alike, thus reinforcing our price leadership in the region. Also our co-branded credit card, partnering with solid financial institution in the region, had an excellent performance. Thanks to it, we contributed to generate additional savings to our customers via available benefits granted by loyalty programs.

It is worth highlighting the launch of the Hot Days event, the first in its kind in Mexico, during which we offered appealing prices and an

extended catalogue of online products







Total

531.79

Ecosystems

We accelerated innovation to create new ecosystems with shopping solutions to supplement our value proposition, to meet the market trends in this digital age, thus generating more loyalty among our customers.

One of the key elements to strengthen our omnichannel value proposition was the launch of Cashi *Más que Efectivo*; which is a platform that allows our customers to shop and pay via their cell phones in more than 500 stores of Walmart, Superama and Sam's Club in Mexico, without the need to have a bank card or cash. Cashi *Más que Efectivo* helps reduce the use of cash in day to day activities and provides the opportunity to pay for utilities and digital applications. We will continue to work to add more stores and more functionalities, generating more loyalty from our customers.

Rems: 5

Cashi Más que Efectivo

One of the key elements

to strengthen our omnichannel value

ESC/



As part of the efforts to improve our home delivery service, this year we announced a strategic agreement to acquire Cornershop platform. Such acquisition is subject to approval from the Antitrust Authority. In the meanwhile, we executed a commercial agreement by means of which our customers will benefit from the same prices we offer in our stores in Mexico City, Guadalajara and Monterrey when they use that platform.

Lastly, our catalogue continued to expand with **more products available**

to our customers in our Marketplace walmart.com.mx, enabling us to **add an increasing number** of commercial partners.

Growth vehicles

As part of our omnichannel approach, and supported by our new way of working, we continued to invest in the opening of new stores, and revamping of our unit base so that our customers could enjoy a seamless shopping experience.

We continued to expand our presence in the region; we opened 134 new stores, 100 in Mexico and 34 in Central America. In the particular case of Bodega Aurrera Express, this year we opened store number 1,000 in Mexico, reflecting the success of said format value proposition and continuous loyalty from our customers. At the same time, we started to work with new digital tools to strengthen and make project assessment processes more agile regarding potential new openings. This represented important savings of work hours in report generation, and the analysis of market and financial scenarios in the decision-making process.

We remodeled stores in Mexico and in Central America, always seeking to offer a more agile and simple shopping experience. We enabled specialized areas to pick up merchandise purchased online, both inside and outside stores. In addition, we integrated eCommerce and customer service counters, where we offer comprehensive solutions in a personal way, for any shopping option, either in store or through electronic devices. We kept on equipping our store base with free wireless internet, in order to make our extended catalogue available online so that our customers can find and buy the product they want through the channel they want. Pickup Walmart.com.mx

Compra en línea
Recoge aquí

We enabled

specialized areas

to pick up merchandise purchased online Inversion of generating traffic in our stores and clubs, so in 2018 we started a **pilot program with 6 gas stations** distributed throughout the country, operated by third parties, aimed at helping our customers **Save time and money** while shopping with us.

Walmart & Gas



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.

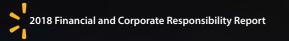




we accelerated the transformation process of our company,

training our associates, reinforcing our distribution network, and generating operating efficiencies that translate into **higher savings for our customers.**





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 technologyempowered 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 crossfunctional teams created to work in strategic projects and under an agile methodology, and the *Walmart Laboratoria*, 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

8 DECENT WORK AND ECONOMIC GROWTH

11

associates

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

men

women

promotions GRI 405-1

996



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



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



52

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		234, associ			
Mexico 195,571 associates	46%54%	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

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	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
	16,906	59	41
>=41			

Central America

63

	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



Developing our talent

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

Superama





Operations Academy for selfservice 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 **successfull** 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

100

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.

23 associates registered

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.

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

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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. 62

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

2018 Financial and Corporate Respons

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.

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 scholarship

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**



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. 2018 Financial and Corporate Responsibility Report

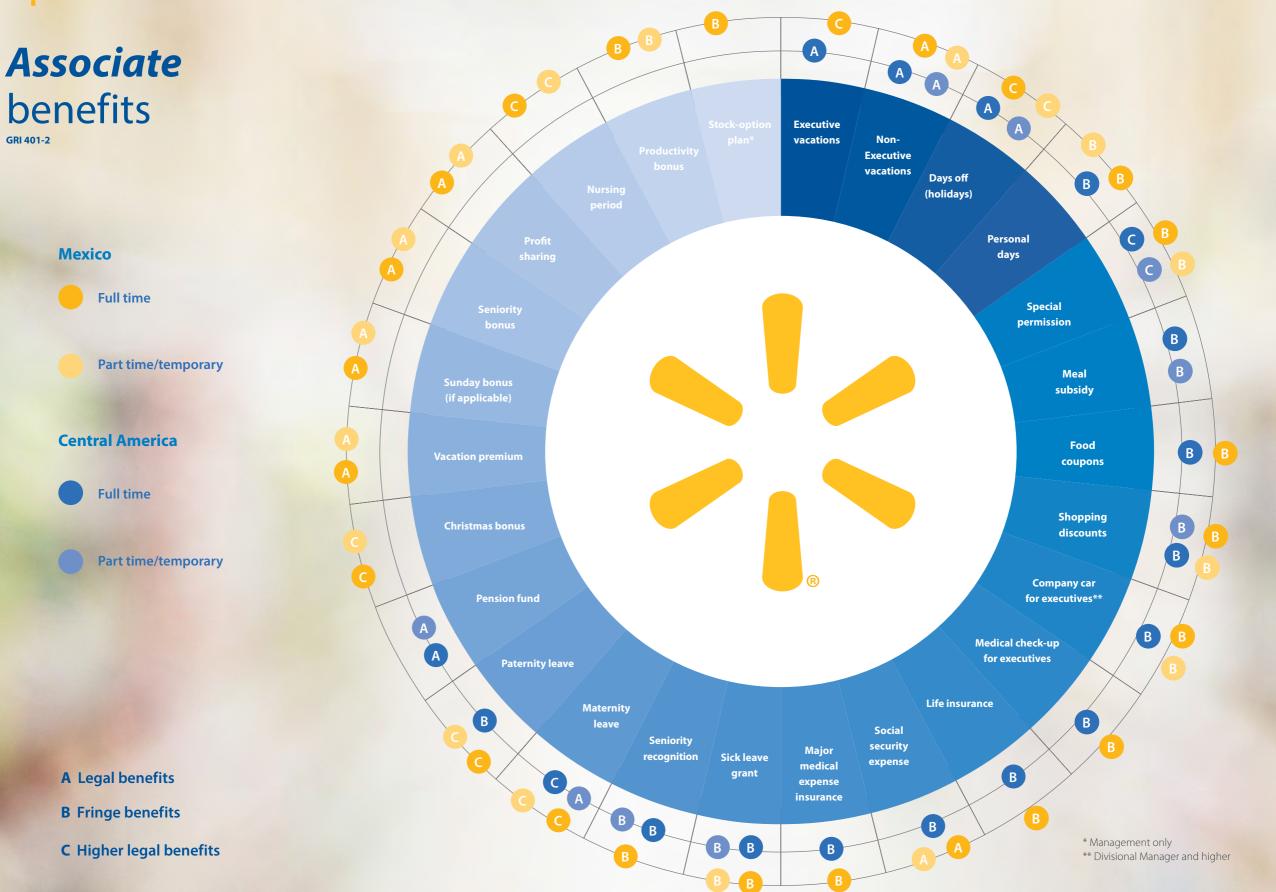
Life-work balance

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

ENFOQUE

65

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







We have **817 education**, **service and entertainment partnerships** available for our associates and their relatives so that they **Can Save money and improve their guality 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 Physical health 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:



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 remotly once a week, complying with their normal schedule.
 Among the main benefits we offer are: productivity increases, result-approach maximization, and worklife 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.

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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

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.

5 GENDER EQUALITY

10 REDUCED INEQUALITIES

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2018 Financial and Corporate Responsibility Report

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**

Promoting equality between men and women Directing, monitoring, and communicating progress

Overseeing

the existence of policies, procedures, and activities

Serving

as a surveillance body

Guaranteein

the culture bala

the proper gender balance among management diverse group



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.



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



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.

5 GENDER EQUALITY

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Female Executives and Trust Circles

Aimed at developing subjects such as personal leadership and selfmanagement; 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.



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, highpotential 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.

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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.

Walm vico y Centroamé



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

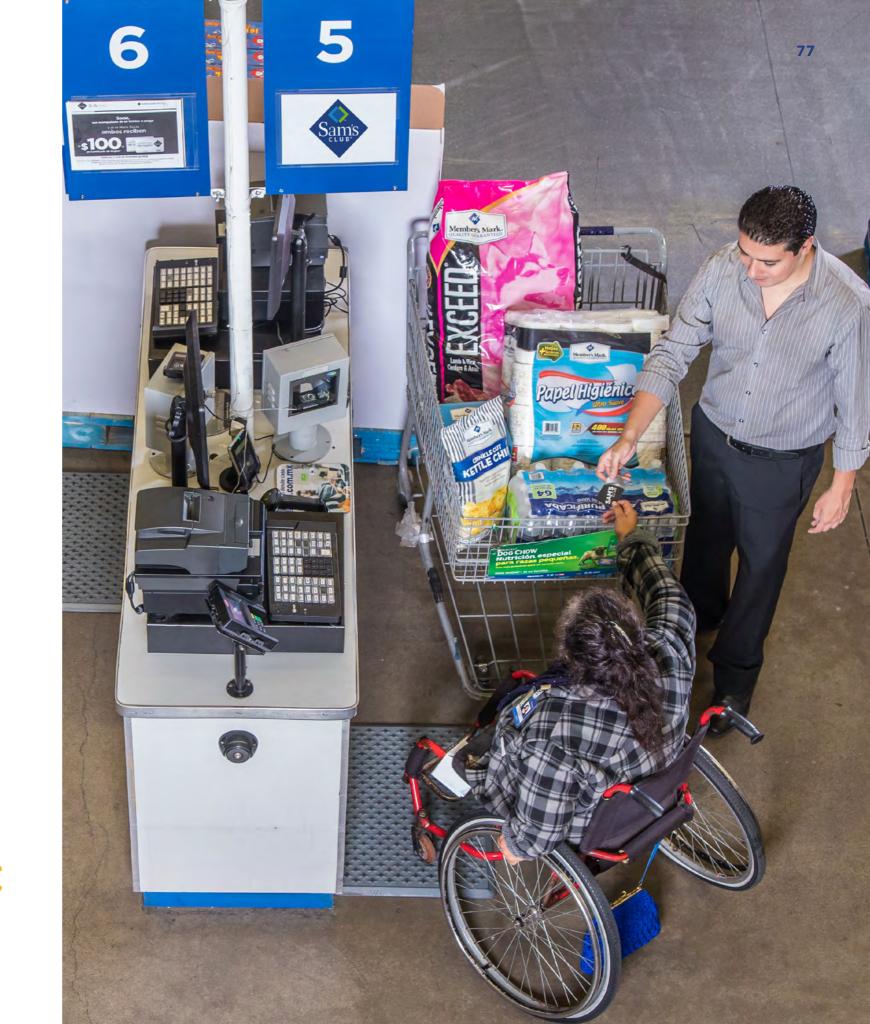
We were granted this award after our labor practices and initiatives in favor of the LGBT+ community, especially transgender people.

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 offerred training and information on disabilities through face-to-face and online training, and videos and manuals an 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.



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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.

78

Un lugar para ti

WAL*MART

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.

LEXMARK



with disabilities are part of



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.

BRAZO

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 Iabor equality and anti-discrimination

Walmart de México y Centroamérica received this certification once more by the Mexican standard on Labor Equiality 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.



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



Equal opportunities in recruitment and selection processes

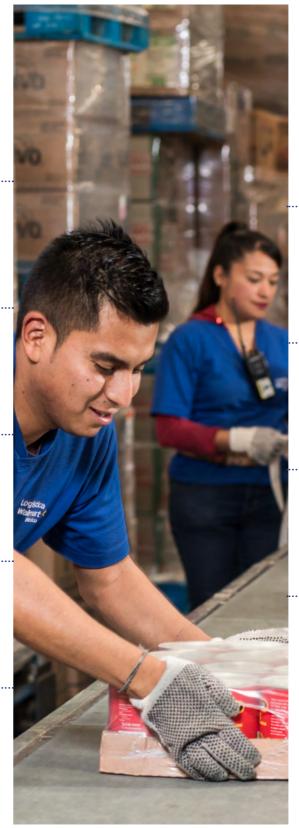
Inclusive, accessible and non-sexist use of language

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 ofter associate **worklife 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.



included in this index worldwide

Directors of the Board are women

36% of women in executive positions First Place in the Inclusive Bussines 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.

The were granted the National Logistics Award Galardón Tameme 2018

Supply chain

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 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 1.2 billion cases

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.



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 selfcheckout 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.**

Be the most trusted **omnichannel** chain

Walmart.com.n

Our customers/members are always first



+26,650,000surveys conducted to

customers and members

We grew our

Promoter Sco in all formats throughout Mexico eneral satisfaction of our Sam's Club members

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Every day we listen to opinions and needs from customers and members and we strive to improve our performance.

We have digital tools in 100% of our formats across the region. The purpose of the Customer Experience Index (CEI) and Member Experience Index (MEI) is to monitor the shopping experience within the units. These indexes help to improve decision-making and to generate action plans that will ensure the proper operation of the units, in keeping with customer needs and expectations.





Thus, delivering on our promise to customers / members:



499



Assortment





Price



٩



Satisfaction

In Central America we changed the methodology and the way of collecting data so as to optimize monthly costs and measurements. We managed to migrate from face-to-face surveys in our stores with constant samples and monthly reports, to self-administered surveys with an unlimited number of respondents and weekly progress.

The *nesults have served* as a guideline for working on the **more relevant opportunities** and for developing programs or initiatives that will improve our **customer in-store shopping experiences in the region**

open and constant dialogue

Maintaining (

with our customers is of the utmost importance, thus we offer **several communication channels:**

Multichannel

ORO.

Customer Service Line (CAT) customized per business, where customers can schedule a call based on their needs

E-m



Online chat



Social media



Encouraging healthier choices GRI 416: 103-1, 103-2, 103-3

We have a team specialized in responsible marketing communication, transparency in the nutritional content of products, as well as in product innovation and improvement of nutritional profiles through sodium, fat and sugar reductions, among other aspects. We offer products with the health of our customers in mind, and therefore we increased the offering of healthy products, such as:









Low sodium

Kosher





Free of trans fat

Free range



The Consumer Goods Forum is a global organization that brings together main retailers and producers of massive consumption goods around the world to achieve positive changes in the industry and among its consumers. Doug McMillon, President and Chief Executive Officer for Walmart, Inc., serves in the Global Board, and, Enrique Ostalé, Chairman of the Board of Directors for Walmart de México y Centroamérica, represents the company in the Latin American region chapter.

As these subjects are so important for the region, we decided that our initial efforts should be centered on Health and Wellness. Consequently, together with suppliers, who joined this organization, we created a campaign called Dale un giro saludable a tu vida (Switch to a healthy life), in order to raise awareness among Costa Rican consumers about conscious shopping decisions that allow them to adopt healthy and balanced life styles.



set up in Walmart San Sebastián

The purpose of this project is to guide consumers so that they can take care of their wellbeing and their family's through various tools. During the campaign, consumers were informed on healthy habits and routines, hand in hand with participating brands.

In 2019, this event will be held for the first time in Mexico and will be implemented in the other five countries where we have presence in Central America.

Trustable products



Labeling GRI 417-1, 417-2, 414: 103-1, 103-3

When reviewing the product labels for Our Brands, we ensure that the nutrition information complies with all Mexican National Standards (NOMs) applicable to each product.

In Central America, we offer coaching and develop various tools to check the labels used for operations.

Main requirements for labeling are:

- Origin of the product or service components
- Contents regarding substances that might have an environmental or social impact
- Instructions for product or service safety
- 923 labels were validated
- 153 labeling incidents
- 20 resulting in penalties or fines
- 35 authority actions due to lack of compliance
- 87 visits from health and consumer protection authorities

Responsible marketing

Compliance consistently offers training to key areas and sends information to all our units on customer communication guidelines and on comparative advertising.

64 marketing incidents

- 8 resulting in penalties or fines
- 64 resulting in lack of compliance of voluntary codes

Respect for the environment

2018 Financial and Corporate Responsibility Report

70.2% of waste generated is recycled or *hellsed*

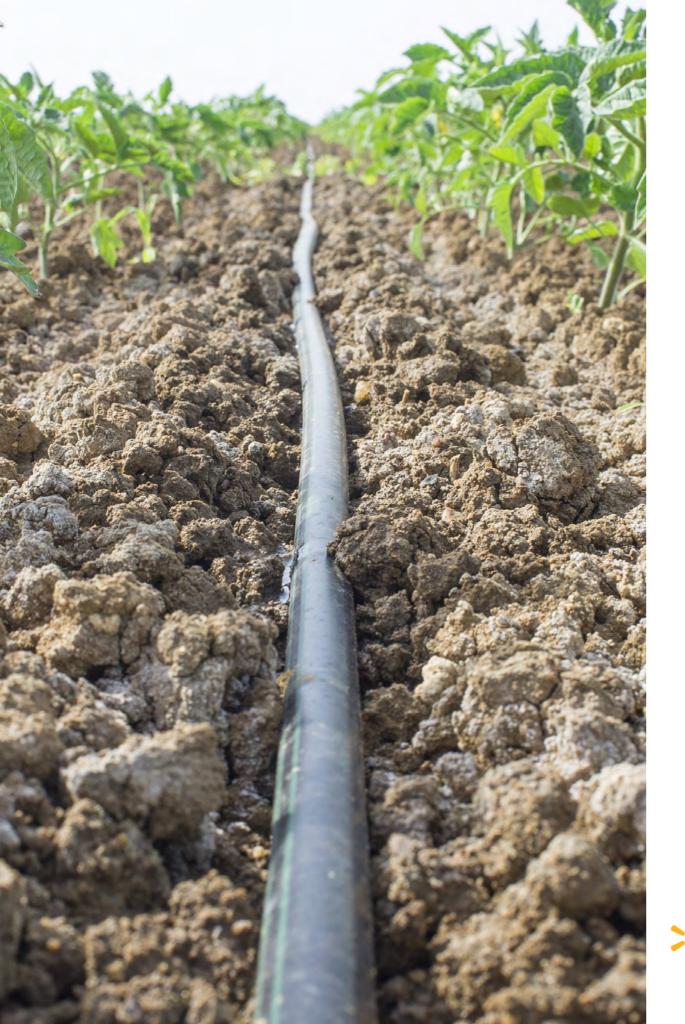
GRI 305-5, 414: 103-1

1 billion pesos invested in sustainable initiatives

We reduced *OUR OMISSIONS* by 5% versus 2015 95



We work to make our operations more sustainable and our value chain more efficient.



Sustainability and efficiency in our operations and value chain are key factors in our endeavor to become the most reliable retailer chain for our customers and stakeholders. This is the path we have defined to become a more efficient and resilient company, which will also help us to strengthen our brand and keep our customer loyalty.

Resources availability and climate change are two of the **most important and complex challenges** we face every day

For this reason our 2025 plan includes reduction of emissions resulting from our operations, waste elimination through the circular economy principles and a responsible and sustainable product sourcing.



Climate change mitigation

\$115

2018 Financial and Corporate Responsibility Re

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Quesos

Energy saving of

Versus 2017 GRI 302-4

Energy from renewable sources used by

of stores in Mexico

Sustainable sourcing

() Salchichoner

products with low environmental impact Fostering a circular economy

°102

°69

Salchichonería

-

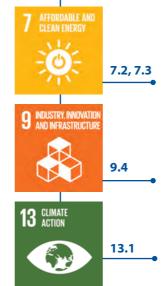
progress towards our zero waste generation goal in Mexico

74%

in Central America





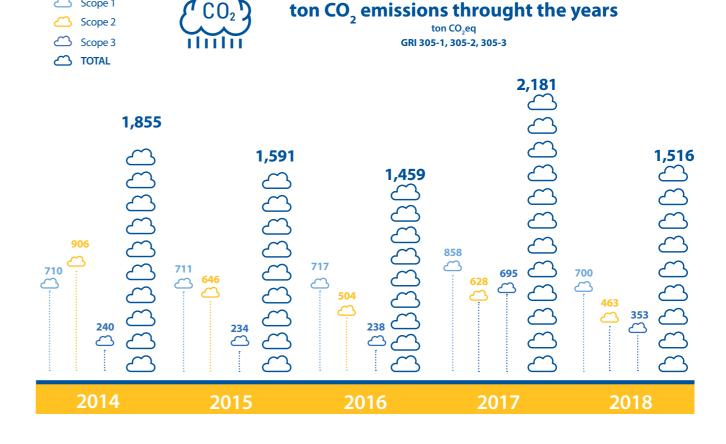


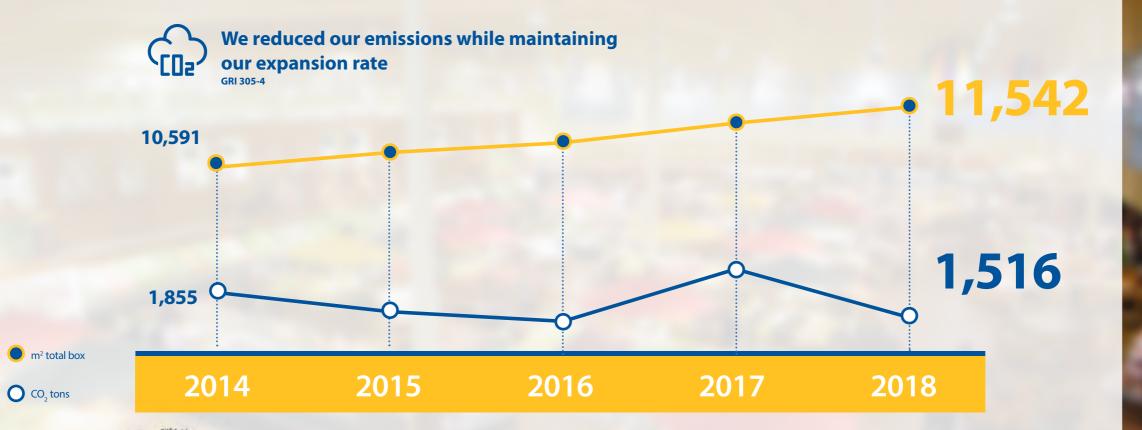
Scope 1

Actions to mitigate **Climate Change** GRI 305: 103-1, 103-2, 103-3

We are aligned with the principles of the Paris Agreement of the United Nations Framework Convention of Climate Change (UNFCCC). We share Walmart Inc's goal on reducing 18% GHG emissions for 2025 as compared to 2015 levels. Such goal has been approved by the initiative of Science-Based Targets.

In the past five years, we have reduced 39% carbon direct emissions, in absolute terms, and 50% in those relating to square meters of construction of our stores, separating the growth of GHG emissions from that of 3.08% of our sales floor in the same period.



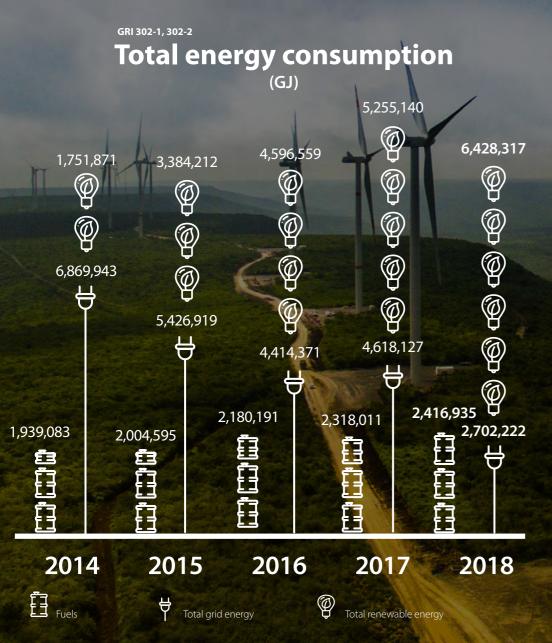


our goal is to reduce greenhouse

gases emissions

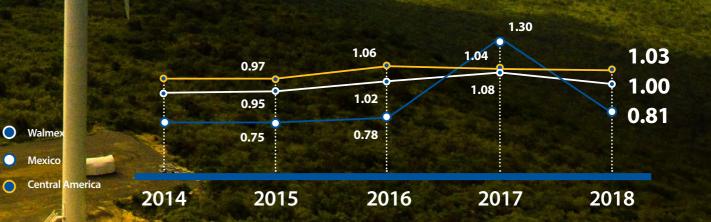
2018 Financial and Corporate Responsibility Report

This is mainly due to the consumption of renewable energy supplied by six wind farms and two hydroelectric plants; our renewable energy consumption has grown to 91% since 2013; it has also been due to a sustained effort to make our stores and distribution centers more energy-efficient, starting by their design, also by implementing more efficient cooling systems, energy-control and submetering systems that allow us to manage remotely energy consumption. Our total internal consumption of energy was 11,547,474 GJ.



We contributed to goals 7.2 and 7.3 of the Sustainable Development Goals (SDGs) 7 to comply with the 2030 Agenda of the UN, by increasing our supply of renewable energy by 18% as compared to the previous year as well as reducing energy consumption in our stores and distribution centers by 0.58% during the same period.

> GRI 302-3 **Energy intensity** (GJ/m^2)



0

GRI 302: 103-1, 103-2, 103-3



GRI 305-1, 305-2, 305-3

Scope 1

Fuels		Refrigerants		1,516,
20.80% Mexico 145,602	2.13% Central America 14,936 ton C	Mexico Central	3% America 230	CO ₂ ec Total emis
		Scop Electric		Reduction of sco emissions by 5% GRI 305-5
		85.12% Mexico 394,502 ton CO		
		Scope 3 Transportation Bu		
		87.65% Mexico	7.39% Central America	4.55% Mexico
RI 305-1, 305-2, 305-3	And Alego	306,520	26,677	ton CO ₂ eq 16,045

1,516,134 CO₂eq

Fotal emissions GRI 305-1, 305-2

tion of scopes 1 and 2 ons by 5% versus 2015 GRI 305-5

Business trips

0.41%

Central America

1,436

T

We continue upgrading our distribution network to reduce the total distance travelled by vehicles used for the distribution of goods, making a better scheduling of routes and the optimization of loads in order to deliver merchandise with fewer trucks, more efficiently loaded, thus resulting in less fuel used and fewer emissions.

P

With our Recoverable Waste Program, through our Reverse Logistics system, store associates collect this kind of waste coming from stores and load it into the same trucks that have delivered them merchandise, so that it can be taken to distribution centers on their way back.

Savings from logistics initiatives

37,990,293 km no longer traveled **20,637,549** fuel liters saved 58,577 ton CO₂eq

emissions saved

Emissions in the Supply chain

58%

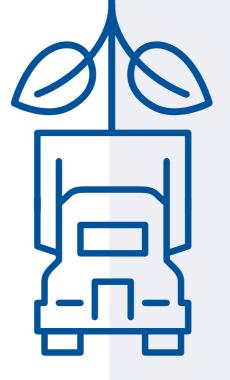
of suppliers implemented initiatives to reduce emission levels

44% °

of suppliers consume renewable energy

213

suppliers reported their CO₂ emissions to the CDP Supply Chain program



In addition we continue to improve the baseline of the emissions generated by our supply chain, by requesting our main suppliers to report the emissions generated by the volume of the business they have with Walmart in Mexico, all this for the purpose of joining the Walmart Inc. Gigaton Project to reduce one billion metric tons of CO₃eq in the supply chain by 2030.

Climate change related risks

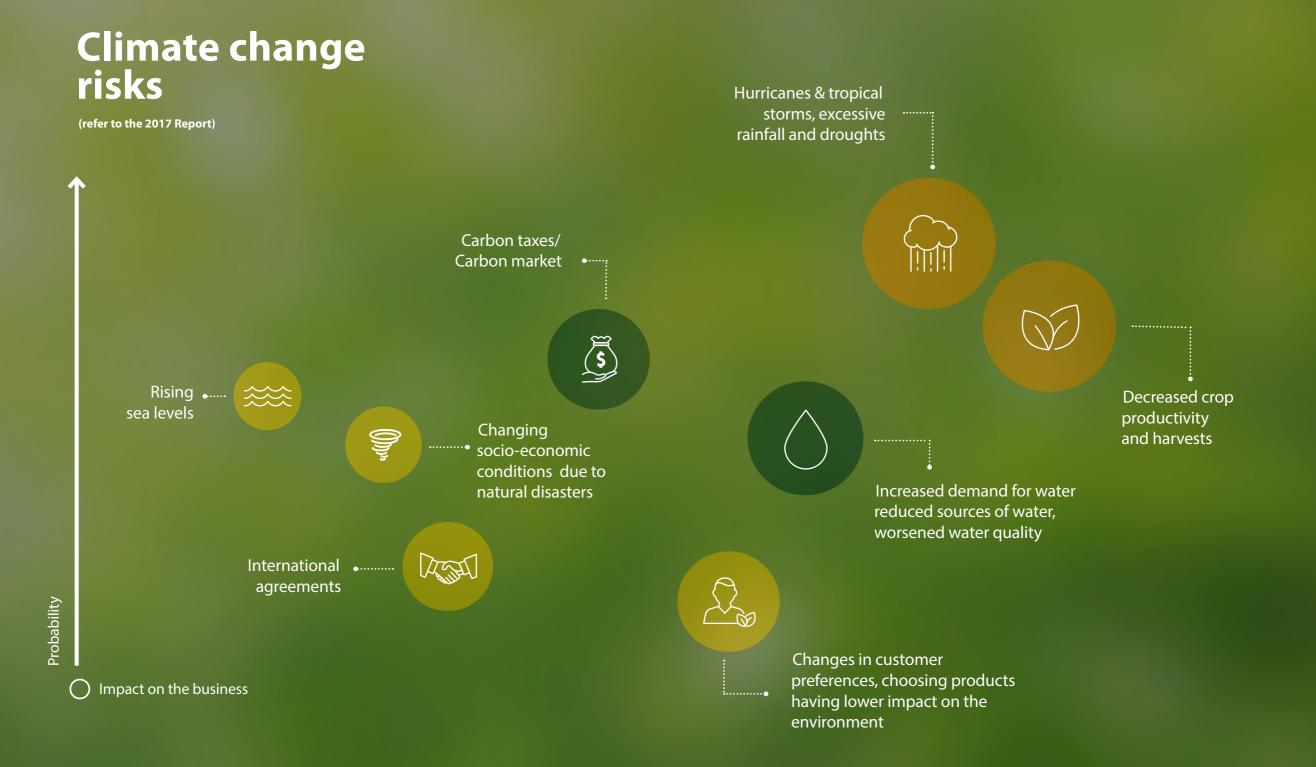
GRI 102-11, 102-15, GRI 201-2

Society and authorities are increasingly concerned about climate change, since it can bring serious consequences.

Climate change may also lead to temperature increases, droughts, floods, hurricanes, etc., which may shift access to and alter cycles of different kinds of crops, rendering certain crop fields unusable for agriculture. Merchandise transportation may be affected as well if extreme weather conditions interfere with accessibility. Deciding whether to open a new store or not may be hindered if flood risks increase.

We assess climate change risks and opportunities for the company as a whole. A wide array of risks and opportunities are evaluated, based on the scope of the impact they may cause, such as overall regulatory risks that may affect company or market operations, specific regulatory and physical risks that may have to do with individual facilities or regional operations, and many other kinds of risks and opportunities for the supply chain, operations and customers. Walmex is continuously gathering information for the identification of risks or opportunities from as many different sources as possible, including staff and field associates, contacts in the industry, consulting firms, governmental and non-governmental organizations, news agencies, business organizations, lawmakers and financial community.

We consult some of these same groups together with internal resources to create models of risks or opportunities and determine how real, material, wide and immediate they may be. Also, given risks or opportunities are matched to alternatives. We determine a proper course of action from the assessment, which includes whether or not operating changes are in order to meet current or expected regulations; the means that can better serve our customers; the changes we can make to abate negative impacts on the business; the community or the environment; and new ways to improve customer, shareholder or associate value. 105

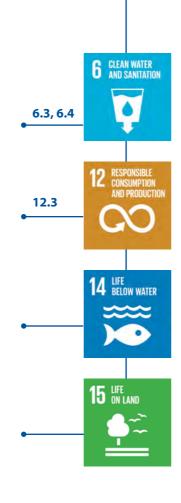


Working towards a **circular economy**

GRI 302-1, GRI 308: 103-1, 103-2, 103-3

We maintain our imminiation to diverted i our waste to landfills by 2025

We adopt the zero waste definitions by the ZWIA (Zero Waste International Alliance): "The conservation of all resources by means of responsible production, consumption, reuse, and recovery of all products, packaging, and materials without burning them, and without discharges to land, water, or air that threaten the environment or human health."

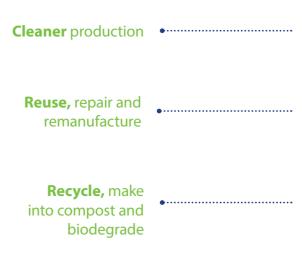




Product and packaging redesign

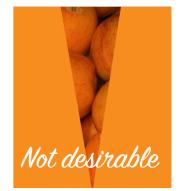


Zero waste hierarchy





Energy generation through biodigestion

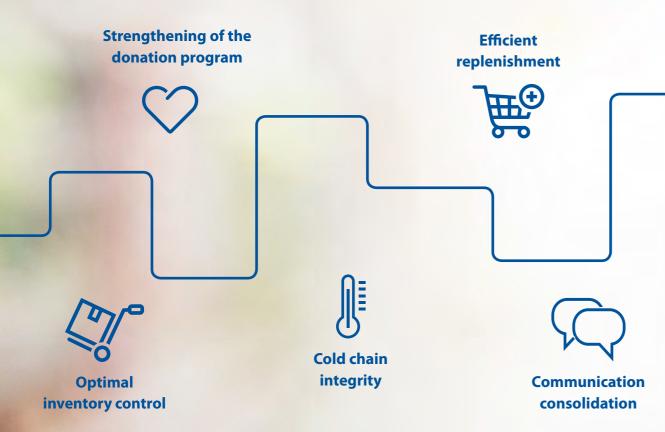


Incineration, dump and landfill

2018 Financial and Corporate Responsibility Report

We're aligned to SDG 12.3 to cut in half the food waste from our operations. We reassigned our efforts to accelerate our transition towards zero waste in our operations in Mexico throughout 2018. We changed our way of working by developing our Zero Waste Plan and appointing leaders from all areas of the business to form a strategic team to deliver on the plan.

This team's mission is to identify and develop necessary initiatives for every area to contribute towards meeting the zero waste goal in model stores. As a result, a business plan of 121 action points was developed, and it includes operating benefits, such as the following highlights:



With the help of these benefits, we are also able to support the freshness, quality and availability promise made to our customers. Thus, not only do these action points allow us to protect the environment, but they also help us increase the profitability of our business. PLAN

CERO RESIDUOS

GRI 302-1, GRI 308: 103-1, 103-2, 103-3

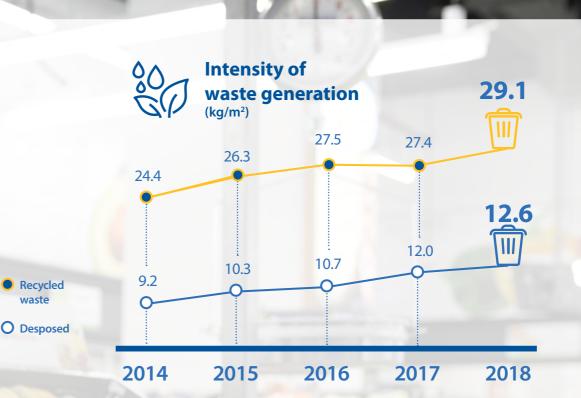
2018 Financial and Corporate Responsibility Report

Our strategy to reduce food waste



Prevent the generation of waste from perishables

Food donation



493,858

tons of waste generated

Cattle feed

Compost Biodigestion

With the purpose of diverting the most organic waste from landfills in Central America, a biodigestor is working in Walmart Roosevelt, in the city of Guatemala, and another is being piloted in Walmart San Sebastián, in San José, Costa Rica. Over 145,887 tons of organic waste was processed, and diverted from landfills, in 2018. Not only was there a reduction in garbage collection service expenses, but also biological contamination risks from decomposition, smells and lixiviated liquids were eliminated. Progress towards our 2025 Zero Waste goal

Mexico

74%

50%

Central America

composted

24%

reused

13.54 landfilled

67.93% recycled RECICIADE

Member's

RECICLARI

Packaging and plastic packaging management

GRI 301: 103-1, 103-2, 103-3, 301-3

We are aiming for an efficient use of the materials in our operations, such as packaging of the products that we sell. Our commitment is to achieve 100% recyclable packaging in Our Brand products by 2025. This kind of packaging is the one that can be collected through material recovery systems, that is designed to be compatible with the existing recycling infrastructure, and whose material can be recycled to make other products or packages. To this end, we have signed the Ellen MacArthur Foundation's New Plastics Economy Global Commitment, unveiled at the Our Ocean Conference. We continue working on widening the use of retail-ready packaging, during 2018 we added 2,370 products to the program in order to reach a total of 4,017.

Our strategy to meet this goal is founded on three principles:



Increase the proportion of recyclable packaging



that interfere with

selection and processing for

recycling purposes

Have clear communication to facilitate collection, sorting and recycling procedures





We have **fostered** the principles of a **circular economy** among a group of suppliers deemed as having a great impact after the amount of products they procure to us, through workshops where we analyze the use of plastic in packaging, so that we can actively contribute to the decrease of **post-consumer waste**, from the design and the materials used to the **end of life handling.**

Throughout 2018, we worked to consolidate alliances with suppliers and other organizations to strengthen our recycling programs for customers, thus facilitating the sorting, recycling and reuse of various kinds of recoverable waste that would have otherwise ended up in landfills or caused a more negative impact to the environment.

Recycling in benefit of your community

In partnership with Coca Cola and Ciel, 300 blue containers have been kept in Walmart and Superama stores and Sam's Clubs, and 25.6 tons of PET and aluminum bottles have been collected there and used to make student desks and chair desks for communities in need.



Post-consumer recycling -programs for customers

Recycled Cans

This program was implemented in 50 stores in Mexico City, State of Mexico, Monterrey and Guadalajara for the second consecutive year, in coordination with Herdez Group.

Throughout the program +528,000 tin cans were collected and reused to foster the

culture of waste segregation and of protecting the environment. Resulting in 18.5 tons of tin. 2018 Financial and Corporate Responsibility

Néxico y Centroaméric.

AlEn

PUNTO ECOLÓGICO

Por planeta mejor Walmart : México y Centroamérica

RNOL

ensueño.

flash

CLORALEX



Recycle to win

PET, HDPE and aluminum packaging collection centers have been set up in 19 Walmart and Bodega Aurrera stores in Monterrey, in partnership with Alen del Norte.

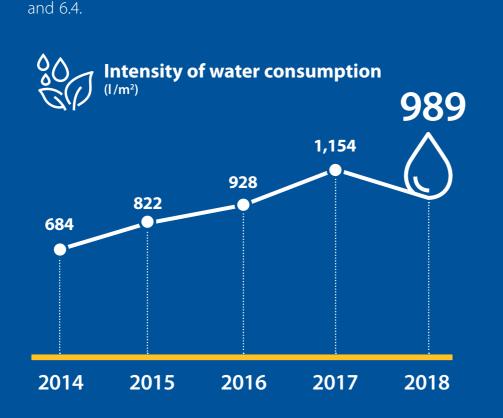
Not only are we fostering the culture of **Waste segregation** with this program, but also all bottles collected are taken to a *recycling plant* to make new bottles, thus contributing to a circular economy. In 2018, +120 tons **of bottles were collected.**

Expired Medications

In partnership with SINGREM, 254 containers are in place at Walmart, Superama and Bodega Aurrera stores, and Sam's Clubs, and 35.4 tons of expired medications have been collected there from our customers and duly destroyed and disposed of so as to protect the environment and the health of our customers.







Sustainable water management

We continue working to preserve the quality and quantity of available water, improving the efficient use of water in our operations, treatment of waste water, and recycling wherever possible, thus contributing to meeting SDGs 6.3

GRI 303: 103-1, 103-2, 103-3, 303-

1, 303-4

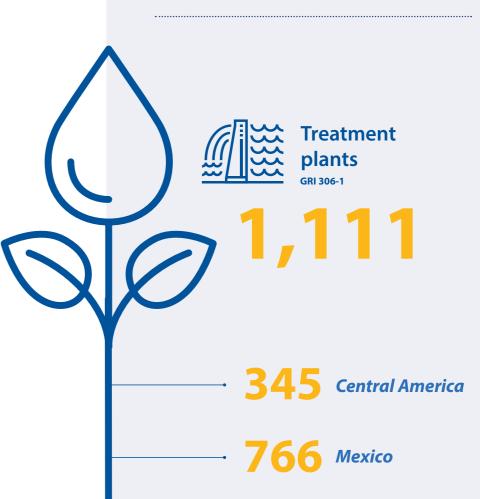


Total Consumption 11,411,241m³

1.3% Wells

98.7% Munici

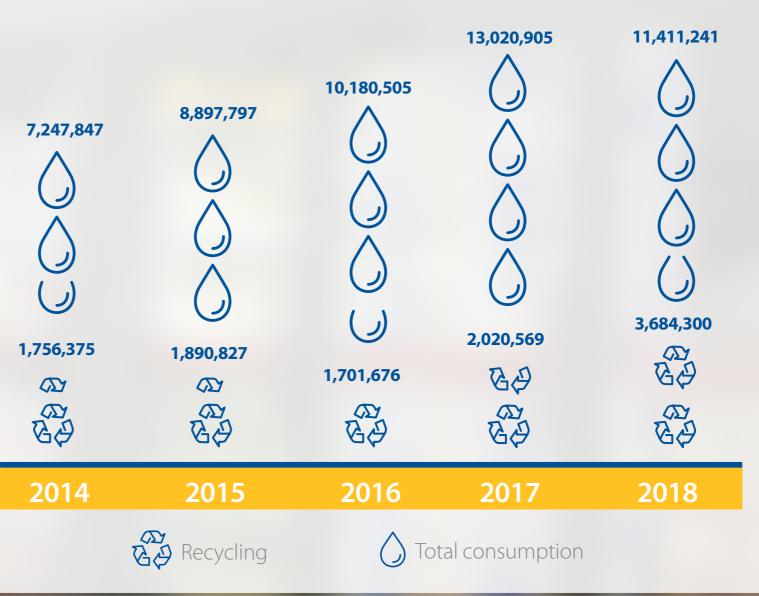
Municipal supply





GRI 303-3, 303-5 Water use

Water use and recycling (m³)





consumption



Water related risks

GRI 102-15

.....• Increase of water costs

Public pressure to use water resources

elsewhere

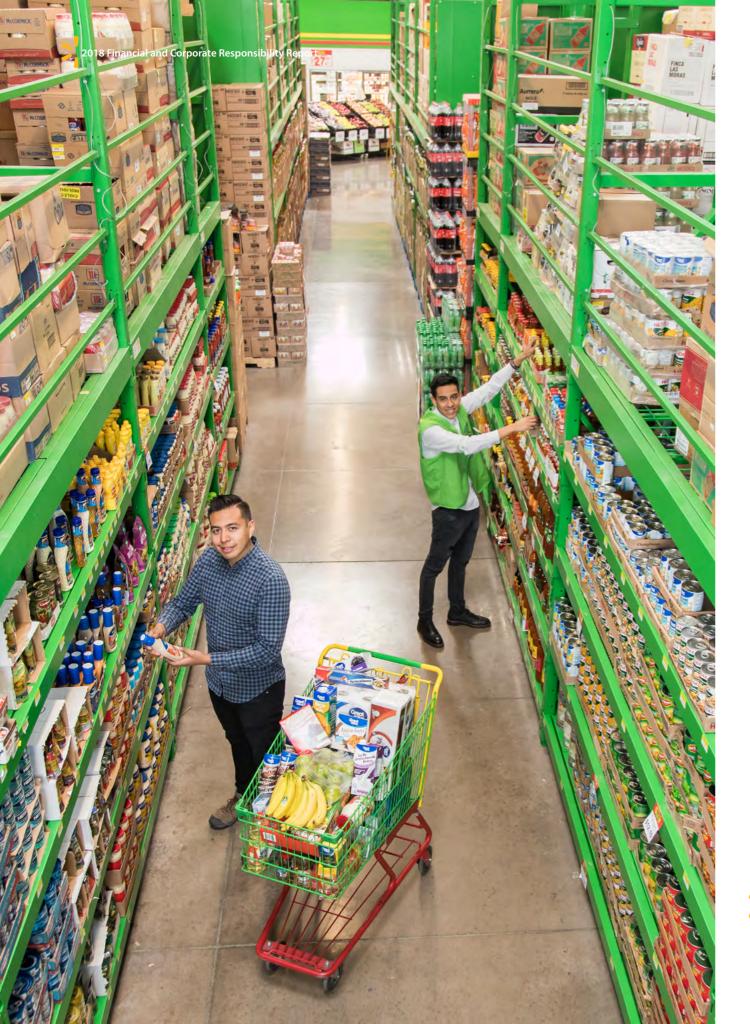
Natural disasters impacting agricultural production

Limited availability of good quality water

> Water quality decrease after lack of right treatment in municipalities

Interruption of agricultural product supply

O Impact on the business



Throughout the year of this report, we requested a group of key suppliers to answer the **Water security questionnaire** of the CDP Supply Chain program, and **146 of them completed it.**

70% of the suppliers have conducted a water risk assessment and integrate their findings in their business procedures, primarily in their direct operations, and secondarily in their supply chain. The supply of organic products increased

2018 Financial and Corporate Responsibility Report

accounting for

of the category in Superama

anco

A more sustainable supply chain

A key challenge the world is facing is to attend in a sustainable way the increasing demand for food and products to meet the needs of a growing population in the region.

We are working with our suppliers and other organizations to promote a more sustainable and affordable food production for our customers, reducing environmental impacts where it makes more sense throughout the life cycle of the products we sell.

We are members of the Global Roundtable for Sustainable Beef, Chapter Mexico, as we're interested in collaboratively driving best practices and achieving a more sustainable transformation in this sector.

We sell free-range eggs

sales increased 13.

in Superama and Walmart stores. During 2018

Zero deforestation

We start the implementation of a **Supply policy** of products made from pulp and paper from **sustainable sources**

米

In Central America, we focus on Our Brands products containing **RSPO** (Roundtable on Sustainable Palm Oil) certified palm oil. We also started devoting our efforts to be supplied with paper or fiber holding the certification of sustainable production by the **FSC** (Forest Stewardship Council), **SFI** (Sustainable Forestry Initiative) or the **PEFC** (Program for Endorsement of Forest Certification) organization.

Sustainable fish and seafood products

38% suppliers evaluated

97% fish farms certified

Assessment of farms and fisheries 10 priority species monitored from 14 fisheries

Assessment in 8 fisheries, 4 presented medium level risks and 2 low level risks 2018 Financial and Corporate Responsibility Report

frutas y verduras



isto para 2011-er



iyas, verdes Versaladas

sustainable certification and free range

Orain

36.6% organic or hydroponic

29.2%

biodegradable and non-pollutant



Orgánico

precios

Orgánio

Orgánico



SIN MADURAR CASI MADURO

カニ カニ カニ



Pimientos Y chiles

12.8% energy and

energy and water savers

4.5% recycled

TODOS

12.5% optimized packaging

122



The mission of the Business Alliance for Sustainability is to contribute to the social development and advancement in Central America by influencing the behavior, use and consumption habits, and purchasing decisions that consumers have towards more sustainable items, and to conduct best environmental sustainability practices aimed at benefiting from the experiences of its members.

Responsible Supply Chain

2018 Financial and Corporate Responsibility Report

GRI 204: 103-1, 103-2, 103-3

49,585 suppliers

in the region

87% of our self-service suppliers are

SMEs in Mexico



of merchandise sold in Mexico is purchased in the country

90%

of the merchandise sold in Central America is

purchased in the region

One of Walmart de México y Centroamérica objectives is to foster a more inclusive supplier base that leads to an economic opportunity for people and their families, while driving economic growth. We promote local productive innovation and development in the region, and are committed to help improve the lives of small producers through better access to the market, the building of skills and training on business vision.

We also believe that our **supply chain** should reflect the diversity of our customers and communities around the world **where we live and work**

Promoting responsible sourcing practices

BRAZO 22

GRI 308: 103-1, 103-2, 103-3, 308-2, 407-1, 408-1, 409-1, 412-1, 412-3, 414-1, 414-2, GRI 407: 103-1, 103-2, 103-3, GRI 408: 103-1, 103-2, 103-3, GRI 409: 103-1, 103-2, 103-3, GRI 412: 103-1, 103-2, 103-3

Walmart is committed to working with suppliers and other stakeholders to make the global value chain more responsible, and the foundation of our Responsible Sourcing program is our **Standards for Suppliers.** Our Standards align to Walmart's basic beliefs of customer service, respect for the individual, striving for excellence and acting with integrity. Suppliers, their facilities and agents are expected to comply with these standards throughout the product value chain.



Among other topics, our Standards for Suppliers require from them

and those who supply to them, to:



2018 Financial and Corporate Responsibility Report

Establishing accountability through **audits and other tools**

Walmar

We use detailed third-party audits to evaluate supply-chain standards, including social, safety and environmental issues. The audits are conducted through a number of internationallyrecognized third-party programs. Audits focus on a variety of issues, including compensation for all hours worked in accordance with law, voluntary labor practices, observance of working-age laws and standards, non- excessive working hours consistent with local laws and regulations, and facility health and safety standards. Suppliers within our audit scope are required to submit audit reports to Walmart and work with their facilities to remediate identified issues. Facilities are typically re-audited on a schedule set by their chosen third-party audit program or based on the severity of issues found. Most of the third-party audit programs assign their own scores or ratings based on the results of the audit, while others operate as certification systems.

Walmart also reviews each audit report submitted by suppliers and assigns it a color rating based on the type and severity of issues found. Walmart's review may lead to a facility receiving a lower rating than it would have received relying on program scoring alone, particularly where there are indicators of forced labor, underage labor or unsafe working conditions. This helps suppliers prioritize remediation efforts and provides Walmart internal teams with a consistent view of value chain performance across audit programs.

All facilities

should be reported and **be available for audits.** If we find a supplier producing merchandise at non-authorized facilities, or outsourcing them, including those facilities that must be reported, have not, **the supplier may be ineligible**

for a business relationship with Walmart.

2018 Financial and Corporate Responsibility Report

Risk-based audit approach

GRI 102-15

Not all of these facilities pose the same degree of potential risks to worker safety and well-being. Using the Worldwide Governance Indicators from the World Bank, we consider factors such as government effectiveness, rule of law, prevalence of corruption, and government stability to assess the likelihood of noncompliance in different countries around the world.

Risk-based auditing allocates more resources to facilities located in countries with greater potential risks; facilities in higher-risk countries are required to submit regular audits, while facilities in lower-risk countries are audited on a sample basis.

Assessments of audit results, particularly in higher-risk geographies, provide us and our suppliers with important information to help address potential issues and make a positive impact for workers and communities.

We believe promoting accountability and continuous improvement throughout our value chain has a positive impact on the communities where we and our suppliers conduct business; for that reason, our continued presence in challenging parts of the world is more likely to address potential risks to worker dignity than would withdrawing our business.

suppliers with active contracts for the markets of Mexico and **Central America**

active facilities that

supply several Walmart

retail markets





Facilities for which **Responsible Sourcing** has found the least severe violations.



Facilities scoring in audits, as **generally compliant with the standards,** but which have failed to meet at least one important requirement.





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Facilities where Responsible Sourcing has found more **serious violations of the standards,** but from wich sourcing will continue to be allowed while the violations are remediated. Three consecutive Orange ratings may result in a Red rating, regardless of whether the facility remains in good standing with the audit program chosen.



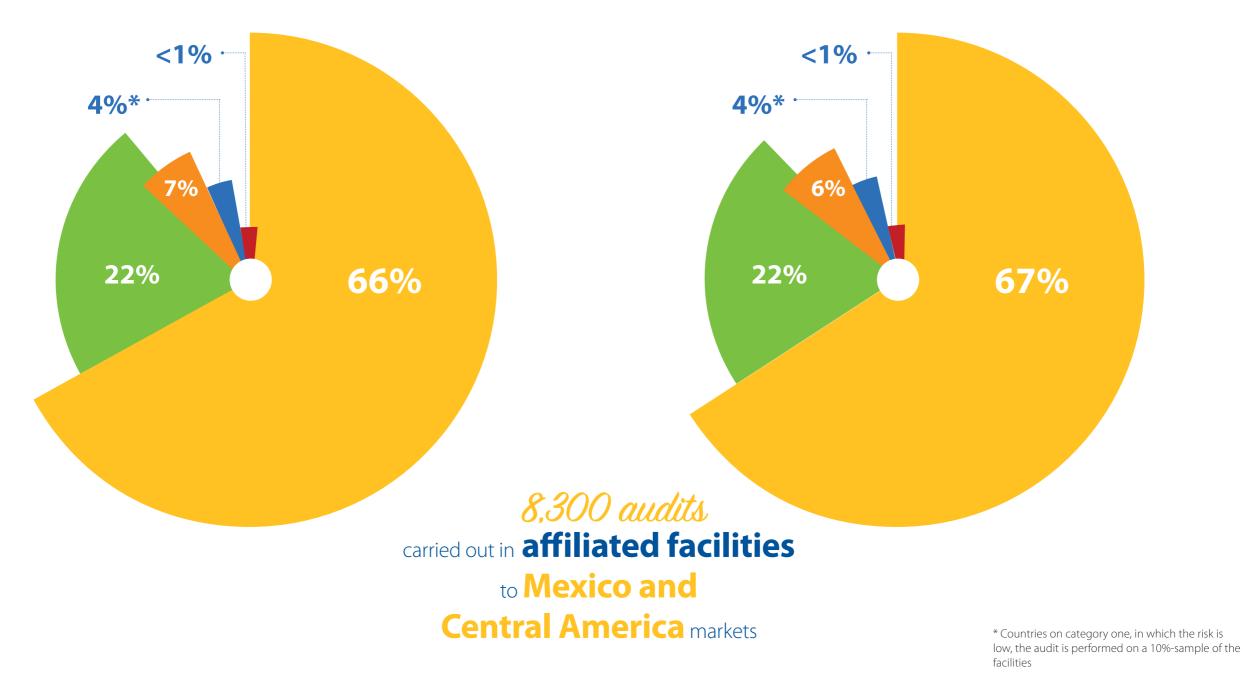
Facilities for which Responsible Sourcing has discovered **violations of a nature** that may make it appropriate to temporarily or permanently terminate the facility's ability to produce merchandise for sale by Walmart. If a facility is given a Red rating, it may be banned from producing goods for Walmart indefinitely or its production may be halted and/or its product refused.





Mexico

Central America



131

Investigation and **engagement**

In addition to monitoring suppliers' facilities through audits, Walmart investigates certain alleged violations of our Standards for Suppliers. Each allegation is reviewed and may be referred to our Responsible Sourcing Investigations team or other compliance teams within Walmart. In addition, we began a new process in 2017 of direct supplier engagement on issues where a formal investigation may not be warranted. This issue-response process typically includes a discussion regarding the allegations, a clarification of expectations, and review, approval, and follow-up with the supplier on a corrective plan.

We believe that staying engaged with suppliers through dialogue and corrective plans can have a more positive impact on workers than simply abandoning the supplier relationship. However, substantiated findings may result in consequences for suppliers, facilities or both, up to and including termination of business relations with Walmart and its subsidiaries.

Empowering workers

We want workers to understand our expectations of suppliers and facility management and to report instances of noncompliance. In 2017, when we reissued our Standards for Suppliers, we provided an updated series of posters that suppliers are required to place in their facilities. <u>The posters</u> <u>were available in several languages</u>, and we will continue to add languages throughout the coming year.

The posters focus primarily on issues of higher risk to workers, including forced labor and trafficking risks, unsafe working conditions, working hours and wages, and intimidation and discrimination. Workers have several options for reporting issues of concern, including those directly related to Walmart.

Providing supplier training and resources

Although responsibility for compliance in the supply chain rests with suppliers, we believe we have the potential to influence the global value chain by leveraging our size and scale. With that in mind, we developed the **Responsible Sourcing Academy Training Portal**, which is publicly accessible through Walmart's corporate website.



provides suppliers and their

facilities with tools and training materials designed

to encourage **continuous and sustainable improvement**

The portal features the following:

Audit guidance

The portal offers information and training to help suppliers understand and comply with Walmart's Responsible Sourcing audit requirements, as well as tools and guidance to help them select the third-party social compliance program that works best for their business.



Global Compliance Guidance Tool

To use this tool, suppliers answer questions about their products including origin and destination—and they receive guidance on compliance requirements to initiate or continue doing business with Walmart. Topics include Responsible Sourcing, Food Safety, Health and Wellness, Product Safety, Factory Capability and Capacity, and Supply Chain Security.



Training information and tools

Walmart maintains a suite of resources that provide suppliers with access to training information and tools from a variety of sources, including Walmart, Walmart's approved third-party audit programs, audit firms and other organizations.

Enabling responsible sourcing

Our merchants play an important role in reinforcing our Standards for Suppliers. For that reason, we developed a multi-pronged strategy to help integrate responsible sourcing in the business to promote responsible-sourcing practices.

Embedding responsible sourcing **in our markets**

Responsible Sourcing business-enablement teams physically sit in our merchandising offices and fulfillment centers to help integrate responsible sourcing in buying decisions. These teams answer merchants' questions, participate with sourcing teams in supplier meetings, and accompany merchants on in-country visits to better explain regional challenges and best practices. Business-enablement associates discuss business trends and emerging risks with merchants and bring business intelligence back into the Responsible Sourcing team to keep the program nimble and relevant to merchandising decisions.

Measuring **performance**

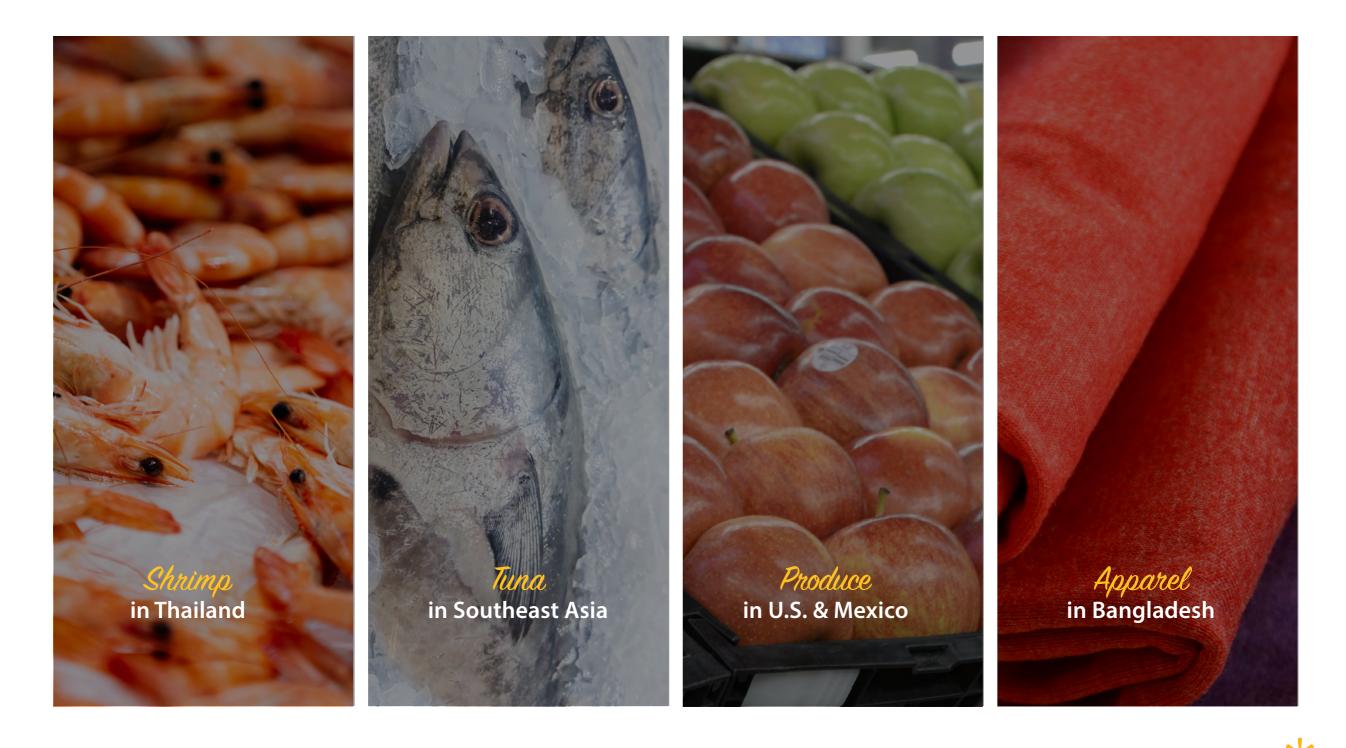
The Responsible Sourcing team developed supply chain health check reports and key performance indicators that measure current facility audit performance, supplier history and facility improvements. Business-enablement teams share these reports with their respective retail-market and fulfillment centers leaders to encourage sustained improvement.

Future plans

for **scorecards** include new views to focus on specific **value chains**







Fish & Seafood collaborations



Workforce, Fish & Seafood

International industry coalition tackling labor abuses in Thai Shrimp supply chains



Sustainable Fisheries Partnership

Improving social and environmental standards for shrimp farmers



International Justice Mission*

Gathering trafficking data to help increase enforcement of existing laws related to trafficking in the Thai fishing industry



Thailand Issara Institute*

Promoting worker voice, creating a worker hotline, providing education and tools to migrant communities and organizations

*Funded by U.S Walmart Foundation

Tuna in **Majuro, Marshall Islands**





Canned tuna

Risks



Sustainable fishing methods

Illegal fishing

• Forced labor

- Human trafficking
- Unsafe working conditions



Collaborations



 Workforce: Tuna and Responsible Recruitment subgroups

US Walmart Foundation
 allowances

Produce in U.S. & Mexico



Potential risks

• Labor abuses at supply chain sites including those out of the scope of import/export restrictions of responsible sourcing

• Supply disruption

• Regulation and enforcement



 δ

Collaborations

- United Fresh and Produce Marketing Association's Joint Committee on Responsible Labor Practices
- Coalition of Immokalee Workers (CIW)

Walmart's goal:

Enhance responsible labor practices in produce supply chains



Joint Committee On Responsible Labor Practices aims to drive industry-wide approaches to improving labor conditions in produce supply

chains down to the farm level



Goals

 Industry alignment on an Statement of Ethics Measurement criteria for development

Apparel in **Bangladesh**

Alliance for Bangladesh Worker Safety (The Alliance)



Multi-stakeholder organization



Worker training



Facility assessments and remediation



The Alliance Impact

As a result of the training on Alliance, workers have shown significant progress in knowing how to identify potential hazards and what to do in the event of an emergency.*

94% of workers would report safety concerns to supervisors

89%

of issues require remediation

6% of workers feel unsafe at work as compared to 25% in previous years

0%

lives lost to fire, structure or electrical incidents**

*Results based on an independent assessment conducted by the University of Texas Health Science Center at Houston

** In factories where Alliance has taken remediation actions



Our work on **Responsible recruitment**

< Our Committment

We will mitigate risk by helping make ethical recruitment the norm for the global supply chain within a decade.

Our Goal

Decreased worker exposure to exploitation, forced labor and trafficking risks.

Leadership Group for Responsible Recruitment

Support the development and adoption of responsible recruitment principles

Employer Pay Principle

2

3

Promote the Employer Pay Principle across the industry

Pilots

Pilot the approach in key regions



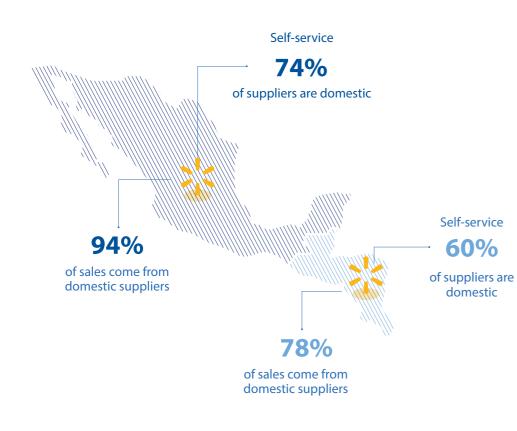
8 DECENT WORK AND ECONOMIC GROWTH

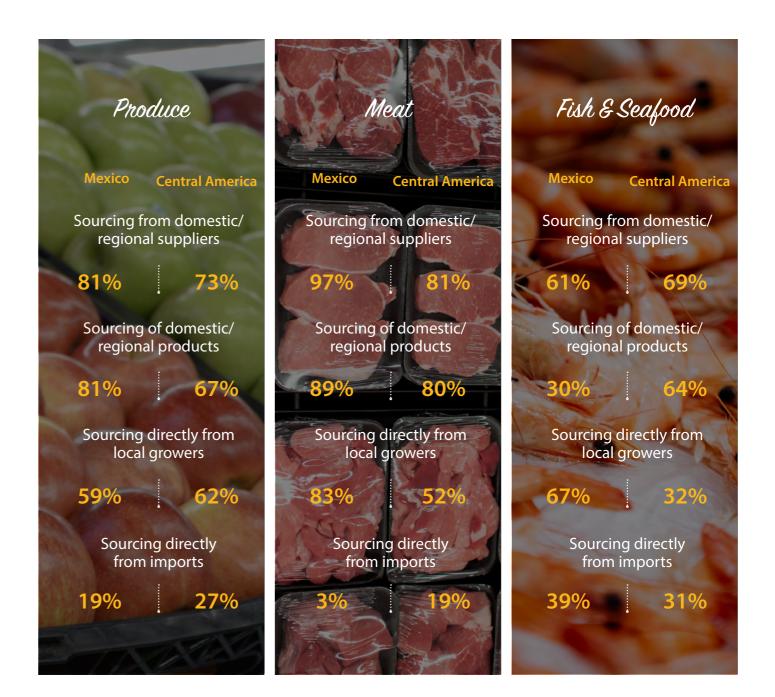
Supply Chain Development

GRI 204-1

Considering that one of our main strengths has to do with our closeness to customers and our local presence, we have become a development channel for suppliers in all countries where we operate, thus we are a sales, income and employment driver in the region.

Direct sourcing from local suppliers of **Our Brands**





We operate different development platforms based on the nature of those producers who are focused on sustainability in order for them to have access as suppliers, permanence and growth in the company, and in other markets.



Our efforts to build a supply chain include the following programs:

Adopt an **SME**

In Mexico and Central America, *Adopta una Pyme* (Adopt an SME) supports a group of SMEs so that they increase their sales and develop operational, financial and logistics capabilities, through the Merchandising and Supplier Development areas. The program contemplates an array of benefits and obligations for the participating suppliers, as well as commitments from responsible areas.

Mexico

Central America

4th generation is made up by 41 SMES

+375 million pesos in sales

41%

growth in sales versus 2017 3rd generation is made up by 96 SMES



Productos Grow at least 50% in sales in 18 months

0

bjective

léxico y Centr

141

Congreso

y Centroam

SMEs are part of the program of the enterprises are led by women APO

Lending a Helping Hand (Una Mano Para Crecer)

In Central America, this program encourages the addition of new small and medium-sized enterprises to our supply chain, with strong focus on female economic empowerment.

Benefits:



Monitoring and follow up on the development of their business

Online managerial training supported by Fundación para el Desarrollo A.C.

Customized attention

In addition, we carried out the second SME Congress, were representatives from several countries participated, highlighting and encouraging the importance of entrepreneurship in the region. We implemented for the second consecutive year the initiative, Llevate a tu casa lo mejor de tu país (take home the best of your country), which promotes our customers knowing, supporting and consuming from SMEs that manufacture goods locally; stamps are used for their identification.

Tierra **Fértil** (Fertile Soil)

te Responsibility Repo

This program supports direct sourcing in Central America benefiting 560 small and middle-sized agribusiness, impacting some 4,023 Central American families.

A fundamental part of the program is the continuous training of producers on Good Agricultural Practices (GAP, BPA in Spanish). In 2018 we trained +3,400 farmers, 27% of whom were females, in order to reduce our environmental impact, improve their productivity, guarantee safety of the goods we buy to increase sales.



95%

farmers are women

representing

7%

of our produce and herb suppliers families benefited



Representing

20%

of produce and grains sold in our stores in Central America



Small **Producer**

4,106 women supported

12,809

producers are being developed

2,352

direct jobs created

We have impacted

producers in 21 states throughout

Mexico

In Mexico, rural areas are not very productive, for this reason, farmers migrate to other cities looking for better opportunities in an effort to earn a living. Agriculture, as a means of living and its potential to produce and generate development, is very limited vis-à-vis the lack of training, funding and information to access markets that can transfer the crop value directly to the farmer in an efficient manner. Some 68% of rural areas in Mexico are in hands of small producers with low productivity, representing 39% of the farming production in the country and suffer from lack of direct access to consumers, which results in less income due to intermediation margins.¹

13% of the workforce belongs to the farming industry - a low share compared to other developing countries. This share has dropped down significantly from 58% in 1950 to 26% in 1991 largely due to the increasing competition from imports (particularly of grains) impacting negatively the income of farmers of those specific crops.²



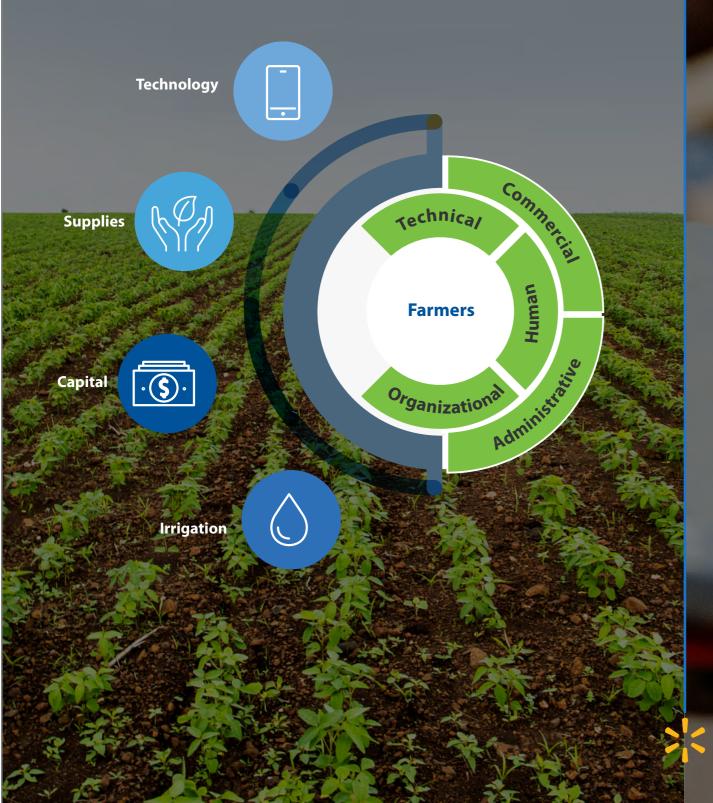
68% of farmland is in the hands of these small farmers



As a consequence, we created a productive inclusion model in 2004 to bring small farmers into contact with buyers, thus eliminating the barriers they face when trying to sell through companies, and paving the way for buyers to get to know small farmers and buy from them. In 2011, we added the agricultural program, which has proven to be a great development driver by integrating market and production focus into productive practices so that farmers can better manage their harvests, improve their agricultural and post-harvest practices, increase sales and revenues, generate jobs and, most importantly, develop those skills and competencies that will lead them to envision their own development to open up to new opportunities in this and other markets, and to grow in consistence with that envisionment.

To participate in these programs, beneficiaries need to comply with specific requirements regarding their socioeconomic status. Small farmers participating in the program have an average income level close to the poverty line and/or have low access to key social rights, such as housing, education, nutrition and social security. 2018 Financial and Corporate Responsibility Report

Small producers development model



Development of strategic skills and necessary tools to drive sales



Assessment of the product potential

Development of a product based on customer needs and good business practices



Manufacturers



Understanding of the market and customers through experience in sales

Knowledge about operating requirements to carry products in stores

Implementation of product requirements in accordanced with standards

Productive inclusion calls for opening the **demand for specific products** in new markets having such commercial

conditions that facilitate their **access and growth**:

Farmers

• Early payment to suppliers (7 days)

Discounts when RPCs are rented

 Subsidy granted on charges when delivering in another distribution center

Presence and counseling from NGOs throughout
 the negotiation and incorporation process

Distribution center visit: quality and packaging equipment before seasons start

 Internal follow up on deliveries to distribution centers

> Personal counseling and follow up by Walmart

PAYMENTS	• Early payment to suppliers (7 days)
DISTRIBUTION CENTERS	• Distribution factor of 0%
	 Training and company and logistics tools
	 Brand, label and packaging development
	Sales promoters
FOLLOW UP	 Counseling on supplier registration, official standards and payments

Management mentoring

Manufacturers

Product price, productivity and Mcome Indrease

sales increase versus 2017

45%

Generation of **1,705** direct jobs

5,035

tons of products delivered weekly on average

Outcome of the farmers' program, **main focus of the model**

Learned abilities, access to information, working capital and better income lead farmers to trusted growth, investment and share in new markets, thus allowing them to prefer those markets that have proved loyal to buying their products and reliable in the formal customers who buy them. With this, they can get the funding needed to invest and grow.

Our company and its allies have had the opportunity to develop new suppliers of top-quality items who meet standards and have high fill rates, growth potential and fresher products for our customers, accounting for a longer shelf life and less shrinkage. We have also had the opportunity to work in a different way, under such business conditions that allows farmers to have working capital, and buyers to participate in the program and become more aware of the social impact their business decisions have and of the potential of the program for development.

Open and continuous dialogue

Having constant dialogs with our suppliers through various channels is key to our company:

- The Supplier Advisory Board was created 10 years ago and is constituted by 13 companies of all sizes in Mexico. We use it as a means to exchange ideas and foster best practices aimed at increasing competitiveness in our companies.
- The supplier survey is an annual, independent assessment tool completed by big, medium and small-sized suppliers. This survey allows for the identification and evaluation of those key areas that help increase company efficiency in getting products to our customers.



Building strong communities

GRI 102-12, 413: 103-1, 103-2, 103-3, 413-1

million beneficiaries impacted in the region



1 NO POVERTY

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17 PARTNERSHIPS FOR THE GOALS

8

144

NGOs partnering with the company to maximize the impact and scope of social programs

+1,261

million pesos were channeled through social impact programs



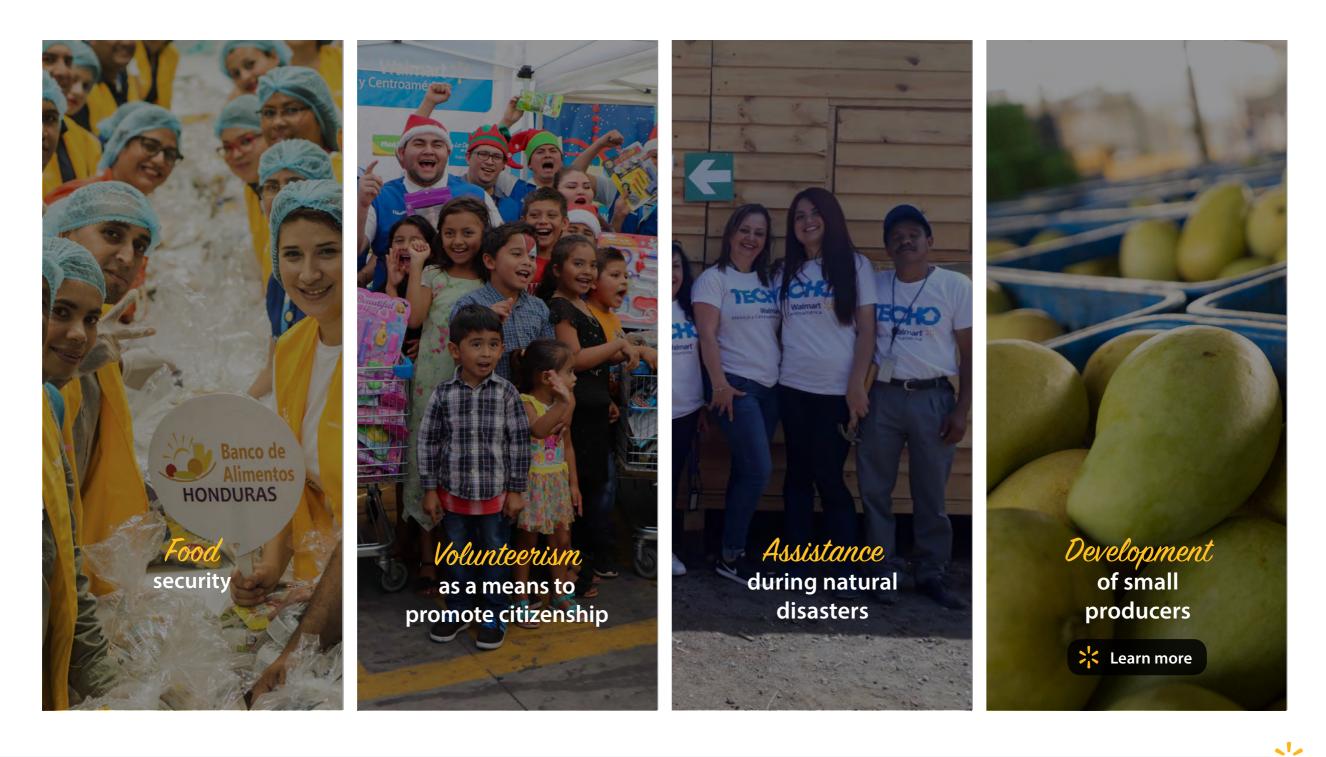
The local communities where our stores, clubs and offices are located and where our customers and associates live are the cornerstone of our business. We support these communities every day by providing our customers with convenient access to affordable food and other products and by providing our associates with good jobs and advancement opportunities. To further support and strengthen these communities, we collaborate with NGOs, draw on our expertise in logistics and enable the engagement of our more than 234,000 associates in the region.

Our associates are residents, neighbors, friends and relatives in thousands of towns around the world. We aim to strengthen the communities we serve, not only by providing products, services and jobs through our retail business, but also by facilitating associate volunteerism, local donations through stores and customers, and support for strategic diversity and inclusion initiatives. We believe that strengthening local communities creates a virtuous circle of value for business, as well as society.

The local communities where our **stores, clubs and offices are located**, and where our customers and associates live are the **Cornerstone** of our business.



Our community **SUPPORT Program** is focused on **four pillars:**





Banco de

HONDURAS

Alimentos

2 ZERO HUNGER

Food security

We are working together strengthening and extending the food banks system. We donated food and merchandise not fit for sale but fit for human consumption from our stores, clubs, offices and distribution centers.

More than 34,000 tons of food donated to 112 food banks serving over 1,150,000 people in the region

We fight hunger and are determined to help families who need ready access to nutritious food. To achieve long-term impact, we aim at changing the whole system.

The charitable food network is only as strong as its infrastructure. We have provided funds for equipment, trucks and expertise to help organizations, on the front lines of charitable food provision, extend their reach and impact.

Food Bank support



In Nicaragua, we donated more than 961,000 pesos to Fundación Mana to strengthen the food bank. This amount was used to buy a truck with carrying capacity of up to 3.5 tons, a refrigerated trailer lined with heat insulator, and a compressor to be used when carrying both dry and refrigerated products for donation purposes. Equally, in El Salvador we donated 961,000 pesos to Asociación Civil Alimentos Solidario to improve the components of the supply chain of the Food Bank. The funds were used to enhance its infrastructure, equipment and technological capabilities.

We also contributed to food security in communities living in food poverty by driving the building of vegetable gardens, farms and rainwater catchment systems. This program fosters sustainable nutrition, increases in available income, and empowerment of women; and helps build a development platform for production capabilities.

1,211 backyard gardens 297 water

water systems

dry latrines ecological stoves

Volunteerism

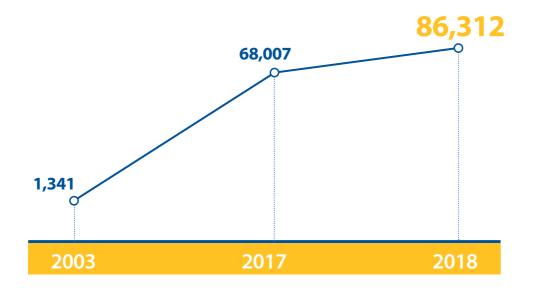
In Mexico, it all began in 2003, when Walmart de México Foundation started operating under the main basis of associates volunteering their work. The time and talent they have devoted have built one of the biggest corporate volunteer programs in the country, with a solid structure that allows for each store, office, club and distribution center to build participation opportunities for all associates.

In Mexico, over 1,180,000 associates joined for

volunteer activities in

-:: 15 years

Number of volunteers





In Central America, we carried out a regional SME volunteer activity attended by 137 SMEs currently part of the Lending a Helping Hand program. With the support of 130 field associates, we offered talks and consultation meetings about legal, tax and business issues, in addition we conducted reviews to participating SMEs to help them identify areas of opportunity and put in place an action plan.

Central America

7,093

volunteer participations

9

activities carried out to improve public spaces of the communities The volunteer program provides the chance for associates to participate in community support activities, whereby their talent and time can contribute towards projects to improve the community and the environment.

In Mexico, we devoted our efforts to four regional volunteer activities on environmental care, SMEs support, nutrition events and our *Haz Magia* (Do Magic) program. In the latter, we donate toys to children in poverty.

Mexico

86,312 –

volunteer participations from customers and their families

12,643

- 73,669 from of associates

2,101

activities carried out to improve public spaces of the communities

Assistance during natural disasters

Over the past year, many of the communities in which we operate were victims of disasters such as earthquakes, floods and hurricanes that swept across the region; in every case, Walmart de México y Centroamérica responded quickly to help local communities that were hit the hardest.

In times of disaster, we made alliances with companies, civil society organizations and government agencies so as to take humanitarian aid where it was required and thus multiply efforts hand in hand with our associates, customers and community members.

Due to the company's infrastructure, the Mexican Red Cross capacity, and the humanitarian aid revolving funds, we were always able to respond in record time.

61.2 tons of products channeled from Mexico to help victims of disasters



2018 Financial and Corporate Responsibility Report

22,260 beneficiaries

Volentariad



Volcano eruption

Coahuila

Heavy rains in Torreón

Sinaloa

Estado de México

22 tons, benefiting8,400 people on average

11 tons, benefiting 4,200

people on average

3.3 tons benefiting 1,260 people

on average

Im

Floods due to heavy rain

• 2.9 tons

Overflow of the Río Lerma

Storm Willa

22 tons benefiting8,400 people on average

48 collection centers enabled

< Sinaloa and Nayarit ...



In Guatemala, through our Friendly Hands program, we were in a position to respond immediately by donating food and personal hygiene products to the Coordinadora Nacional para la Reducción de Desastres (National Coordinator for the Reduction of Disasters) to help the victims of Fuego volcano's eruption.

We donated +192,000 pesos to TECHO Guatemala for the construction of 50 temporary housing modules that benefitted the victims of such eruption.

15.3 million pesos channeled to 2,641 associates who suffered damages in their houses.

Building works in alliance with TECHO ->:< and country associates 2018 Financial and Corporate Responsibility Report



Ethics and **Compliance**

México y Centroamérica



Ethics and **Compliance**

Walmart de México y Centroamérica is committed to acting with integrity in everything we do. It is a fundamental part of who we are and the foundations over which we build our success.

For several years, Walmart has published a summary of our efforts to build and refine our ethics and compliance program.

This past year we've made particular progress in:



Our efforts to further improve the **safety** of our operations



To implement **innovative technologies** in our business



NARANJA PARA JUGO POR KILO

To reduce our corruption risks

To enable the growth of our eCommerce businesses

We have a dynamic and effective Ethics and Compliance program designed to prevent, detect, and act on any noncompliance regarding legislation in-force and internal policies and procedures. This program establishes the guidelines that each and every associate must follow to act correctly and in keeping with the values and fundamental principles of the company, with the main purpose to be the most trusted omnichannel chain for our stakeholders.

Since 2014,

we have a CECO – **Chief Ethics & Compliance Officer** – for Mexico and Central America who oversees a dedicated team **made up of over 350 associates in charge** of each of the 14 different areas, ranging from **anti-corruption to food safety**

To provide the relevant expertise in each subject area, we designated 14 Global Subject Matter Leaders and installed Subject Matter Experts for each of the 14 risk areas in each retail market. These Subject Matter Leaders and Subject Matter Experts work together to identify and coordinate common standards and procedures, share best practices, provide training, monitoring, and support in their subjects. They report to their respective CECOs in each business unit.

in response to a **variety of guidelines** provided by governments

and private agencies, we developed **Six basic building** blocks of our unified program:

> . Leadership

Risk assessment

Standards and controls

Awareness

2018 Financial and Corporate Responsibility Report

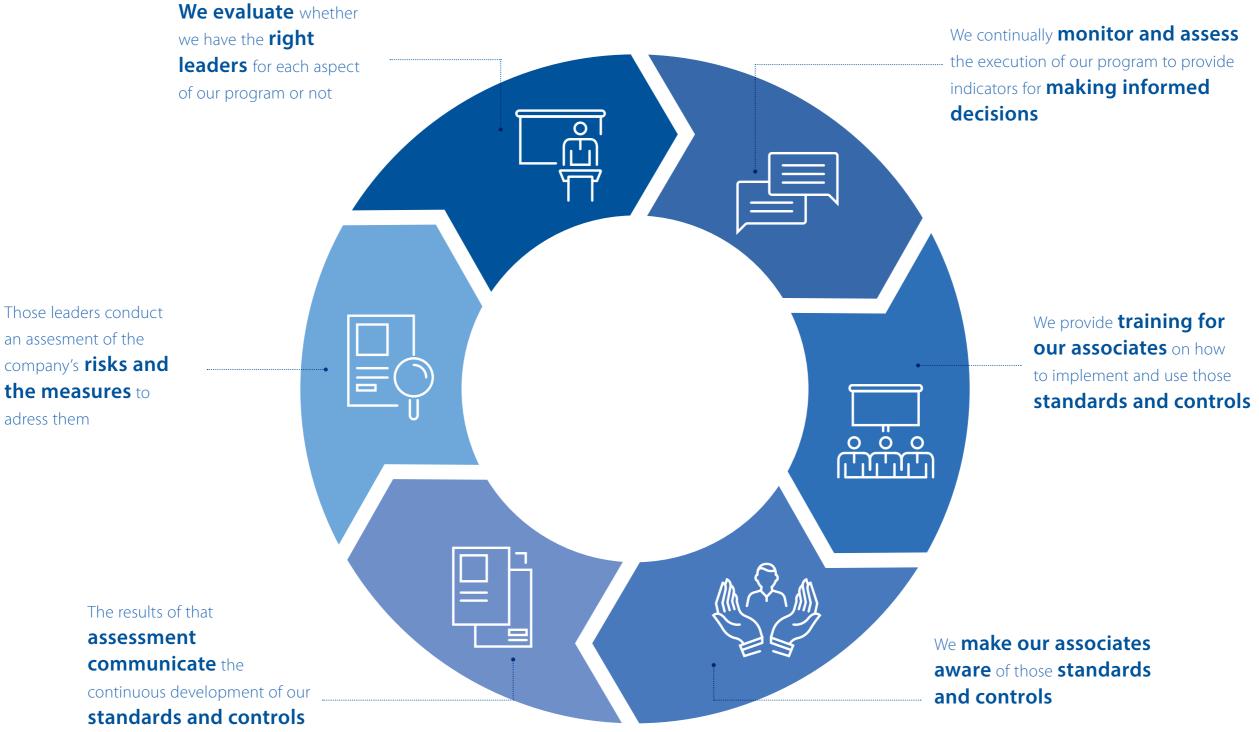
Training

Monitoring and response

This process keeps our Ethics & Compliance program agile and responsive as our business and the external environment change.

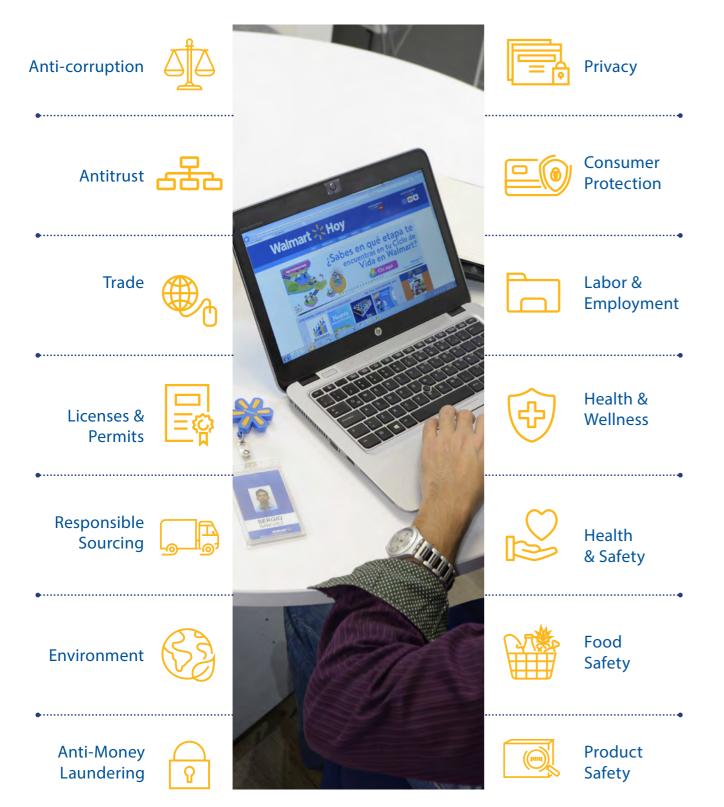


These six **building blocks** work together in a cycle that we **repeat each year**





The Ethics and Compliance program comprises 14 areas:







Through your ethical behavior and willingness to speak up for the highest standards, keep the trust of our customers, each other and our local communities. We believe in Everyday Low Cost and Everyday Low Prices, but only if accomplished through our everyday integrity.

 Our <u>Statement of Ethics</u> is the guide to exemplifying integrity as a Walmart associate, it's a daily resource for making honest, fair and objective decisions while operating in compliance with all laws and our policies. This Statement of Ethics applies to all associates at every level of our organization around the world and all Board and Committee members. Walmart expects all suppliers, consultants and contractors to act right and in a consistent manner. Throughout their careers with the company, our associates are provided with different resources to help them succeed and to promote and recognize ethical choices. RUTA DE EVI

Annual training

to 100% of our

associates

These resources include:

WalmartEthics.com

nart

In 2018, we conducted training courses on our Statement of Ethics for over 94,470 hours, for our field and staff associates, who completed them by 94% and 98% in Mexico, and 95% and 93% in Central America, respectively.

GRI 410-1,412-2

This website is available in 14 languages and accessible globally. It provides a platform where stakeholders can ask questions, read our Statement of Ethics, submit ethical concerns and follow up on previously reported concerns.



Integrity in Action

Award



+94,470 hours in Statement of Ethics training



We are committed to maintaining a work atmosphere that encourages our associates to voice any concerns regarding possible violations of our Statement of Ethics, and any kind of retaliation against any associate who presents such concerns is strictly prohibited. Reports can be made through various ways:

- **Open Door Communication** is the most direct way to voice any situation to a leader through open communication.
- The Global Ethics Help Line. We have local telephone numbers available that any person can dial to ask questions or concerns 24/7. This help line is fitted to serve in the local languages of all the markets where we operate, and is serviced by a non-Walmart affiliated company.







Conflict of interest



Wages and schedules

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Failure to report

*

Harassment

*

Compliance

Anti-corruption

The anti-corruption program strives to assist the company to achieve the highest standards of integrity in our business, while also serving as benchmark for the global business marketplace. Walmart's anti-corruption program includes:





Global anti-corruption policy and procedures

Our policy prohibits offering, giving, or receiving anything of value to gain an improper benefit for the company. Our procedures address several anti-corruption risk areas, including third-party due diligence, business expenditures, donations and sponsorships, licenses and permits, property acquisitions or lease, government inspections, record keeping, as well as how to report allegations.

Training and communications GRI 205-2

Our anti-corruption policies and procedures are communicated to all of our associates. Also, anti-corruption classroom and online training was provided to 59% of our associates. All of our suppliers receive communication and training on anti-corruption policies, and 723 of them took the training again or for the first time in the year. Anticorruption training is valid for two years. In 2018, we trained 135,573 associates on anti-corruption. This kind of training is offered to the Board of Directors once a year.

Monitoring and assessment

We conduct an annual risk assessment to identify risks and allocate program resources accordingly. Our continuous improvement team regularly assesses and enhances the program's implementation, providing timely feedback and enabling early identification and remediation of issues. In addition, the Global Internal Audit team performs periodic, independent audits of our program.

Third-party due diligence

We use a customized electronic system to screen for and conduct due diligence on third-party intermediaries who seek to represent us. Our contracts with third-party intermediaries require them to commit to following our anti-corruption policy. Said process should be renewed at least every other year. Once approved, the supplier receives training on the Anti-corruption Policy to ensure his awareness and his adherence to it throughout the duration of his commercial relationship with Walmart. In 2018, 984 suppliers completed their anti-corruption training, or took it again.

Audits of third-party intermediaries

Each year, we proactively audit a sample of our third-party partners based on several factors, including the risks associated with the region where they operate and the type of service that they provide. This process allows us to examine the way that third-parties respond to our anticorruption program and identify areas where we can continue to improve our training and controls.

Health and Safety

GRI 403-7



Our vision: Be the safest place to shop and work, through our initiative Zero-Accident Mission



186,007 trained associates in Health and Safety

We employ over 234,000 associates and serve millions of customers and members and want all of them to go home safely at the end of the day. Our objective is safety for our associates, customers and operation-related third parties. We implemented new ways of gathering and analyzing safety data.

This achievement has been possible by launching strategies that allow for higher safety conditions in operations, both for associates and customers, and reinforcing controls for safe actions and behaviors. We have SiRI (Incident Report System), a tool we use to design preventative programs aimed at having a zero-accident Walmart.



Other examples are how we have had guards and safety devices reengineered for production equipment. Paying attention to the higher links of our value chain, we have transferred the work of cutting meat on the bone from our stores to the meat plant, so that every day more units get rid of electric saws from our meat departments.

GRI 403-8

Another strategy is constant training for associates, and the creation of brigades all across our company, who participate in constant exercises and general drills in their work areas, such as the Active Breaks in our offices. Also, 100% of associates are represented by a Health and Safety Committee.

In Mexico, we have achieved the reduction of fire outbreaks started from internal causes by over 10% year on year, meaning a 27.5% reduction of fire risk within the last three years.

In Central America, we implemented the Zero Accident Mission initiative, following the behavior-based safety trend. This initiative looks to generate free-accident environments from observation and correction of unsafe behaviors, mainly focusing on the six main causes of accidents in the region.

We have been able to *significantly decrease* associate and customer *accidents*





In Central America, the Accident Prevention Program for Dangerous Works is used in the region to prevent falls during height works, and was expanded this year to the four kinds of dangerous works that we have identified as the most common in our operations. With this, we reinforced the training provided to 193 suppliers and associates on safety expectations for hot, electrical, height and confined space works.

Our operations in Costa Rica had a successful participation in the Benefit of Standardization of the Occupational Risks Management System program, which aims to recognize those companies that have implemented an Occupational Risk Management System to guarantee the total compliance with applicable laws in the country and best practices to prevent and decrease accidents. Under this process, Walmart Costa Rica obtained the standardization of the Human Safety Management System.

The commitment of Walmart de México y Centroamérica and its associates to being the safest omnichannel chain is constant in our daily operations. While these results are encouraging, we continue focusing on safety of our associates and customers.

Food Safety

Our customers are **increasingly interested** in knowing the origin, contents and **manufacture of the products they buy.**

Our mission is to offer our customers affordable prices and, at the same time, continuously raise the bar for food quality and safety. Thus, we have the following programs in place:

We evaluate **100%** of

Our Brands products

Food Fraud

This program is in place at receiving areas of distribution centers, and stores to make sure that the products that we merchandise match the specifications on Our Brands packages. This program includes a risk matrix per kind of product, and any discrepancy will trigger an action based on the risk level.

Analysis with certified external laboratories

- •75 analysis for the identification of species in meat raw material and ready-to-eat food.
- **47** analysis to verify integrity of ingredients in Our Brand products (honey, milk, olive oil, 100% natural juices and coffee).

Certificate validation of 364 organic products.

• **Certificate validation for alcoholic** beverages of 127 products (tequila/mezcal).

*

High Five

program

Keep it cold, keep it hot

Cook it and cool it

Keep clean, keep healthy

Avoid cross-contamination

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Wash, rinse and sanitize

These principles are evaluated in our stores on a monthly basis through a system based on regular measurements and monitoring.

Comprehensive Pest Control

This program is in place in stores, distribution centers and offices in Mexico and includes crawling insect, bird and fly controls to avoid any risk of contamination throughout the supply chain, and indicators to regularly measure compliance and to follow up on those geographical areas considered as top risk after their flora and fauna.

GFSI (Global Food Safety

Initiative) program

This programs contains various recognized certification systems, such as the following:

 BRC Global 	• IFS
Standards	• Primus
• FSSC22000	- GRMS
• SQF	• Global Gap

We're members of the GFSI's Local Group in Mexico, and all of our suppliers for Our Brands are required to get certified under FGSI's parameters within a reasonable period. Additional to this, our meat plant in Cuautitlán has earned the SQF Level 2 Certification, which was renewed in June, 2018.

In Central America, we created a training plan for suppliers not having a GFSI certification that includes free workshops on issues that require strengthening capabilities so as to be able to be eligible for such certification. In 2018, 50 small, medium and big-size suppliers participated, representing an investment of over 5.6 million pesos.



105



This initiative focuses on relevant issues such as housekeeping, cold chain control, pest control, and best practices to store products and turn them over properly. This has allowed for our distribution centers in Central America to comply with operating pest audits, and to improve the control of operating processes.

Spark Program

This is an electronic system that helps with temperature taking at the point of sale to make sure that fresh products keep the proper temperature, and thus avoid microbial food spoilage of the items that we sell, and the resulting foodborne disease outbreaks.





6 Jul 8



Our Brands, Food-Mexico GRI 416-1	
Suppliers	245
Facilities	279
Audits	279
Good Practices Global Markets	б
Global Food Safety Initiative Certification (GFSI)	273
% certified facilities	97.8%
Storage and distribution best practice audit to perishable distribution centers and redistribution centers	19
Unnanounced store audits of Food Safety	28,269





Environmental

The Environmental Compliance area aguarantes the company complies with applicable regulations throughout all business operations, from the prospecting, design and building of new units, to running them.

In this regard, the necessary controls to meet environmental impact, hazardous and non-hazardous waste generation, wastewater quality, and air emission obligations have been designed and implemented. In alignment with the company's digitization strategy, last year we implemented ENVIANCE, a system used to follow up on regulatory obligations of environmental programs, and on equipment and facilities that are relevant for applicable regulation compliance.

We also worked to improve authorized collection services to make sure of waste correct disposal, and to set up stricter controls aimed at improving the quality of wastewater in hydro-sanitary installations.

G<mark>R</mark>I 304-1

In 2018, we had a protected natural areas project in Mexico for Mi Bodega Aurrera Jalpan (impacted area: 0.005355 km2), and a protected species project for Mi Bodega Aurrera Nanacamilpa (impacted area: 0.002924 km²).

111

Privacy GRI 418-1

The Privacy program aims to comply with every applicable law and regulation regarding personal data protection, including Walmart internal policies and procedures. We encourage responsible treatment of associate, customer, member and supplier personal data, through policies, procedures and guidelines governing the protection processing of the personal information we handle in our day to day operations.

We are transparent in communicating in our privacy notices the use we can give to our customer, member, associate and supplier personal information, and how we protect it.

We have mechanisms available so that **personal data Owners** make informed decisions on its use, as well as the means used to exercise their **rights**

of access, rectification, cancellation and objection (ARCO rights)

We have been assigned with managerial responsibility in relation to personal data protection, where leaders from different areas are part of a Privacy Committee and meet on a quarterly basis. Such Committee gives us support for the socialization and awareness of the program within their areas, including important decision making processes.

We have official channels so that our associates and third parties can report any personal information leak enabling us to take actions to protect it; we also have in place protocols to react in a fast and efficient manner when facing personal data leaks including an Incident Response Committee in office, made up by representatives from different key areas of the organization.

We have not received claims on privacy violation matters and/or the improper release of customer data.



Anti-money Laundering Prevention

At Walmart Mexico we are committed to complying with all applicable Laws and Regulations to prevent, detect and fight Money Laundering.

We have policies, procedures, guidelines and controls in place in order to prevent and detect any event or transaction involving illegal origin resources and prevent criminal organizations from using the company as a means to commit this crime.

We have technological tools, which enable monitoring, analysis and report of potential unusual transactions, based on risk. We train our associates so that they learn how to identify and report warning signs regarding potential transactions with illegal origin resources. In addition, we also have official channels for associates and thrid parties to report unusual activities; we keep track of our financial services to prevent and detect transactions with illegal origin resources.

Representatives of different areas are part of an Anti-Money Laundering Committee that meets on a bimonthly basis to get visibility of the main risks in this regard and make mitigation decisions.

Licenses and Permits

The GLM (Global License Management System) manages the over 20,000 licenses needed to build and operate our units; this allows us to reduce expiration risks, enables end-to-end traceability of a license, including applications and payment monitoring of fees for handling such applications.

There are standard procedures that support the License and Permit Compliance Area from the moment the location process of a new site starts, when an expert evaluates license feasibility before a new project is approved in order to control the risk of low-feasibility projects. Likewise, for a new construction and operation project, a License and Permit Committee, made up by experts different from those who manage the process, analyzes all the documents required and assesses if the project is released or not.

One of the most important strategies for the 2018 Growth Plan was the implementation of Fast Track BAE units, Walmart adapts to the commercial space and not the other way around, and that means adapting already constructed buildings which results in, at least, 50% time reduction in the securement of license processes.



Product Safety

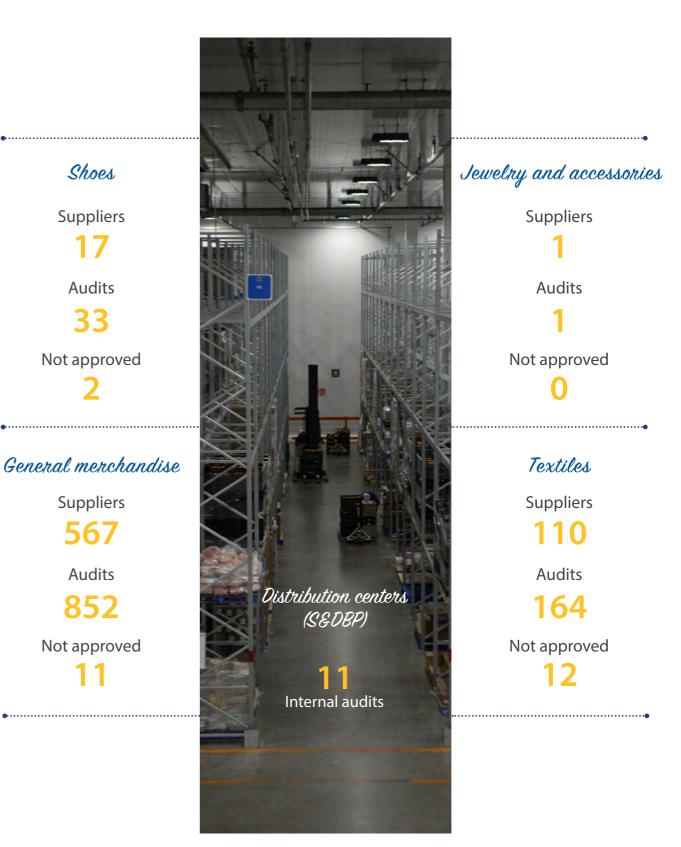
Our goal is to comply with the safety and regulations for products, cosmetics, consumables, apparel, footwear and general merchandise sold by the company, in order to ensure product safety for our customers.

We have a monitoring protocol in place for high-risk products in our stores and clubs. We require certifications for high-risk items in our stores and clubs. Similarly, we have different protocols for safety and quality checks of textile products, for complaint tracking and control, and if necessary, for product recall in our stores and clubs.

We ensure the quality and adherence to the regulations of the clothing and linen categories sold in different formats of the company through laboratory tests and inspections at source, distribution centers or stores.

These actions allow us to train suppliers in quality control issues, establish compliance indicators to measure their behavior in each delivery, and prepare improvement plans.

We evaluate all of Our Brands products GRI 416-1





Labor and Employment GRI 401: 103-2

Our goal is to provide our associates with all rights provided by labor regulations regarding wages and compensations; benefits; and fair, egalitarian and inclusive treatment. We pursue this goal in order to generate a positive labor environment and be a company that respects the rights of all our associates and third parties in our workplaces.

For this end, we have permanent campaigns in all our units to ensure payment of overtime work, and respect to breaks and schedules, to avoid and prevent harassment, and to have internal regulations for promoters.

Trade

This program aims at ensuring the compliance with all requirements of foreign trade regulations regarding imports and exports of the company in order to guarantee securement of permits and certifications, and payment of taxes stemming from any foreign trade transaction.

Likewise, our program is focused on guaranteeing that our company does not do business nor commercialize products from countries sanctioned by the OFAC (Office of Foreign Assets Control).

To ensure this does not happen, we have a specific program for imports, we digitally add products, identifying the country of origin, and we also have a monitoring protocol for exports and customs agents. We were awarded with the AEO (Authorized Economic Operator) certification granted by the SAT (Mexican Income Revenue System), and became the first company in this sector to obtain this distinction. Such certification is aimed at strengthening the security of foreign trade logistics chains in companies, by implementing internationally approved minimum standards in terms of security. This recognition of the authorities positioned our company as a reliable importer, because it has an internal control system strong enough so as to guarantee that merchandise is safely and transparently imported.

Antitrust

We comply with the Mexican Antitrust Commission Law by establishing controls to avoid antitrust practices or behaviors, thus guaranteeing the best value proposition to our customers and members alike.

As part of our main controls to achieve this purpose, we have put in place guidelines and rules of behavior, as well as campaigns for Merchandising areas to ensure that negotiations and/or any other kind of contact with suppliers or competitors comply with regulations regarding antitrust issues.

GRI 206-1

As a result of the aforementioned, we have not incurred in antitrust practices or against free competition.

Consumer Protection

This program seeks to ensure that our customers and members receive clear and proper information regarding the goods we carry, in order to contribute to the best shopping decision process through controls that guarantee promotions, prices, labeling and features of our goods. In order to accomplish this, we conduct an exhaustive yearly communication and training program for our store, club and staff associates in charge of developing advertising or promotions, so as to make sure that they're clear, accurate, and in adherence to the requirements of the applicable regulation.

This includes specific rules per category of products having specific standards, such as alcoholic beverages, cigarettes, baby formula and medicine. Also, we trained new and transferred associates, and Merchandising and Replenishment trainees, on key issues on consumer protection that are relevant for their jobs, such as prices, promotions, labeling and supply. Consumer Protection has a communication program available for staff and field associates to constantly reinforce rules and best practices and thus avoid penalties from the government and assure satisfied customers.

We have put in place a scale calibration program in all our stores, as well as product return procedures, with the purpose of complying with applicable laws, and generating satisfactory shopping experiences.

We have implemented a Trust and Safety program for our eCommerce platforms in order to verify that product information is correct and avoid selling products prohibited by applicable regulations or internal company policies, such as offensive products (discriminatory ones or with inappropriate language).

Walmart de México y Centroamérica's Statement **on Human Rights** GRI 412: 103-1, 103-2, 103-3, 412-1

Our business and values

The purpose of Walmart de México y Centroamérica is to save people money and help them live better. We achieve our purpose through our associates, and recognize that they make the difference. Through our business, we provide customers with convenient access to affordable products and services, contribute to the communities that we serve, create career opportunities, and provide opportunities for suppliers to grow their businesses that, in turn, employ others.

Walmart de México y Centroamérica respects human rights, and our work is guided by our values:

Service to our customers

Respect for the individual

Strive for excellence

Act with integrity

We engage in diverse business activities across the globe, with more than two million full-time and part-time associates from a variety of ethnicities, orientations, backgrounds and life experiences. Our associates are also members of thousands of local communities around the world. We endeavor to act in an ethical and responsible manner and have policies and procedures in place, which guide our decisions and behaviors.

Our associate base is large, our supply chain includes thousands of suppliers and we serve millions of customers in communities around the world through our store and online presence. We are mindful that many adverse human rights risks are complex and can be the result of systemic issues, making it challenging for any single organization to have an impact. When it comes to addressing these human rights issues, we seek to go beyond our own policies and procedures by working collaboratively with other stakeholders to inform our approach and identify root causes; sharing our work with others; and using our leverage to help drive positive change.

We identify our salient human right priorities based on the relevance to our company purpose, key categories and markets; the scale and severity of the potential human rights risks; and the company capability to make the difference. Our response to human rights issues is informed by international instruments including, but not limited to, the United Nations Universal Declaration of Human Rights, the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights. We have also taken into consideration input from relevant internal and external stakeholders and experts.

This statement describes Walmart's approach to human rights in all aspects of our operations globally, including all associates at all levels of the organization.



Governments have the responsibility to protect and uphold human rights of their citizens. Walmart respects those human rights and complies with the laws of the countries where we operate. We expect our associates, suppliers, contractors and others within our sphere of influence to act accordingly.

We respect the basic rights of workers as those rights are defined under applicable law in the countries where we operate and from which we source the products we sell. Those basic rights include freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced labor, the effective abolition of underage labor and the elimination of discrimination in respect to employment and occupation.



Service to the Customer

Our customers are the reason we are in business. We strive to meet and exceed their expectations by providing safer, more affordable, more accessible, healthier and more sustainable goods and services.

Respect for the Individual

We believe in treating all people with respect, whether they are co-workers, suppliers, customers or any person doing business with us. This means treating one another with fairness and dignity in all our interactions in the workplace and as members of society. We also seek and embrace differences in people, ideas and experiences.

We recognize there are different views about freedom of association. Our view is, consistent with applicable law; Walmart de México y Centroamérica respects the rights of associates to join, form or not an employee association or trade union of their choice without interference. Associates should exercise these rights in an informed manner, based on a thoughtful consideration and available information. In the exercise of these rights, we believe in the free exchange of ideas, opinions and information, provided there is no interference.

Strive for Excellence

Sam Walton, founder of Walmart, wanted his company to be a force for good, so we seek to use our scale, capabilities and influence to help people and surrounding communities. This spirit is an important component for how we engage on human rights topics to drive meaningful change. We find this approach not only mitigates risk—it can also generate significant, lasting value for our business and for society.

Act with Integrity

Acting with integrity guides how we approach our work on human rights. To implement this work, we:

- Assess, on an ongoing basis, potential adverse human rights impacts, the severity of the potential impact, and the relevant processes in place;
- Integrate relevant findings into policies and procedures, based on assessments;
- Track progress as part of Walmart de México y Centroamérica efforts to continuously improve;
- Communicate with relevant internal and external stakeholders to help shape and inform our work and priorities; and
- Adjust our human rights priorities, as needed.

While there exist a variety of mechanisms—including those offered by governments—to raise and address actual or perceived human rights concerns, Walmart de México y Centroamérica also has developed its own grievance mechanisms to enable workers, customers, workers in the supply chain, communities where we operate and other stakeholders to be heard and be given proper consideration. These mechanisms include, but are not limited to, our **anonymous ethics hotlines** and our longstanding Open Door Communications Policy for associates, and the internal structures that support resolution of each issue raised. We encourage stakeholders to raise their concerns and to report activities they suspect may contravene the values and positions we express in this statement or any Walmart policy. We will not retaliate against any party for raising concerns in good faith.

We seek to be transparent about our human rights efforts and we periodically provide additional details and priorities, through our **Global Responsibility Report** or similar means. The work is overseen by company executives, led by cross-functional teams, relying upon existing or new standards, programs, practices, training and reports.



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Our <u>Statement of Ethics</u> articulates how we promote our culture of integrity across the company, which is the foundation of our approach to human rights. Our work to address social issues in the supply chain of goods for resale is based on our <u>Standards for</u> <u>Suppliers</u>. Our <u>Diversity & Inclusion</u> website lays out how we build an inclusive workplace culture where every associate feels empowered to bring their authentic selves to work every day.

Walmart de México y Centroamérica abides by this Statement on Human Rights, strengthening its commitment to doing the right thing and to acting with integrity in everything we do. This is the foundation of what we are and on which we build our success.

Corporate Governance la calidad México y Centroa de vida de las familias en México y Centroamérica

185



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



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%.
- 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.

Attendance averaged 85%.

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

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

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 responsabilities

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

Establishing a long-

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

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

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Assessing the

effectiveness of Corporate Responsibility initiatives and the implementation progress.

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.

At Walmart

de México y Centroamérica **We Work** to guarentee 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 and internal risk **Economic** Financial markets, factors are taken into unemployment, mergers & account, such as: acquisitions Political Government/policy changes, laws and regulations **Environmental** Natural disasters such as hurricanes, earthquakes, Estamos global warming trabajando todos iuntos. **Technological** ese es e **Emerging technologies** secreto that represent competitive advantage/disadvantage Social Shifts in demographics or social behaviors Competition Financial condition and market share of competitors, new market players

External

Risk Factors

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

193

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.

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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.

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

Based on results of the risk assessment process



Indexes, and rankings

As recognition of our commitment to doing the right thing and addressing environmental, social and economic issues, in 2018 we continued being considered for indexes and rankings, and were granted various awards.

Indexes



Member of FTSE4GoodEmerging Index for the 3rd consecutive year



Member of the Mexican Stock Exchange Sustainability Index for the 7th consecutive year



Member of the Bloomberg Gender-Equality Index for the 2nd consecutive year

i anticipa el firturo, gracios portodo lo que haces! Spania B.

Vanaos a combiar nuestra forme de trabajan el seguir sorprendente positivamente a nuestros clientes

METORES ESACOS, METOR EXAMIDACIA DE TRABATO, MÁS PRODUCTIVIDAD.

-THE



Trobaja

Una cosa es imposible hasta que se convierte en ponble!! Adriana V.



Awards











Award for Corporate Social Responsibility, granted

by Cemefi, for the 18th consecutive year.

Tameme Recognition under the National

Logistics Award, granted by the Secretary of the Economy and the Secretary of Communications and Transportation, under the category of last-mile fleet, for the 3rd consecutive year.

Award the best CFO's México, granted to Olga González, Senior Vice President and Chief Financi

President and Chief Financial Officer of Walmart de México y Centroamérica by Mundo Ejecutivo and Bank of America Merril Lynch. Recognition to *Humanitarian Companies and Businesses September 19, 2017*, granted by The government of Mexico City.

IndexAmericas Award

Granted by the Inter-American Development Bank, recognizing Walmart de México y Centroamérica as one of the three most sustainable companies operating in Latin American and the Caribbean region.



The Best Retailer of the Year award, by InformaBTL magazine recognizing the best retail and marketing companies.



Best App eAward, granted by eShow Mexico 2018, for its Walmart Súper app. *Award for Corporate Social Responsibility,* granted by FUNDAHRSE, for the 11th consecutive year.

EMPRESA SOCIALMENTE

Inclusive company recognition in Central America, granted by the magazine Vida y Éxito (Costa Rica).



2018 Top Reward granted to Walmart Foundation by Top Companies and Super Empresas after its small produces program.



Recognition for the support in the volunteer events granted by the *Food Bank (Costa Rica)*.



Recognition for the solid commitment to strengthen the Food Bank program, granted by the *El Maná Foundation (Nicaragua).*



Recognition as an active member of the food bank of Honduras, granted by *Asociación Banco de Alimentos de Honduras.*



Inclusive Company award, first edition (Guatemala), granted by the *Centro para la acción de la Responsabilidad Social Empresarial y El Ministerio de Trabajo.*



Equality and inclusion recognition, granted by the 6th edition of the *Costa Rica Incluse Event*, for improving access to physical spaces and inclusive hiring.



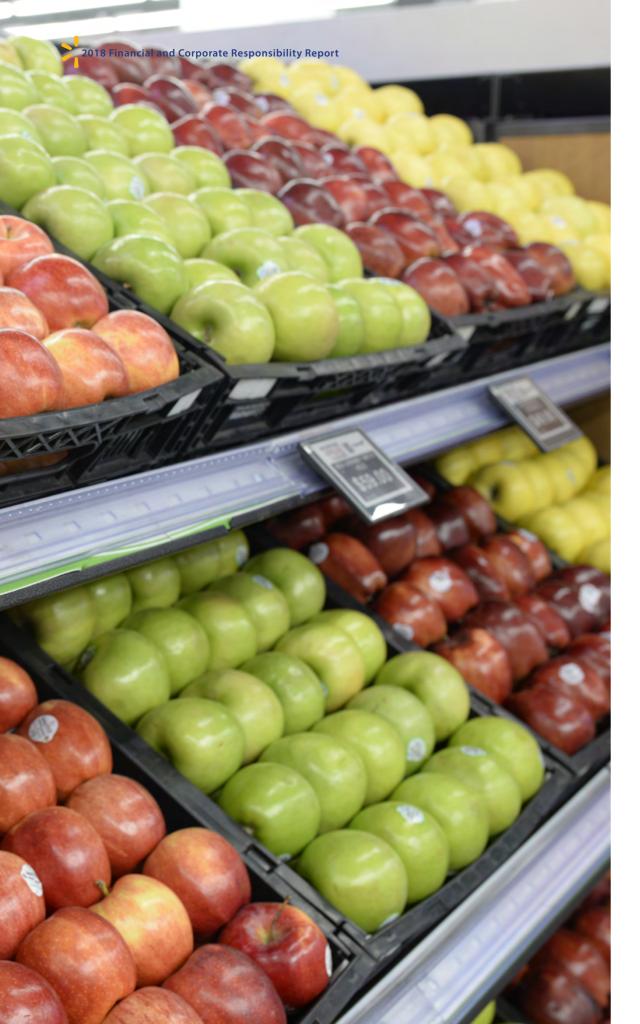
Recognition of the outstanding work in the promotion of voluntary blood donation, granted by the *Blood Bank of Nicaragua and the Ministry of Health.*



Recognition for contributing to the community during Hurricane Mitch, granted by the *Permanent Contingency Commission (Honduras).*



Recognition of gratitude for volunteer events, granted by *Desarrollo en Movimiento (Guatemala).*



Rankings

EXPANSION

- 1st place in Inclusive Businesses
- 3rd place in The 500 Most
 Important Companies in Mexico
- 10th place in the Top 500 Companies in Latin America
- 10 th place in the Top Companies for Women
- 13th place in the Top Companies to Work

Institutional Investor

- 1st place under Best Investor Relations Team
- 1st place under Best Analysts'
 Meeting
- 2nd place under Best Investor Relations Program
- 3rd place under Best Environment, Social and Governance Practices

Forbes

- 4th place in Most Generous Companies
- 11th place for Green Companies



• 7th place in the Top 500 Companies in Latin America





- 4th place in the Top 1000 Companies in Mexico
- 8th place in the Top 500 Companies in Latin America
- 12th place in the Top 50 most important ESR Companies in Mexico
- 6th place in the Top 40 Companies with the best Jobs

merco

- 1st place under the company with the Best Corporate Reputation in the retail industry
- 8th place in the Top 100 Companies with the Best Corporate Reputation in Mexico

- **Expok** Comunicación de Sustentabilidad y RSE
- 11th place in internal efficiency and sustainability of Green companies





Contribution to SDGs GRI 102-12

The objectives of the Corporate Responsibility Strategy "Shared Value" subjects established by Walmart de México y Centroamérica support the Sustainable Development Goals to help improve equality in the region by 2030.





GR/ -: content index

GRI 102-50, 102-54

GRI Guideline

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 report has been prepared in accordance with the GRI Standards: Comprehensive option".

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, 2018.

"For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The GRI Content Index Service was performed on the English version of the report."







Contents	Description	Pages	Check
	GRI 10	1. FUNDAMENTALS 2016	
	GRI	102: GENERAL DISCLOSURES	
	1. OR	GANIZATIONAL PROFILE 2016:	
102-1	Name of the organization	Walmart de México y Centroamérica	
102-2	Activities, brands, products, and services	https://www.walmex.mx/en/our-company/#about-us	
102-3	Location of headquarters	Mexico City, Mexico	
102-4	Location of operations	https://www.walmex.mx/en/our-company/#about-us	
102-5	Ownership and legal form	Pag. 242	
102-6	Markets served	https://www.walmex.mx/en/our-company/#about-us	v
102-7	Scale of the organitation	https://www.walmex.mx/en/our-company/#about-us	
		Pag. 31	
102-8	Information on employees and other workers	Pag. 31, 50-82	
102-9	Supply chain	Pag. 83, 124-150	
102-10	Significant changes to the organization and its supply chain	Relevant events	
102-11	Precautionary Principle or approach	Pag. 105, 193	
102-12	External initiatives	Pag, 151-161, 203	
102-13	Membership of associations	https://www.walmartmexico.com/responsabilidad-corporativa/gobierno-corp	
		2. STRATEGY 2016:	
102-14	Statement from senior decision-maker	Pag. 3-9	
102-15	Key impacts, risks, and opportunities	Pag. 10-20, 105, 118, 193-196	
	3.6	ETHICS AND INTEGRITY 2016:	
102-16	Values, principles, standards, and norms of behavior	<u>https://files.walmex.mx/assets/files/Gobierno%20Corporativo/2012/Eng/Ethics-U.S</u> English-2014.pdf	
		Pag. 12	

Contents	Description	Pages	Check
102-17	Mechanisms for advice and concerns about ethics	Pag. 166-168	
	GRI 10	1. FUNDAMENTALS 2016	
	GRI 10	2: GENERAL DISCLOSURES 2016	
		4. Governance 2016	
102-18	Governance structure	Pag. 185-192	
102-19	Delegating authority	Pag. 191-192	
102-20	Executive-level responsibility for economic, environmental, and social topics	Pag. 189-192	
102-21	Consulting stakeholders on economic, environmental, and social topics	Pag. 14-17	
102-22	Composition of the highest governance body and its committees	Pag. 187,189,190,191	
102-23	Chair of the highest governance body	Pag. 187	
102-24	Nominating and selecting the highest governance body	Pag. 187	
102-25	Conflicts of interest	Pag. 242, 256	
102-26	Role of highest governance body in setting purpose, values, and strategy	Pag. 188	
102-27	Collective knowledge of highest governance body	Pag. 188	
102-28	Evaluating the highest governance body's performance	Pag. 187	
102-29	Identifying and managing economic, environmental, and social impacts	Pag. 188, 192, 15	
102-30	Effectiveness of risk management processes	Pag. 192, 193-196	
102-31	Review of economic, environmental, and social topics	Pag. 192, 10-17	
102-32	Highest governance body's role in sustainability reporting	Corporate Responsibility Committee	
102-33	Communicating critical concerns		
102-34	Nature and total number of critical concerns		
102-35	Remuneration policies	Compensations for top officers	
102-36	Process for determining remuneration	Pag. 189,229	
102-39	Percentage increase in annual total compensation ratio	Compliance with labor law.	

Contents	Description	Pages	Check			
	GRI 101. FUNDAMENTALS 2016					
	GRI 10	02: GENERAL DISCLOSURES 2016				
	5.	Stakeholder engagement 2016				
102-40	List of stakeholder groups	Pag. 15				
102-41	Collective bargaining agreements	Pag. 80				
102-42	Identifying and selecting stakeholders	Pag. 14-17				
102-43	Approach to stakeholder engagement	Pag. 14-17	•			
102-44	Key topics and concerns raised	Pag. 14-17	•			
		6. Reporting practice 2016				
102-45	Entities included in the consolidated financial statements	Pag. 33-34				
102-46	Defining report content and topic Boundaries	Pag. 14-20				
102-47	List of material topics	Pag. 14-20, 222, 223				
102-48	Restatements of information	Pag. 33-34				
102-49	Changes in reporting	No changes.				
102-50	Reporting period	Pag. 204				
102-51	Date of most recent report	The last report had information about 2017, and was published in 2018.				
102-52	Reporting cycle	This integrated annual report includes information about the period of operations in Walmart de México y Centroamérica ranging from January 1 through December 31, 2018.				
102-53	Contact point for questions regarding the report	Pag. 274				
102-54	Claims of reporting in accordance with the GRI Standards	Pag. 204				
102-55	GRI content index	Pag. 205-221				
102-56	External assurance	Pag. 266-271				



Contents	Description	Pages	Check
	GRI 201:	Economic Performance 2016	
103-1	Explanation of the material topic and its Boundary	Pag. 23	
103-2	The management approach and its components	Pag. 23	•
103-3	Evaluation of the management approach	Pag. 23	
201-1	Direct economic value generated and distributed	Pag. 161	
201-2	Financial implications and other risks and opportunities due to climate change	Pag. 105	
201-3	Defined benefit plan obligations and other retirement plans	Pag. 65	
201-4	Financial assistance received from government	Not available	
	GRI 2	02: Market Presence 2016	
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
202-1	Ratio del salario de categoría inicial estándar por sexo frente al salario mínimo local	This indicator was verified, but decided not to include it in this report. Pág. 80	
202-2	Proportion of senior management hired from the local community	In Mexico, 99% of top managers are Mexicans, while 83% in Central America are Central Americans.	
	GRI 203: In	ndirect Economic Impacts 2016	
103-1	Explanation of the material topic and its Boundary	Pag. 35-44, 50	
103-2	The management approach and its components	Pag. 35-44, 50	•
103-3	Evaluation of the management approach	Pag. 35-44, 50	
203-1	Infrastructure investments and services supported	Pag. 35-44, 50	
203-2	Significant indirect economic impacts	Pag. 50, 35-44	•
	GRI 204:	Procurement Practices 2016	
103-1	Explanation of the material topic and its Boundary	Pag. 124-139	
103-2	The management approach and its components	Pag. 124-139	
103-3	Evaluation of the management approach	Pag. 124-139	
204-1	Proportion of spending on local suppliers	In Mexico, "local supplier" means that individual or entity that offers goods or services in his state or region of origin. In Central America, "local supplier" means that individual or entity that offers goods or services in his country of origin.	•

Contents	Description		Pages	Check			
	GRI 205: Anti-corruption 2016						
103-1	Explanation of the material topic and its Boundary	Pag. 169					
103-2	The management approach and its components	Pag. 169					
103-3	Evaluation of the management approach	Pag. 169					
205-1	Operations assessed for risks related to corruption	Pag. 169					
205-2	Communication and training about anti-corruption policies and procedures	Pag. 169					
205-3	Confirmed incidents of corruption and actions taken	-Report of Independent Auditors, Note 15, Legal proceedings, pag. 250, 257	, paragraph c				
	GRI 20	16: Anti-compettive Behavior 2016					
103-1	Explanation of the material topic and its Boundary						
103-2	The management approach and its components						
103-3	Evaluation of the management approach						
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly pra	actices Pag. 181					
		GRI 301: Materials 2016					
103-1	Explanation of the material topic and its Boundary	Pag. 110					
103-2	The management approach and its components	Pag. 110					
103-3	Evaluation of the management approach	Pag. 110					
301-1	Materials used by weight or volume	Total materials use (kg)	325,981,712 Non-renewable (kg)				
		Chemicals (litres)	4,400,339				
		Plastic (bags, shrink wrap, sacks, canvasses, boxes, trays, etc)	27,638,253				
			Renewables (kg)				
		Paper	8,264,262				
		Toilet paper	2,113,833				
		Cardboard	1,007,000				

Wood

316,725

Contents	Description		Pages	
301-2	Recycled input materials used	Percentage of materials used that are recycled input materials used that are recycled input materials and the second seco	22%	•
		-Bond paper - Toilet paper	8% 85%	
301-3	Reclaimed products and their packaging materials	Pag. 110-113,98		
		GRI 302: Energy 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 102		
103-2	The management approach and its components	Pag. 102		
103-3	Evaluation of the management approach	Pag. 102		
302-1	Energy consumption within the organization	mission of the region and the renewable e tion is taken from the amounts invoiced th	en from the monthly reports sent by the Power Com- energy concessionaires, while that of fuel consump- hat are charged through SAP and divided among the e. The conversion ratio from kWh to GJ is 0.0036 GJ/	•
		Pag. 102		
302-2	Energy consumption outside of the organization	Pag. 102		
302-3	Energy intensity		sity ratio are fuel and electrical (both renewable and see the energy consumption of the organization.	•
302-4	Reduction of energy consumption	reports sent by the Power Commission of res, while that of fuel consumption is taken	nsumption information is taken from the monthly the region and the renewable energy concessionai- n from the amounts invoiced that are charged through thly price of fuel in each state. The conversion ratio	•
		Pag. 99		
302-5	Reduction in energy requirements of products and services	Not applicable, because the company doe	es not manufacture products.	
		GRI 303: Water 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 116-118		
103-2	The management approach and its components	Pag. 116-118		
103-3	Evaluation of the management approach	Pag. 116-118		

Contents	Description	Pages	Check
303-1	Interactions with water as a shared resource	The methodology used to calculate water consumption is based on a specific consumption fac- tor per format, which considers the actual water consumption (in m3) in the stores and the sur- face of their sales floors (in m ²).	
		The steps below must be followed to obtain this factor:	
		1) Put together in an Excel spreadsheet all actual information of store consumption taken from the corresponding charges sent to the Accounts Payable area.	
		2) Analyze the information and select the consumption data that are logical from behavioral pat- terns.	•
		3) Divide the cubic meters of water by the square meters of the sales floor per format to get a factor.	
		4) This factor is used to calculate a water consumption estimate by multiplying it by the square meters of the sales floor for those stores that do not have consumption information available.	
		Pag. 98, 116	
303-2	Management of water discharge-related impacts	In accordance to applicable criteria, our regional consumption is not significant, and conse- quently, water sources are not impacted from catchment procedures.	
303-3	Water withdrawal	Total company water reuse	
		We asked the suppliers hired to operate and maintain the wastewater treatment plants that we have in our stores about the amount of water reused in restrooms and for irrigation purposes. The volumes of water treated and reused are calculated by using the water flow meters placed in the hydro pneumatic systems.	
		In the cases when said systems are not in place, water depth is measured in treated wastewa- ter tanks.	
		These measurements are daily recorded in an onsite log, and then monthly entered into a com- puter for an electronic consolidation of information.	
		Pag. 117	
303-4	Water discharge	Pag. 116	
303-5	Water consumption	Pag. 117	



Contents	Description	Pages	Check
	GRI	304: Biodiversity 2016	
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Pag. 176	•
304-2	significant impacts of activities, products, and services on biodiversity	 Material impacts stemming from each project: a) Projects in protected, natural areas: Impacted area in Mi Bodega Jalpan (0.005355 km2). 1. Impact: Soil pollution. Preparation of the site: because of tree felling, tree transplanting, excavations and chopping; construction, building; paving with non-pervious concrete, asphalt and standard concrete, ecocreto adopasto pervious concrete; and introduction of general services. Operations and maintenance: Generation of solid wastes. Site abandonment: Dismantling of construction. 2. Impact: Alteration to soil permeability: Preparation of the site: Filling and grouting with materials from alternative banks. Construction: Paving with non-pervious concrete, asphalt and standard concrete. 3. Decrease of physical, chemical and biological quality of water: The daily activities of the establishment will cause a decrease of the physical, chemical and biological quality of water used for consumption. Every day, 8.33 liters of wastewater will be generated. 4. Impact to aquifer recharge: Preparation of the site: Filling with materials from alternative banks, and grouting asphalt and concrete pavements will decrease soil permeability and thus cause a minimized infiltration of water into the subsoil so that the current aquifer recharge sites in the area will partially disappear, impacting the water table catching capabilities. 5. Impact to protected natural areas: Preparation of the site: Tree felling and transplanting, topsoil stripping, excavations and chopping, filling and grouting with materials from alternative banks. b) Projects with protected species: Impacted area in Mi Bodega Nanacamilpa (0.002924 km2) 1. Impacts during the preparation of the site and construction stage: 81 environmental impacts were identified. Most of the impacts are compatible, which means that environment recovery is 	•
		feasible in general. No significantly adverse impacts were estimated.2. Impacts during the operation stage: 23 environmental impacts were identified. Most of the impacts are positive, which means that environmental recovery is beneficial in general and includes an improvement of the conditions of factors considered. No significant impacts were identified.	



Contents	Description	Pages	Check				
	GRI 304: Biodiversity 2016						
304-3	Habitats protected or restored	Not available					
304-4	IUCN Red List species and national conservation list	Not available					
		GRI 305: Emissions 2016					
103-1	Explanation of the material topic and its Boundary	Pag. 97, 100					
103-2	The management approach and its components	Pag. 97, 100					
103-3	Evaluation of the management approach	Pag. 97, 99,100					
305-1	Direct (Scope 1) GHG emissions	Pag. 100, 103					
305-2	Energy indirect (Scope 2) GHG emissions	Pag. 100, 103					
305-3	Other indirect (Scope 3) GHG emissions	To estimate GHG emissions, the methodology established by WRI/WBCSD for the GHG Protocol is used. The data is obtained from acquired amounts of fuels, coolants, and electricity. Emissions are calculated by using published emission factors					
		Pag. 100					
305-4	GHG emissions intensity	Pag. 101					
305-5	Reduction of GHG emissions	Pag. 95, 103					
305-6	Emissions of ozone-depleting substances (ODS)	R-22 coolant (kg) 6,576 R-141b coolant (kg) 484					
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	ton NOx 25,006 SOx 653 PM particles 1,428 VOC 2.052 POC 0.322 HAP 1.327					

Contents	Description		Pages	Check
	GRI 30	6: Effluents and Waste 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 107-108		
103-2	The management approach and its components	Pag. 107-108		
103-3	Evaluation of the management approach	Pag. 107-108		
306-1	Water discharge by quality and destination	Pag. 116		
306-2	Waste by type and disposal method			
		Total generated waste (ton) Total hazardous waste (ton) Total non hazardous waste (ton) Treatment method determination	493,858 1124.81 492,733 Treatment methods were determined based on the existing infrastructure of the country and value of wastes. Recovered valued wastes were sent to recycling. Compost was determined based on the infrastructure available.	•
306-3	Significant spills	There were no significant spills to rep	port to authorities.	•
306-4	Transport of hazardous waste	1,124.8 tons		
306-5	Water bodies affected by water discharges and/or runoff			
	GRI 307: E	nviormental compliance 2016		
103-1	Explanation of the material topic and its Boundary			
103-2	The management approach and its components			
103-3	Evaluation of the management approach			
307-1	Non-compliance with environmental laws and regulations			
	GRI 308: Suppli	ier Environmental Assessment 2	016	
103-1	Explanation of the material topic and its Boundary	Pag. 120, 121, 125-139		
103-2	The management approach and its components	Pag. 120, 121, 125-139		
103-3	Evaluation of the management approach	Pag. 120, 121, 125-139		

Contents	Description	Pages	Check
308-1	New suppliers that were screened using environmental criteria		
308-2	Negative environmental impacts in the supply chain and actions taken	Pag. 120, 121, 125	•
	GRI	401: Employment 2016	
103-1	Explanation of the material topic and its Boundary	Pag. 52	
103-2	The management approach and its components	In Mexico, we faced 7,709 new labor lawsuits throughout 2018. In previous years, we had faced 6,798 lawsuits from associates, and 911 from suppliers. In 2018, 7,074 lawsuits from associates and 816 from suppliers were settled.	
		In Central America, we faced 77 new labor lawsuits from associates throughout 2018, and settled 55 lawsuits from associates and 6 from suppliers that same year.	
		Pag. 52, 180	
103-3	Evaluation of the management approach	Pag. 50	
401-1	New employee hires and employee turnover	Pag. 50, 53, 54	•
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pag. 66	•
401-3	Parental permission	All of our associates have the right to parental leave of absence, and 98% of associates in Mexico and 88% in Central America that used this right went back to work afterwards.	
		Pag. 70	
	GRI 402: W	orker-company relations 2016	
103-1	Explanation of the material topic and its Boundary		
103-2	The management approach and its components		

103-2	The management approach and its components
103-3	Evaluation of the management approach
402-1	Minimum warning periods on operational changes

Contents	Description	Pages	Check
GRI 403: Occupational Health and Safety 2016			
103-1	Explanation of the material topic and its Boundary	Pag. 68-70	
103-2	The management approach and its components	Pag. 68-70	
103-3	Evaluation of the management approach	Pag. 68-70	
403-1	Occupational Health and Safety Management System	Pag. 68-70	•
403-2	Hazard identification, risk assessment and incident investigation	This indicator was verified, but decided not to include it in this report.	
403-3	Occupational Health Services	In Mexico, according to the accident rate analysis for this year, the position having the most acci- dents was Cashier, with the following main risks: 1) Overextertion when lifting or pushing objects 2) Hit by or against moving objects 3) Fall from their height	•
		In Central America, according to the risk map of the various occupations in the company, the probability of getting a specific illness as the sole consequence of one's occupation is very low.	
403-4	Worker participation, consultation and communication on occupational health and safety	Compliance with labor law.	
403-5	Training of workers in occupational health and safety was added	Pag. 170,171	
403-6	Promotion of the health of the worker was added	Pag. 67-70	
403-7	Prevention and mitigation of occupational health and safety impacts linked to commercial relations was added	Pag. 170,171	
403-8	Workers covered by a health and safety management system was added	Pag. 171	
403-9	Work-related Injuries was added	In Mexico, according to the accident rate analysis for this year, the position having the most acci- dents was Cashier, with the following main risks: 1) Overextertion when lifting or pushing objects 2) Hit by or against moving objects 3) Fall from their height	
403-10	Work-Related Poor Health was added	In Central America, according to the risk map of the various occupations in the company, the probability of getting a specific illness as the sole consequence of one's occupation is very low.	
405-10	work-heidleu Foor Health was added	Confidential information	

Contents	Description	Pages	Check					
	GRI 404: Training and Education 2016							
103-1	Explanation of the material topic and its Boundary	Pag. 55-64						
103-2	The management approach and its components	Pag. 55-64						
103-3	Evaluation of the management approach	Pag. 55-64						
404-1	Average hours of training per year per employee	Executive positions include Vice-Presidents, Directors, Assistant Directors and Managers. Training comprises hours devoted to train current and former associates/current and former associates trained. Pag. 56	•					
404-2	Programs for upgrading employee skills and transition assistance programs	Pag. 55-64						
404-3	Percentage of employees receiving regular performance and career development reviews	All of our associates are periodically assessed on their performance. In 2018, 115,621 associates were assessed.						
	GRI 405: Div	versity and Equal Opportunity 2016						
103-1	Explanation of the material topic and its Boundary	Pag. 71-82						
103-2	The management approach and its components	Pag. 71-82						
103-3	Evaluation of the management approach	Pag. 71-82						
405-1	Diversity of governance bodies and employees	Pag. 187, 189, 190, 191, 50, 53	•					
405-2	Ratio of basic salary and remuneration of women to men	Pag. 80						
	GRI 4	06: Non-discrimination 2016						
103-1	Explanation of the material topic and its Boundary	Pag. 71-82						
103-2	The management approach and its components	Pag. 71-82						
103-3	Evaluation of the management approach	Pag. 71-82						
406-1	Incidents of discrimination and corrective actions taken	This indicator was verified, but decided not to include it in this report.						

Contents	Description	Pages	Check				
GRI 407: Freedom of Association and Collective Bargaining 2016							
103-1	Explanation of the material topic and its Boundary	Pag. 125-139					
103-2	The management approach and its components	Pag. 125-139					
103-3	Evaluation of the management approach	Pag. 125-139					
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pag. 125-139	•				
	GRI	408: Child Labor 2016					
103-1	Explanation of the material topic and its Boundary	Pag. 125-139					
103-2	The management approach and its components	Pag. 125-139					
103-3	Evaluation of the management approach	Pag. 125-139					
408-1	Operations and suppliers at significant risk for incidents of child labor	Pag. 125-139	•				
	GRI 409: Ford	ed of Compulsory Labor 2016					
103-1	Explanation of the material topic and its Boundary	Pag. 125-139					
103-2	The management approach and its components	Pag. 125-139					
103-3	Evaluation of the management approach	Pag. 125-139					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Pag. 125-139	•				
	GRI 410	: Security Practices 2016					
103-1	Explanation of the material topic and its Boundary						
103-2	The management approach and its components						
103-3	Evaluation of the management approach						
410-1	Security personnel trained in human rights policies or procedures	Pag. 167					

Contents	Description	Pages	Check						
	GRI 412: Human Rights Assessment 2016								
103-1	Explanation of the material topic and its Boundary	Pag. 125-139, 182-184							
103-2	The management approach and its components	Pag. 125-139, 182-184							
103-3	Evaluation of the management approach	Pag. 125-139, 182-184							
412-1	Operations that have been subject to human rights reviews or impact assessments	Pag. 125-139, 182-184	•						
412-2	Employee training on human rights policies or procedures	Pag. 167							
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Pag. 125	•						
	GRI 41	3: Local Communities 2016							
103-1	Explanation of the material topic and its Boundary	Pag. 151-161							
103-2	The management approach and its components	Pag. 151-161							
103-3	Evaluation of the management approach	Pag. 151-161							
413-1	Operations with local community engagement, impact assessments, and development programs	All of our operations include community development programs. Pag. 151-161	•						
413-2	Operations with significant actual and potential negative impacts on local communities	In Mexico, there were 105 claims regarding social impact, addressed by the Community Support area.							
	GRI 414: Su	upplier Social Assessment 2016							
103-1	Explanation of the material topic and its Boundary	Pag. 85, 94							
103-2	The management approach and its components								
103-3	Evaluation of the management approach	Pag. 85, 90, 94							
414-1	New suppliers that were screened using social criteria	Pag. 125-139							
414-2	Negative social impacts in the supply chain and actions taken	Pag. 125-139	•						



Contents	Description		Pages					
	GRI 4	15: Public Policy 2016						
103-1	Explanation of the material topic and its Boundary							
103-2	The management approach and its components							
103-3	Evaluation of the management approach							
415-1	Political contributions	Political contributions are totally prohib	pited by Walmart's	Anti-corruption Policy.				
	GRI 416: Cus	tomer Health and Safety 2016						
103-1	Explanation of the material topic and its Boundary	Pag. 92						
103-2	The management approach and its components	Pag. 92						
103-3	Evaluation of the management approach	Pag. 92						
416-1	Assessment of the health and safety impacts of product and service categories	Pag.173-175, 179			•			
		Incidents from health and consumer protection authorities	Mexico	Central America				
		Total	1068	3				
		Resulting in fines and penalties	317	3				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Warnings	32		•			
		Visits from health and consumer	4,209	672				
		protection authorities Recalls	7	5				
GRI 417: Marketing and Labeling 2016								
103-1	Explanation of the material topic and its Boundary							
103-2	The management approach and its components							

103-3	Evaluation of the management approach				
417-1	Requirements for product and service information and labeling	Pag. 94			
417-2	Incidents of non-compliance concerning product and service information and labeling	Pag. 94	_		
417-3	Incidents of non-compliance concerning marketing communications	Pag. 94			



Contents	Description	Pages	Check						
	GRI 418: Customer Privacy 2016								
103-1	Explanation of the material topic and its Boundary								
103-2	The management approach and its components								
103-3	Evaluation of the management approach								
418-1	Substantiated complaints concerning breaches of customer privacy and Pag. 1 losses of customer data	77							
	GRI 419: Socioecor	nomic Compliance 2016							
103-1	Explanation of the material topic and its Boundary								
103-2	The management approach and its components								
103-3	Evaluation of the management approach								
419-1	Non-compliance with laws and regulations in the social and economic area								





Cluster	General topic	Material topics	Description
	Reputation	NA	Contribute to the economic, social and environmental development of the region; reputation of the organization and its brands; and market share leadership.
	Product availability and price	GRI 102-7, 203-2	Offer assortment, low prices and availability of products requested by customers.
Customers	Responsible merchandising and communication	GRI 417-1, 417-2, 417-3	Inform of everything related to products sold in a clear, transparent way (right price, labeling, origin, clear promotions).
	Shopping experience	NA	Offer a good shopping experience through good service, attention to complaints, customer satisfaction, and communication channels, among other services.
	Shopping channels	NA	Have various channels available to shop (brick and mortar stores, online sites, home delivery and pickup services).
	Ethics and compliance	GRI 102-16, 102-17, 205-1, 205-2, 205-3, 307-1, 419-1	Have the right ethics and compliance program and keep up a system that avoids and sanctions illegal practices.
	Human rights	GRI 412-1, 412-2, 412-3	Honor the human rights of the people with whom a relationship is being kept.
Business	Corporate governance	GRI 102-18, 102-19, 102-22, 102-23,102-24, 102-26, 102- 27, 102-28	Have governing bodies of their companies (Board of Directors, Steering Committees) working in such a way that they allow for a good business management, considering social and environmental aspects in their strategy.
management	Information security	GRI 418-1	Have mechanisms in place to protect business information and personal data of customers, suppliers and employees.
	Innovation	NA	Invest in innovation and technology issues to benefit the business, associates and customers.
	Transparency	NA	Have transparent and open information that reflects positive and negative aspects of their performance.
	Work environment	GRI 402-1, 407-1	Have a good work climate through a healthy work environment that allows for open communication.
Work team	Diversity and inclusion	GRI 102-8, 401-1, 405-1, 405- 2, 406-1	Create the right conditions (both physical and labor conditions) to be an inclusive company with regards to different disabilities, religions, races, genders, etc.
	Associate development	GRI 404-1, 404-2, 404-3	Offer the tools needed for developmental purposes (training, feedback, etc.)
	Compensation and benefits	GRI 102-38, 102-39, 201-3, 202-1, 401-2, 401-3	Grant compensation and benefits based on competencies, performance and achievements.
	Health and safety	GRI 402-1, 402-2, 403-4	Guarantee healthy and safe working conditions.

Cluster	General topic	Material topics for Wa	almart in 2018 Description
Products	Supply chain assessment	GRI 308-1, 308-2, 408-1, 409-1, 414-1, 414-2	Audit suppliers to make sure of their compliance with the law and human rights in factories.
and supply chain	Supply chain risks	GRI 102-15, 102-30, 102-31	Determine suppliers' social and environmental risks.
Citatio	Supplier development	GRI 203-2	Foster the development of SME or local suppliers, or any other kind, and include them in our sustainable initiatives.
	Reliable products	GRI 416-1, 416-2	Offer reliable products (high-quality, safe, healthy items or of any other good characteristic).
	Water	GRI 303-1, 303-2, 303-3	Use water efficiently for their operations, foster wastewater treatment and reuse.
	Biodiversity and undersea life	GRI 304-1, 304-2, 304-3, 304-4	Contribute to care for biodiversity, and terrestrial and marine ecosystems.
Environment	Emissions and climate change	GRI 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7	Reduce emissions to mitigate the impact on climate change.
	Energy	GRI 302-1, 302-2, 302-3, 302-4, 302-5	Source energy from renewable sources (solar, wind and other sources) and maintain efficient use of resources in their operations.
	Wastes	GRI 301-1, 301-2, 301-3, 306-1, 306-2, 306-3, 306- 4, 306-5	Avoid, reduce, reuse and recycle wastes from their operations.
	Suppliers (supply chain)	GRI 102-9, 102-10, 204-1	Include their suppliers into their programs to care for the environment.
	Commit to local communitie	S GRI 203-1, 203-2, 413-1, 413-2	Invest in local communities (for infrastructure, local employment, etc.).
Community	Support during natural disasters	NA	Support during natural disasters by making financial and in-kind donations, setting up collection centers, driving volunteer activities in impacted areas, etc.
	Volunteerism	NA	Develop volunteer programs, encouraging their associates, family members and customers to participate in actions aimed at improving their communities.
	Food security	NA	Donate not-fit-for-sale merchandise to food banks and thus foster projects supporting war on hunger.







Management comments

2018 was a transformation year for Walmex and we made significant progress to meet the changing needs of our customers.

We are making strategic decisions that require us to change from the inside to position the company for continuous success and to deliver even stronger results.

Progress regarding our strategic priorities:

- We are making progress around delivering a seamless and more enjoyable shopping experience. Customers are liking the changes in our stores, and they're letting us and others know through improvements in the net promoter score in all the formats.
- We are proud with the continuous growth in customer flow. We know that in order to deliver consistent results, we need to drive traffic to our stores, and last year we were able to increase traffic by almost 2% in Mexico.
- As a result of a disciplined and transformational management of expenses, we were able to reinvest savings into our business while improving profitability. Our financial strength has served as a great competitive advantage, specially while we are going through this transformation.

Disclosure of **nature of business**

Walmart de México y Centroamérica is one of the most important commercial chains in the region.

As of December 31, 2018, 3,249 units were in operation, throughout 6 countries (Costa Rica, Guatemala, Honduras, El Salvador, Mexico, and Nicaragua), including self-service stores, membership clubs, pharmacies and omnichannel sales.

Walmart shares have been traded in the Mexican Stock Exchange since 1977; the ticker symbol is **WALMEX**.

Disclosure of management objectives and its **strategies for meeting those objectives**

The company's objective to double total sales in 10 years and to leverage operating expenses to reinvest in the business was set in 2015.

Sales growth will stem from:

- Same store sales
- Sales from new stores
- eCommerce

Results of operations and perspectives

Note: Sales growth percentage in Central America is determined on a constant currency basis.

We are committed to driving sales. During the fourth quarter consolidated revenues increased 5.5%.

Mexico delivered total revenues for \$145.9 billion pesos, an increase of 6.0% over last year.

In Central America, total revenues totaled \$31.5 billion pesos, which represented 3.6% growth.

Walmex total revenues grew 7.6% in 2018: 8.1% in Mexico and 5.9% in Central America.

We are on track to reach our goal of doubling the size of the company in terms of sales by 2024.

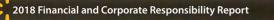
Our performance was backed by consistent same-store sales growth.

In Mexico same-store sales grew 4.6% in the fourth quarter, and 6.7% in the full year.

In Central America same store sales remained almost flat during the quarter, but grew 2.1% in the full-year period.

It is worth noting that based on two-year stack same-store sales, Mexico grew 13%, while Central America 7%.





Aurrera

ADICIONADO

CON VITAMINAS

CONT. NET.



113

kcal

202 mg

Producto Lácteo Combinado con Grasa Vegetal Deslactosado Ultrapasteurizado Adicionado con Vitaminas A y D

Performance by format:

We drove quality, broad-based growth across all regions and formats in Mexico.

The Central region posted the strongest growth, followed by the Southern and the Northern regions. The Metropolitan area had a lower, but solid growth given its penetration and competitive environment.

Sam's Club delivered the highest growth. Actually, it has been the format with the highest same-store sales growth for three consecutive years. The team has succeeded in signing-up new members and retaining them. By offering compelling merchandise and prices, and innovating to better serve our members, we are leading the club sector, and we feel confident that we are on the right path.

Walmart also posted strong growth. It is amazing what the team is doing to deliver a seamless shopping experience. Besides a successful execution of our seasonal events, Walmart focus on price leadership and omnichannel integration is helping our customers to save time and money.

This year we celebrated the 60th anniversary of Bodega with solid sales performance and accelerated expansion. Each one of the formats: Bodega, Mi Bodega and Bodega Aurrera Express delivered strong sales growth, backed by a healthy increase in traffic. In 2018 we opened 93 Bodega stores in Mexico, almost 40% increase versus 2017.

Last but not least, Superama also had a good year. The team focus on delivering the shopping experience that our customers desire, no matter how they choose to shop, has been key to reinforcing the format leadership position in on-demand.

In Central America, despite a challenging environment, we were able to grow ahead of the market and invest in capabilities for future growth.

During this guarter we opened the largest and most modern fresh distribution center in Costa Rica, which will service more than 1,400 local fresh suppliers. We have a firm commitment to support national farmers and to double the volume of local sourcing.

We also opened a 409,029 square feet distribution center in Nicaragua, which is 3 times larger than the existing one and will allow us to better service our stores and reach more places where we do not have presence currently.

In terms of sales performance, during the year, Honduras and El Salvador were the countries with the highest same-store sales growth while Costa Rica and Guatemala delivered lower, but positive growth.



Sales growth in Nicaragua was challenged by the socio-political conflict in the country that are impacting economic conditions in general.

We are putting in place new commercial strategies such as price point programs, improving the price gap measuring methodology to reinforce our price leadership, and we continue to roll out the Centers of Excellence program in the five countries. As of December 2018, 50% of our stores were operating as Centers of Excellence.

The strategies that we are deploying in the region are starting to show results, but given the nature of the challenges that we are facing, we expect growth to resume at a slow pace.

For 5 consecutive years we have outperformed the self-service and club market according to ANTAD reports. In 2018 we surpassed the market by 350 basis points, the highest gap in 5 years.

Our strive for operational excellence, clear value proposition and committed associates are setting us apart from the competition.

In 2018, all formats and divisions outpaced ANTAD.

We are working hard every day to improve our customer and member satisfaction, and customers are rewarding us with their loyalty.

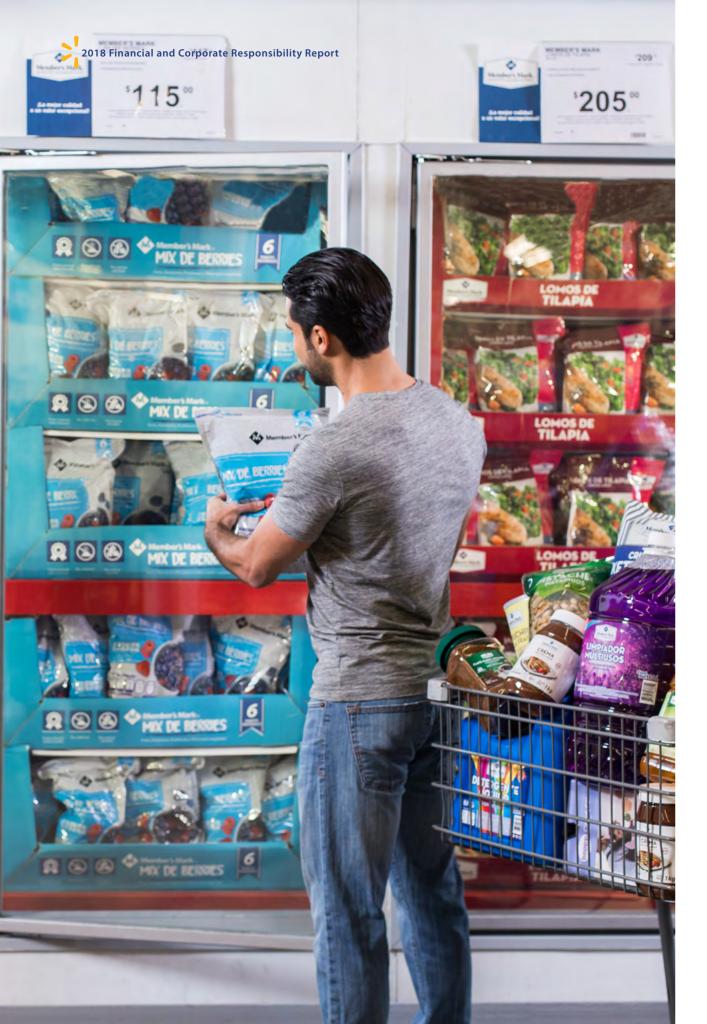
Performance by division:

From a merchandise perspective, we saw strong growth in all divisions, particularly in our core division of Food and Consumables.

During the second half of the year food inflation was much lower than 2017, impacting sales especially in Fresh departments, but we were able to drive volume to partially offset this impact.

We are excited with what we have accomplished so far across formats and divisions but we are not satisfied yet. All of us at Walmex continue to work really hard to become the most trusted omnichannel retailer in Mexico.





New stores

The 2018 expansion program was the largest in the last 5 years, in terms of store openings.

We opened 134 new stores: 100 in Mexico and 34 in Central America. This compares to the 125 opened in 2017.

In 2018 new stores contributed 2.3% to total sales growth, in keeping with the information shared last year.

Omnichannel

In eCommerce we are gaining traction and accelerating omnichannel growth.

The on-demand service allows us to leverage our most important assets: our stores, and it helps us build loyalty and increase shopping frequency. Last quarter we reinforced the on-demand assortment to offer more than 5,000 General Merchandise items on same-day delivery. As we have shared, our priority is to win in on-demand and our infrastructure enables us to lead this business.

The marketplace is also gaining traction. We ended the year with over 800 sellers, and during the *Buen Fin* event and December, the marketplace grew triple digit.

During the year, eCommerce sales grew 40% and GMV grew 47%; the General Merchandise division posted an even higher growth.

eCommerce now represents 1.4% of total Mexico sales and contributed 40 basis points to total sales growth.

ESG

We have also made important progress in environmental, social and corporate governance related matters.

For third consecutive year, Walmart de México y Centroamérica was included in the FTSE4Good Emerging Index, which evaluates environmental, social and governance performance of its constituents.



In Walmex we value and encourage our associates diversity. Last year we were also included in the Bloomberg Gender Equality Index. Walmex is the only retail company in Mexico that has been included two years in a row.

As we go through this transformation, we are focusing on running a good business today, but we are also very clear on how we should position the business for the future.

Fourth quarter & full year results

We made certain accounting reclassifications that have no effect on EBITDA or EPS but impact gross profit and SG&A. Such reclassifications were included in 2017 figures for comparison purposes.

Besides a solid sales performance, in 2018 we were also able to improve profitability both in Mexico and Central America.

We are committed to maintain our operational discipline in order to reinvest strategically and position our business for the future.

MEXICO:

Fourth Quarter Results

During the fourth quarter total revenues grew 6.0%.

Gross profit increased 30 basis points to 22.5%. Our merchants are doing a great job at conducting more efficient negotiations with our suppliers, which allowed us to maintain our price leadership and to improve profitability.

As a result of a transformational SG&A management, we achieved 10 basis points of expense leverage by growing SG&A 4.8%, 120 basis points below total revenue growth.

Operating income and EBITDA grew double digit: 13.8% and 12.9% respectively.

Our already best in class EBITDA margin expanded by 70 basis points to 11.0%.

We were able to reduce our regular operating expenses by 8 basis points through the implementation of productivity initiatives.

Efficiencies in expenditures related to store remodeling and maintenance led to a 13 basis point reduction and we invested 7 basis points in new stores and eCommerce.



Full year results

In 2018 top line growth in Mexico was strong: Total revenues increased 8.1%.

Gross profit grew 8.6% and gross profit margin expanded by 10 basis points to 22.7%.

We are very pleased with our performance in terms of SG&A. We achieved 10 basis points of expense leverage as SG&A grew 7.2%, 90 basis points below total revenue growth.

As a result, operating income increased 12.8% and EBITDA 11.6%, to reach a 10.3% EBITDA margin.

CENTRAL AMERICA:

Note: Sales growth percentage in Central America is determined on a constant currency basis.

Fourth Quarter Results

Total revenues increased 3.6%.

Gross profit margin reduced by 10 basis points as a result of strategic price investments.

The team has done an amazing job at managing expenses by operating with discipline and focusing on productivity. SG&A grew 0.3%, resulting in 60 basis points of expense leverage.

Operating income grew 9.0% and EBITDA, 9.5%, which led to an EBITDA margin expansion of 50 basis points.

Full Year Results

Despite a challenging environment in Central America, we continue to grow ahead of the market and to improve profitability.

In the year, total revenues increased 5.9%.

Gross profit expanded 10 basis points to 24.2% and SG&A grew 4.7%.

Operating income increased 9.4% and EBITDA margin expanded by 40 basis points to reach 8.9%.



CONSOLIDATED:

Fourth Quarter Results

At a consolidated level, total revenues grew 5.5%.

Gross profit increased 6.5% to a 22.8% margin.

SG&A grew 3.8%, 170 basis points below total revenue growth.

Operating income and EBITDA posted double-digit growth of 13.1% and 12.3% respectively. We reached a 10.7% consolidated EBITDA margin, which implied a 70 basis point expansion.

Net income increased a solid 11.2%.

Full Year Results

During the year we invested \$17.9 billion pesos in high return projects. Our capital allocation is in line with our long-term strategy.

We are becoming more productive in our remodels and new store investments and thereby freeing capital to fund strategic investments. By doing this, we are trying to balance the short and long term.

Our disciplined expense management allowed us to reinvest in key initiatives such as prices, salaries, eCommerce and Digital, Logistics and new stores.

All in all, in 2018 we posted strong results while we progressed on our goal of becoming the leading omnichannel retailer in Mexico.

Consolidated revenues increased 7.6%.

Gross profit margin expanded by 10 basis points to 23.0%.

After reinvesting in the business, we achieved 20 basis points of expense leverage and SG&A grew 6.5%.

Operating income grew 12.2% and EBITDA 11.3% to reach a double digit consolidated EBITDA margin of 10.0%.

Income from continuing operations increased 13.5%, but net income was impacted due to the sale of Suburbia recorded in 2017.





Financial position, liquidity and capital resources

Our financial strength gives us the ability to deliver short-term results while we build structural competitive advantages to position the business for the long term.

We delivered strong free cash flow and closed the year with \$38.8 billion pesos, 9.1% more than last year, driven by the strong cash generation from our operations and our increased focus in working capital.

Our inventories and payables both increased 6.5%.

Operating cash flow increased 11.1% versus last year and reached \$60.5 billion.

After investing \$17.9 billion pesos in high return projects, we still returned \$25.6 billion pesos to our shareholders in the form of dividends.

We have an ongoing commitment to return excess cash to our shareholders.

On February 27th, 2019 we distributed the final installment of last year's dividend declaration of \$0.33 pesos per share.

On February 13th, 2019, the Walmex Board of Directors agreed to recommend a proposal to shareholders for an ordinary dividend of \$0.84 pesos per share and an extraordinary dividend of \$0.91 pesos per share. Total dividends add up to \$1.75 pesos per share.

Dividend yield would be approximately 3.6% based on the price of Walmex shares at the end of January, 2019.

We expect the annual shareholders' meeting to be held on March 21st, 2019 to vote on the proposal.

This year we are reducing the number of dividend payments to accelerate the distribution of cash to our shareholders.

The proposed schedule for dividend payment is as follows:

Ordinary dividend to be paid in three installments of \$0.28 pesos per share in April, August and November 2019.

Extraordinary dividend to be paid on three installments: the first one of \$0.35 pesos per share in April 2019, the second one of \$0.30 pesos per share in August 2019, and the last one of \$0.26 pesos per share in November 2019.





Audit and Corporate Practices Committees

Wal-Mart de México, S.A.B. de C.V.

Board of Directors, Wal-Mart de México S.A.B. de C.V.

Present.

To Whom It May Concern:

In compliance with article 43 of the Securities Market Law (LMV) and the internal regulations of the Committees I oversee, with approval from the Board of Directors for Wal-Mart de México, S.A.B. of C.V. (which together with its subsidiaries hereinafter is the Company), we hereby inform you of the activities undertaken during the reporting period ending on Dec. 31, 2018.

Throughout the work conducted, in addition to that stipulated under the LMV, we have always abided by that contained under the Code of Best Corporate Practices, issued by the CEC (Coordinating Business Council); the Company Code of Ethics; the General Internal Regulation of the Mexican Stock Exchange; and the general provisions stemming from the LMV.

In compliance with our oversight process the Audit and Corporate Practices have conducted quarterly regular meetings to analyze the overall situation regarding matters of material importance in the fields of finance, accounting, legal, operations and ethics for the Company, and supplementing our participation in said meetings throughout the year with the office of the CEO, Finance, Legal and the independent external auditor, who has also participated in the quarterly meetings as guest with voice without vote, as well as the reports presented by the principal officers of the Company as requested by us, in addition to special meetings held to cover specific matters, as needed, such as the following:

I. Corporate Practices:

- **a.** We were kept informed by the management of the Company, with no observations made, on the following:
- **1.**Evaluation processes for relevant officers and their authorized succession plans.
- 2. The processes followed to determine integrated compensation for the CEO and the integrated compensation packages for the other relevant officers -mentioned under note 13, paragraph c) of the consolidated financial statements for Wal-Mart de México, S.A.B. de C.V. and Subsidiaries, at Dec. 31, 2018 (hereinafter after the "financial statements for the Company"). GRI 102-36
- 3. The compensation plan update for 2018, which contemplates the Society new stock plan for subsidiaries employees and its related parties, as well as the payment exchange currency regarding the President and General Director of Walmart of Mexico y Central America.

- 4. The policies and procedures followed during the reporting year, with regards to operations with related parties and the corresponding investigation on transfer prices, the concepts of which are discussed under note 13 of the financial statements.
- b. During the 2018 period, the Company management kept us informed of the progress made regarding the investigations on alleged corrupt practices that the Audit Committee of Wal-Mart Stores, Inc. ("Wal-Mart") has been conducting with the assistance of independent lawyers and other advisors and the measures that the Company has taken, reinforcing the internal organization, training Directors, executives and associates: and strengthening the processes, thus becoming a leader in compliance worldwide such as that explained in detail under note 15, paragraph c) of the Company financial statements. In addition, we continue believing that our cooperation with the aforementioned investigations is in the best interest of the Company and its shareholders, with no distinction whatsoever.
- c. The Board of Directors granted no dispensation whatsoever to any Director, executive, or anyone with a position of authority, as indicated under article 28, section III, paragraph f) of the LMV.

II. Audit:

- a. We analyze the status of the internal control system, and were informed in detail of the programs and development of internal and independent audit work done, as well of the primary aspects requiring improvement and follow-up on the preventive and corrective measures implemented by Management according to the action plan designed for it. Therefore, it is our opinion that the effectiveness required for the Company to function with an appropriate level of control is being accomplished.
- **b.**Regarding the external audit services upon the Financial Statements in charge of the Mancera, S.C. (a member of EY Global) and the independent external auditor, jointly deemed as "EY":
 - Once we validated the compliance with all necessary requirements regarding the professional quality and independence of intellectual and economic action, thus they were recommended as examiners and issuers of the report on the Company financial statements.
 - We evaluate the development of its commitment, as well as the additional or complementary services that the aforementioned auditors rendered for the Company throughout 2018 did neither impair their independence nor were they substantial.
 - Finally, we reviewed the external audit report, the financial statements, releases and opinions issued by EY during the performance of the audit services.
- **c.** We attended different meetings to review the quarterly and annual financial statements for the Company and, at the time, we recommended publishing said financial information.

- d.We were informed about the approved and applied accounting policies during 2018 and its modifications, where it stands out, since the first quarter of 2018 the new NIIF 15 "Revenue from contracts with customer", it updates the income recognition policy and the financial information note by segments reported to the Mexican Stock Exchange in that same quarter.
- e. Follow-up was given to any and all relevant observations made by the shareholders, directors, relevant officers, employees and any third party in general, regarding the accounting, internal controls, and subjects related to internal or independent audits.
- f. Follow-up was also given to all agreements made by shareholders and members of the board of directors for the Company.
- g. Information was provided on the progress made regarding investment plans and the impact on the results sent to the Mexican Stock Exchange, as a result of adjustments made to store-opening processes.
- h. Information was provided on the legal contingencies to which the Company is exposed, and which are recognized in the financial statements as per the probability of occurring,
- i. Lastly, information was periodically presented on the situation faced by the Company regarding Ethics and Compliance and the measures adopted by the Company to reinforce these aspects.

Based on the work completed and the opinion issued by outside auditors, we feel that the accounting and information policies and criteria followed by the Company are suitable and sufficient and that they have been consistently applied; as a result, the information presented by the CEO is a reasonable reflection of the Company's financial situation and results.

Due to all the aforementioned, we recommend that the Board of Directors present the financial statements for Wal-Mart de México, S.A.B. de C.V. and subsidiaries for the period ending Dec. 31, 2018, to the General Annual Shareholders Assembly for their approval.

Sincerely,

Ing. Adolfo Cerezo Chairman of the Audit and Corporate

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Practices Committees

Mexico City, February 13, 2019

Report of Independent Auditors

To the Shareholders of Wal-Mart de México, S.A.B. de C.V.

Opinion

We have audited the accompanying consolidated financial statements of Wal-Mart de México, S.A.B. de C.V. and subsidiaries (hereinafter "the Company"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wal-Mart de México, S.A.B. de C.V. and subsidiaries as at 31 December 2018 and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for audit opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent from Wal-Mart de México, S.A.B. de C.V. within the meaning of the Code of Ethics for Accounting Professionals of the International Ethics Standards Board for Accountants (IESBA) and the ethical requirements applicable to our audit of the consolidated financial statements in Mexico established by the Code of Ethics of the Mexican Institute of Public Accountants (IMCP, Spanish acronym) and have fulfilled our other responsibilities under those relevant ethical requirements and the Code of Ethics of the IESBA.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

I. Leases

We have considered as a key audit matter the accounting of the leased real state due to the corresponding contracts could include specific or complex terms that could have an impact on the Company's evaluation and its classification in the consolidated statement of financial position, as required by the International Accounting Standard (NIC) 17 "Leases".

The Note 3k) of the accompanying consolidated financial statements describes the policy and criteria applied by the Company for the evaluation and classification of real estate lease contracts as financial or operational.

We evaluated the internal control established by the Company for this process and based on a random sample, we inspected real estate lease contracts and analyzed the Company's evaluation of the terms of such contracts and their classification in the consolidated statement of financial position.

Other information

The other information comprises the financial and non-financial information (other than the financial statements and our audit report) presented in the annual report by the Company submitted to the National Banking and Securities Commission (the Commission) and in the annual report submitted to the shareholders for the year ended as at 31 December 2018. Management is responsible for the other information. We expect to obtain the other information after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when we have access to it and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we conclude that there is a material misstatement of the other information contained in the Annual Report filed with the Commission and/or in the annual report submitted to the Company's shareholders, we are required to report that fact to those charged with governance and to describe the matter in our statement on the Annual Report required by the Commission.

Responsibilities of Management and of those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

 Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carlos Carrillo.

Mancera, S.C. A Member Practice of Ernst & Young Global Limited

Mexico City, February 13, 2019

Consolidated Statements of Comprehensive Income

(Amounts in thousands of Mexican pesos)

		ears ended nber 31	
	2018	2017	
Net sales	\$ 612,186,302	\$ 569,014,876	Components of other comprehensive income:
Other revenues (Note 20)	4,724,030	4,356,066	Items that do not reclassify to profit or loss
Total revenues	616,910,332	573,370,942	of the year:
Cost of sales Gross profit	(475,323,820) 141,586,512	(442,298,647) 131,072,295	Actuarial results on employee benefits, net of income taxes
General expenses (Note 21)	(92,597,690)	(86,921,411)	Items that may be reclassified subsequently
Income before other income and expenses	48,988,822	44,150,884	to profit or loss:
Other income	891,793	721,372	•
Other expenses	(690,827)	(1,034,717)	Cumulative translation adjustment
Operating income	49,189,788	43,837,539	Other comprehensive (loss) income
Financial income (Note 22)	2,329,577	1,385,836	
Financial expenses (Note 22)	(2,659,629)	(1,933,375)	Comprehensive income
Income before income taxes	48,859,736	43,290,000	
Income taxes (Note 17)	(12,107,123)	(10,899,663)	
Net income from continuing operations	36,752,613	32,390,337	Basic earnings per share from continuing
Net income from discontinued operations,			operations (in pesos)
net of income taxes (Note 8)	-	7,474,618	
Consolidated net income	\$ 36,752,613	\$ 39,864,955	Basic earnings per share (in pesos)

Consolidated Statements of Financial Position

(Amounts in thousands of Mexican pesos)

	Decem	ıber 31,		Decer	nber 31,
	2018	2017		2018	2017
Assets			Liabilities and equity		
Current assets:			Current liabilities:		
Cash and cash equivalents (Note 5)	\$ 38,829,598	\$ 35,596,117	Accounts payable Other accounts payable (Notes 13 and 14)	\$ 85,327,000 27,569,376	\$ 80,099,063 23,837,886
Accounts receivable, net (Notes 6 and 13)	12,035,029	10,834,460	Income taxes payable	1,269,116	3,890,598
Inventories (Note 7)	63,344,265	59,463,255	Total current liabilities	114,165,492	107,827,547
Prepaid expenses and other	1,405,924	982,374	Long-term liabilities:		
Total current assets	115,614,816	106,876,206	Other long-term liabilities (Note 16)	20,019,308	19,815,114
			Deferred tax liabilities (Note 17)	5,786,932	6,087,187
Non-current assets:			Employee benefits (Note 18)	1,643,027	1,991,863
			Total liabilities	141,614,759	135,721,711
Property and equipment, net (Note 9)	126,643,278	122,252,752			
Finance leases, net (Note 10)	12,724,731	12,709,974	Equity (Note 19):		
Investment properties, net (Note 11)	4,853,970	5,118,707	Common stock	45,468,428	45,468,428
Intangible assets, net (Note 12)	36,997,739	39,368,028	Retained earnings	104,638,687	96,413,711
			Components of other comprehensive income items	15,918,446	20,011,198
Deferred tax assets (Note 17)	7,467,622	6,882,422	Premium on sale of shares	4,014,804	3,559,058
Other non-current assets	2,226,677	2,047,575	Employee stock option plan fund	(5,126,291)	(5,918,442)
			Total equity	164,914,074	159,533,953
Total assets	\$ 306,528,833	\$ 295,255,664	Total liabilities and equity	\$ 306,528,833	\$ 295,255,664

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017 (Amounts in thousands of Mexican pesos)

		Retained earnings		Components										
	Со	ommon stock	L	egal reserve		Retained earnings	C	of other omprehensive income		remium on ale of shares	S	Employee cock option plan fund		Total equity
Balance at December 31, 2016	ć	45,468,428	ć	9,104,745	ċ	90,545,819	ć	24,374,531	ċ	3,108,097	ć	(5,575,604)	ć	167,026,016
Movements in employee stock option plan fund	Ş	43,400,420	Ş	9,104,743	Ç	90,545,619	Ç	24,374,331	Ç	450,961	Ş	(3,373,004) (342,838)	Ş	107,020,010
Dividends declared						(43,101,808)								(43,101,808)
Comprehensive income						39,864,955		(4,363,333)						35,501,622
Balance at December 31, 2017		45,468,428		9,104,745		87,308,966		20,011,198		3,559,058		(5,918,442)		159,533,953
Movements in employee stock option plan fund										455,746		792,151		1,247,897
Dividends declared						(28,527,637)								(28,527,637)
Comprehensive income						36,752,613		(4,092,752)						32,659,861
Balance at December 31, 2018	\$	45,468,428	\$	9,104,745	\$	95,533,942	\$	15,918,446	\$	4,014,804	\$	(5,126,291)	\$	164,914,074

Consolidated Statements of Cash Flows

(Amounts in thousands of Mexican pesos)

		ears ended nber 31			years ended ember 31
	2018	2017		2018	2017
Operating activities Income before income taxes Items related to investing activities: Depreciation and amortization Loss from disposal of property and equipment and impairment	\$ 48,859,736 12,557,588 101,230	\$ 43,290,000 11,644,876 245,619	Investing activities Long-lived assets Interest collected Proceeds from sale of property and equipment Employee stock option plan fund Business disposal	\$ (17,932,578 1,268,122 255,904 940,518 	1,030,317 231,697
Stock option compensation expense Interest earned Items related to financing activities:	307,379 (1,268,122)	250,513 (1,030,317)	Discontinued operations Net cash flow (used in) from investing activities	(15,468,034	(35,945)
Interest paid under finance leases Discontinued operations Cash flow from operating activities	1,553,237 62,111,048	1,436,653 371,824 56,209,168	Financing activities Dividends paid Payment of finance leases	(25,581,976 (1,557,334	
Variances in: Accounts receivable Inventories	(641,255) (4,476,889)	(1,604,457) (6,468,291)	Discontinued operations Net cash flow used in financing activities	(27,139,310	(15,583)) (44,381,126)
Prepaid expenses and other assets Accounts payable Other accounts payable	(502,572) 6,107,659 167,266	(436,377) 14,925,876 2,736,206	Effect of changes in the value of cash Net increase in cash and cash equivalents Cash and cash equivalents at beginning of year	(1,693,945 3,233,481 35,596,117	7,620,581
Income tax paid Employee benefits Discontinued operations	(15,325,302) 94,815 –	(15,219,977) (19,674) (987,109)	Cash and cash equivalents at end of year Non-cash transactions:	\$ 38,829,598	\$ 35,596,117
Net cash flow from operating activities	47,534,770	49,135,365	Finance leases	\$ 1,205,197	\$ 1,200,618

Notes to Consolidated Financial Statements

At December 31, 2018 and 2017

(Amounts in thousands of Mexican pesos, except where otherwise indicated)

1. Description of the business GRI 102-5, 102-25

a) Corporate information

Wal-Mart de México, S.A.B. de C.V. (**WALMEX**, "the Company" or "the Group") is a Mexican company incorporated under the laws of Mexico and listed on the Mexican Stock Exchange, whose headquarters are located at Nextengo #78, Santa Cruz Acayucan, 02770, in Mexico City. The principal shareholder of **WALMEX** is Walmart, Inc., a U.S. corporation, through Intersalt, S. de R.L. de C.V., a Mexican company that holds equity interest of 70.51% in the Company.

WALMEX holds 100% of equity interest in the following groups of companies in Mexico and Central America:

Group	Line of business
Nueva Walmart	Operation of 1,910 Bodega Aurrerá discount stores, 274 Walmart hypermarkets 91 Superama supermarkets, and 163 Sam's Club membership self-service wholesale stores in 2018.
Import companies	Import of goods for sale.
Real estate	Property developments and management of real estate companies.

Group	Line of business
Service companies	Rendering of professional services to Group companies and not-for-profit services to the community at large, as well as shareholding.
Walmart Central America	Operation of 540 discount stores (Despensa Familiar and Palí), 97 supermarkets (Paiz, La Despensa de Don Juan, La Unión and Más x Menos), 143 Bodegas, Maxi Bodega and Maxi Palí), and 31 Walmart hypermarkets in 2018. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

2. New accounting pronouncements

a) International Financial Reporting Standards ("IFRS") effective as of January 1, 2018.

International Financial Reporting Standard (IFRS) 9, Financial instruments

Outlines the new requirements for classification, measurement, impairment and hedge accounting. Management has evaluated this standard and concluded it will not have a material effect on the consolidated financial statements with respect to its financial assets and liabilities. **WALMEX** will continue to use IAS 39 (Financial Instruments: Recognition and Measurement) for hedge accounting.

IFRS 15, Revenue from contracts with customers

According to IFRS 15, an entity recognizes revenue when the obligation is satisfied; that is, when the "control" of the goods or services underlying the performance obligation has been transferred to the customer. Likewise, guidance has been included to deal with specific situations. In addition, the number of disclosures required was increased. Management concluded that the application of this standard did not have a material impact on the consolidated financial statements. The adoption of this standard was made on January 1, 2018 under the modified retrospective method. The effect of adopting IFRS 15 is reflected in Note 20.

Amendments to IFRS 2, Classification and Measurement of Share-based Payment Transactions

Addresses three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. Management concluded that the application of these amendments does not have a material impact on the consolidated financial statements.

IFRIC Interpretation 22, Foreign Currency Transactions and Advance Considerations

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or portion thereof) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact to the Company's consolidated financial statements.

b) Standards that will be effective in 2019

IFRS 16, Leases

This standard is effective for annual periods beginning on or after January 1, 2019 and sets out the principles for the recognition, measurement, presentation and disclosure of leases. **WALMEX** has decided to adopt IFRS 16, using the modified retrospective approach and, therefore, the comparative information will not be restated and will continue to be recorded under

IAS 17. Additionally, the Company will use the exemptions proposed by the standard for lease agreements whose lease terms end within 12 months from the date of the initial request and lease agreements for which the underlying asset value is low.

Management currently estimates total assets and liabilities will increase approximately \$35,700 million upon adoption, after considering deferred taxes. Management does not expect a material impact on the Company's Consolidated Statements of Comprehensive Income or Cash Flowsa.

IFRIC 23, Uncertainty in relation to tax treatment of profits

This interpretation seeks to clarify the application of the recognition and measurement criteria established in IAS 12 - "Income taxes", when there are uncertain tax positions. Uncertain tax positions are those tax positions where there is uncertainty about whether the competent tax authority will accept the tax position under the current tax laws.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. Management estimates that the impact of the adoption of the interpretation will increase its liabilities by approximately \$650 million.

3. Summary of significant accounting policies

A summary of the significant accounting policies is described below. These policies have been applied consistently with those applied in the year ended December 31, 2017, except for the revenue policy which was updated in accordance with the adoption of the new IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments".

a) Basis of preparation

The accompanying consolidated financial statements have been prepared in conformity with the IFRS issued by the International Accounting Standards Board (IASB), and the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), including those issued previously by the former Standard Interpretations Committee (SIC).

The consolidated statements of comprehensive income were prepared based on the function of the components, which allows disclosure of cost of sales separately from other costs, operating and administrative expenses, with both expenses recognized in the statement of income at the time they are incurred.

Prior to the consolidation process, the financial statements of the Company's foreign subsidiaries are prepared under IFRS and translated to Mexican pesos using the average exchange rate for the consolidated statement of comprehensive income and the year-end exchange rate for the consolidated statement of financial position.

The cumulative translation adjustment is the effect of translating the financial statements of the Company's foreign subsidiaries into Mexican pesos. This effect is recognized in equity.

The statement of cash flows is prepared using the indirect method.

The preparation of consolidated financial statements requires the use of accounting estimates and assumptions based on historical experience and other factors and therefore the actual results may differ from estimates. The estimates and assumptions are reviewed periodically and are as follows:

- Accounting estimates for inventory shrinkage; impairment of property and equipment, investment properties and goodwill.
- Assumptions such as discount rates used to determine finance leases; useful lives for property and equipment and intangible assets with definite lives; labor obligation present value factors determined through actuarial valuations using economic assumptions, such as discount rate, inflation rate, salary increase rate and minimum salary increase rate; and determination of the recoverable value involving significant judgments such as future cash flows, the discount rate and the interest rate; fair value of derivative financial instruments and investment properties.

WALMEX has sufficient resources to continue operating as a going concern. The accompanying consolidated financial statements have been prepared on a going-concern basis and on a historical-cost basis, except for financial assets and liabilities and derivative financial instruments, which are fair valued as of the end of every period. The Mexican peso is the Company's functional and reporting currency.

b) Consolidation

The accompanying consolidated financial statements include the financial statements of **WALMEX**, entities in which the Company was deemed the primary beneficiary and those of its Mexican and foreign subsidiaries in which has control, which are grouped as described in Note 1, and prepared considering the same accounting period.

Subsidiaries are consolidated from the date on which control is assumed by **WALMEX**, and until such control is lost. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date of acquisition or up to the date of sale, as appropriate.

Transactions and related party balances are eliminated in the consolidation.

c) Financial assets and liabilities and fair value measurement

The Company determines the classification of financial assets and liabilities at initial recognition as described below:

- I. Financial assets. These assets are classified in one of the following categories, as required: financial assets at fair value through profit or loss, accounts receivable, investments held to maturity. The Company's financial assets primarily consist of cash and cash equivalents, trade receivables and other accounts receivable which are initially recognized at fair value. Fair value of an asset is the price in which such asset would be sold in an ordinary transaction with third parties.
- **II.** Financial liabilities. These liabilities are classified in accounts payable, other accounts payable and finance leases; these liabilities are initially recognized at fair value and subsequently valued to amortized cost using the effective interest rate method. The liabilities from derivatives are recognized initially and subsequently at fair value. Fair value of a liability is the amount that would be paid to transfer the responsibility to a new creditor in an ordinary transaction among those parties.

Assets and liabilities carried at fair value are measured using the fair value hierarchy, which prioritizes the inputs used in measuring fair value. The levels of the fair value hierarchy are as follows:

- Level 1. Quoted prices for identical instruments in active markets,
- Level 2. Other valuations including quoted prices for similar instruments in active markets that are directly or indirectly observable, and
- Level 3. Unobservable data inputs, for which the Company develops its own assumptions and valuations.

Subsequent measurement of the Company's financial assets and liabilities is determined based on their classification.

The Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

d) Cash and cash equivalents

Cash and cash equivalents principally consist of bank deposits, credit and debit card transfer transactions that process in less than seven days, and highly liquid investments with maturities of less than 90 days, plus accrued interest. Cash is stated at fair value.

Cash that is restricted and cannot be exchanged or used to settle a liability for a minimum period of twelve months is presented in a separate line item in the statement of financial position and is excluded from cash and cash equivalents in the cash flow statement.

e) Derivative financial instruments

The Company has entered into currency hedging through Over the Counter (OTC) currency forward transactions (Fx-forwards) to mitigate the effects caused by variability in the exchange rate of foreign currency on its accounts payable related to import goods for sale. The maximum length of these contracts is six months.

Derivatives are initially recognized at fair value at the date the derivative contract is subscribed and subsequently revalued at fair value at the end of the reporting period. The resulting gain or loss is recognized immediately as a part of the financial income (expense) line in the consolidated statement of comprehensive income. In accordance with our standards of corporate governance, the Company manages only Fxforwards as derivative financial instruments.

f) Accounts receivable and provision for impairment of other accounts receivable

WALMEX recognizes the impairment of its receivables by applying the simplified approach allowed by IFRS 9 "Financial Instruments", recognizing the expected credit losses as of the creation of the account receivable. These assets are grouped according to the characteristics of credit risk and the days past due, with the expected loss provision for each risk group determined based on the historical credit loss and experience of the Company, adjusted for specific factors for debtors and effects in the economic environment.

g) Inventories

Inventories are valued using the retail method, except for merchandise for the Sam's Club, distribution centers, Agro-Industrial development (grains, edibles and meat) and perishable divisions, which are stated using the weighted average cost method. These methods are consistent with those applied in the prior year. Inventories, including obsolete, slow-moving and defective items or items in poor condition, are stated at the lower of cost and net realizable value.

Freight and buying allowances are capitalized in inventory and are recognized in the cost of sales based on the turnover of the inventories that gave rise to them.

h) Prepaid expenses

Prepaid expenses are recorded at cost and recognized as current assets in the consolidated statement of financial position as of the date the prepayments are made. Once the goods or services related to the prepayments are received, they should be charged to the income statement or capitalized in the corresponding asset line when there is certainty that the acquired goods will generate future economic benefits.

i) Property and equipment

Property and equipment are recorded at acquisition cost and are presented net of accumulated depreciation.

Depreciation of property and equipment is computed on a straight-line basis at the following annual rates:

Buildings, facilities and leasehold improvements:

Constructions and structures	2.5%	to	5.0%
 Facilities and adaptations 	5.0%	to	12.5%
Construction finishes	10.0%	to	25.0%
Furniture and equipment	5.0%	to	33.3%
Computer equipment	12.5%	to	33.3%
Transportation equipment	10.0%	to	33.3%

Construction in progress mostly consists of investments in the construction of new stores and is recognized at cost. Upon completion of each project, the Company reclassifies work in process to property and the depreciation begins.

Properties and equipment acquired under finance leases are depreciated at the shorter between the useful life of the asset and the term of the contract including the lessee's unilateral right to renewal.

j) Investment properties

Investment properties consist of land, buildings and constructions and facilities in properties that are leased to others and are maintained to obtain economic benefits through the collection of rent. Investment properties are measured initially at cost, including transaction costs. After initial recognition, they continue to be valued at cost less depreciation and accumulated losses due to impairment.

Depreciation of investment properties is computed on a straight-line basis at the following annual rates:

Constructions and structures	2.5%	to	5.0%
Facilities and adaptations	5.0%	to	12.5%
Finishes of construction	10.0%	to	25.0%

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k) Leases

The Company classifies its property lease agreements as either finance or operating leases.

WALMEX as a lessee

WALMEX considers as finance leases those where substantially all of the risks and rewards of ownership are transferred. Finance leases are recorded at the lower of the fair value of the leased property and the present value of the minimum lease payments, and are amortized over the shorter of the estimated useful life of the asset or the remaining expected lease term, including unilateral renewals contemplated in each lease agreement.

Lease agreements that do not qualify as finance leases are treated as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the remaining expected lease term. The starting date of a lease is considered the possession date of the leased property, including the lessee's rights to renewal. Variable lease payments are based on a percentage of the Company's sales, and are recognized as an expense in the period in which they are incurred.

The Company analyzes its service agreements that do not have the legal form of a lease, but which involve obtaining the right of use of an asset in exchange for payment.

WALMEX as a lessor

WALMEX obtains rental income from investment properties: the variable rental income is recognized as revenue in the period in which it is earned. This revenue is presented under the other revenue line within the consolidated statement of comprehensive income.

I) Impairment of long term definite useful life assets

The long-term finite useful life assets are subject to impairment tests only when there is objective evidence of impairment.

The Company recognizes impairment in the value of this type of assets by applying the expected present value technique to determine value in use, considering each store as the minimum cash-generating unit.

The present value technique requires detailed budget calculations, which are prepared separately for each cash-generating unit. These budgets generally cover five years and, if necessary, are projected beyond five years using an expected growth percentage.

Impairment losses are recognized in the consolidated statement of comprehensive income as a part of other expenses.

m) Intangible assets

Intangible assets are recognized when they have the following characteristics: they are identifiable, they give rise to future economic benefits and the Company has control over such benefits.

Intangible assets are valued at the lower of acquisition cost or fair value at the acquisition date and are classified based on their useful lives, which may be definite or indefinite. Indefinite-lived assets are not amortized; however, they are subject to annual impairment tests. Definite-lived assets are amortized using the straight-line method at rates between 7.7% and 33.3%.

n) Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets of Walmart Central America at the acquisition date.

Goodwill was assigned applying the perpetuity value technique to determine the goodwill's value in use, considering each Central American country (Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador) as a minimum cash generating unit.

Goodwill is tested for impairment annually. The Company engages the services of an independent expert to test its goodwill for impairment. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of value of money over time and the specific risks affecting such assets.

Future cash flows consider the business plan and projections used by management in its decision making for the following five years.

Goodwill is translated at the closing exchange rate and the effect is recognized in other comprehensive income.

o) Discontinued operations

Revenue, expenses and costs related to such transactions are separately disclosed and recognized for comparability as part of the discontinued operations line in the consolidated statement of comprehensive income.

p) Liabilities and provisions

Accrued liabilities represent current obligations (legal or assumed) for past events where an outflow of economic resources is possible and can be reasonably estimated. These provisions have been recorded based on management's best estimation. Reimbursements are recognized net of any related obligation when it is certain that the reimbursement will be obtained. Provision expenses are presented in the consolidated statement of comprehensive income net of any corresponding reimbursements.

q) Income taxes

Income taxes are classified as current and deferred, and are recognized in the consolidated statement of comprehensive income in the year they are expensed or accrued, except when they come from items directly recognized in other comprehensive income, in which case, the corresponding taxes are recognized in equity.

Current income taxes are determined based on the tax laws approved in the countries where **WALMEX** has operations, and are the result of applying the applicable tax rates at the date of the consolidated financial statements on the taxable profits of each entity of the Group. Current income taxes are presented as a current liability/asset net of prepayments made during the year.

Deferred income taxes result from applying the applicable enacted or substantively enacted income tax rate at the reporting date to all temporary differences between the financial reporting and tax values of assets and liabilities.

Deferred tax assets are only recognized when it is probable that sufficient taxable profit will be available against which the deductions for temporary differences can be taken. The deferred tax liabilities are generally recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred assets to be used. Unrecognized deferred tax assets are re-assessed at each reporting

date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The deferred income tax on temporary differences arising from investments in subsidiaries and associates is recognized, unless the period of reversal of temporary differences is controlled by **WALMEX** and it is probable that the temporary differences will not reverse in the near future.

Deferred tax assets and liabilities are offset when a legal right exists and when the taxes are levied by the corresponding tax authority.

r) Employee benefits

Employees in Mexico are entitled to a seniority premium in accordance with the Mexican Federal Labor Law. Also, **WALMEX** employees in each of the six countries are entitled to termination benefits to be paid in accordance with each country's respective labor laws. These employee benefits are recognized as expenses during the years in which services are rendered, based on actuarial computations performed by independent experts using the projected unit credit method.

In Mexico, the seniority premium is granted to employees who retire from the Company with a minimum of fifteen years of seniority. The amount paid to the associate is equivalent to twelve days for each year worked, without exceeding the amount for each day of twice the minimum wage. The Company has set up a defined benefits trust fund to cover seniority premiums accruing to employees. Employees make no contributions to this fund.

In Central America, the termination benefits for associates are paid when required in the case of unjustified dismissal or death, in accordance with the Labor Law of each country where the Company operates. The benefits range from 20 days to one month of salary for each year of uninterrupted service.

All other payments to which employees or their beneficiaries are entitled in the event of involuntary retirement or death are expensed as incurred, in accordance with the federal labor laws of each country.

Actuarial gains and losses are recognized as they accrue directly in the consolidated statement of comprehensive income, and in the statement of change in equity.

s) Equity

Legal reserve:

At December 31, 2018, the Company's legal reserve amounts to \$9,104,745, which represents 20% of its equity, which under the Mexican Corporations Act is the maximum level the balance of the reserve can reach.

Employee stock option plan fund and stock option compensation:

As of December 31, 2017, the employee stock option plan fund is comprised of **WALMEX** shares which are acquired in the secondary market and are presented at acquisition cost. The plan is designed to grant stock options to executives of the companies of the Group, as approved by the Mexican National Banking and Securities Commission.

The shares subject to the plan are assigned, taking as a reference the weighted average price of the purchase and sale transactions in the secondary market of such shares.

According to the previous policy, **WALMEX** executives may exercise their option to acquire shares in equal parts over five years. The right to exercise an employee stock option expires after ten years as of the grant date or after sixty days following the date of the employee's termination.

In 2018, the policy was modified to add the "restricted shares" and modify the vesting period. According to the current policy, executives may exercise their option to acquire shares over four years divided in two equal parts, 50% in two years and the remaining 50% by the end of the fourth year. The term to exercise the rights is 10 years from the grant date.

The vesting period for the restricted shares plan is 3 years and the term to exercise the option is up to 10 years starting from the date of the assignment. The amount of the restricted shares is subject to compliance with certain metrics that are evaluated for assignment after the first year, which may cause the original allocation to decrease or increase within a range of 0% to 150%.

The compensation cost of stock options is recognized in general expenses in the consolidated statement of comprehensive income at fair value.

Premium on sale of shares:

The premium on sale of shares represents the difference between the cost of shares and the value at which such shares were sold, net of the corresponding income tax.

t) Revenue recognition

Revenue from merchandise sales, including online sales ("e-commerce") is recognized in the consolidated statement of comprehensive income at the time ownership and risks of the products sold are transferred to the customer. Revenue from services is recognized at the time the service is provided.

Extended warranties, service commissions and cell phone airtime are recognized in the net sales line in the consolidated statement of comprehensive income at time the service is provided.

Sam's Club membership income is deferred over the twelve-month term of the membership and presented in the other revenue line in the consolidated statement of comprehensive income.

Rental income is recognized as it accrues over the terms of the lease agreements entered into with third parties and presented in the other revenue line in the consolidated statement of comprehensive income.

Revenue from the sale of waste and parking is recognized in the other revenue line in the consolidated statement of comprehensive income at the time ownership of the products sold is transferred to the customer.

u) Basic earnings per share

Basic earnings per share is the result of dividing the net income of the year attributable to owners of the parent by the weighted average number of outstanding shares. Diluted earnings per share are the same as basic earnings per share since there is currently no potentially dilutive common stock.

v) Operating segments

Segment financial information is prepared based on the information used by the Chief Operating Decision Maker "CODM" to make business decisions and assess the Company's performance. Segment information is presented based on the geographical zones in which the Company operates.

w) Foreign currency transactions

The Company's foreign currency denominated assets and liabilities are translated to the functional currency at the prevailing exchange rate at the date of the consolidated statement of financial position. Exchange differences are recognized in the consolidated statement of comprehensive income in the financial income (expenses) lines.

4. Risk management

a) General risk factors

The Company is exposed to the effects of future events that could affect the purchasing power and/or buying habits of the population. These events may be economic, political or social in nature and some of the most important are described below:

- I. Changes in exchange rates. Exchange rate fluctuations tend to put upward pressure on inflation and reduce the population's purchasing power, which could ultimately adversely affect the Company's sales, in particular due to the purchase of import goods.
- **II.** Competition. The retail sector has become very competitive in recent years, which has led to the need for all the players in the market to constantly look for ways to set themselves apart from the competition. This puts the Company's market share at risk. Other factors affecting the Company's market share could be the business expansion of its competitors and the possible entrance of new competitors into the market.
- **III. Inflation.** A significant increase in inflation rates could have a direct effect on the purchasing power of the Company's customers and the demand for its products and services, as well as employment and salaries.

IV. Changes in government regulations. The Company is exposed to the changes in different laws and regulations, which, after becoming effective, could affect the Company's operating results, such as an impact on sales, expenses for payroll indirect taxes and changes in applicable rates. Currently, the level of scrutiny and discretion by the tax authorities has greatly increased. Mexican legal courts have changed their position favoring the authorities with respect to ignoring violations of form and procedure.

b) Financial risk factors:

The Company's activities are exposed to various financial risks such as market risk, exchange rate risk and interest rate risk. The Company's risk management plan seeks to minimize the potential negative effects of these risks.

Exchange rate risk:

The Company operates with foreign companies and therefore is exposed to the risk of exchange rate operations with foreign currencies, particularly the US dollar ("USD").

At December 31, 2018, the exchange rate used to translate assets and liabilities denominated in US dollars was \$19.66 per dollar (\$19.65 in 2017).

Considering the net monetary position in dollars at December 31, 2018, if there was an increase or decrease in the exchange rate of the US dollar against the Mexican peso of 5%, there would be a favorable or unfavorable effect on the financial income (expenses) and equity of the Company of \$190,624.

The Company has entered into Fx-forward contracts for foreign currency in order to protect itself from exposure to variability in the exchange rate for the payment of liabilities in Mexico related to the purchase of imported goods agreed in US dollars.

The valuation techniques used by the Company to determine and disclose the fair value of its financial instruments are based on the fair value hierarchy level 2. (See Note 3 "Summary of significant accounting policies - Financial assets and liabilities and fair value measurement").

At December 31, 2018 and 2017, the Company has Fx-forward contracts for an average period of three months as shown below:

	20)18	2017		
Current contracts		90		39	
Notional amount (millions of USD)	US\$	191.96	US\$	62.32	
Fair value (millions of pesos)	\$ (72.74)	\$	25.45	

Interest rate risk:

The Company has temporary investments which generate financial income. By reducing the interest rate, the financial income of the Company also decreases. The interest rate of these investments fluctuated during the year between 4.20% and 8.18%. As of December 31, 2018 the financial income amounted to \$1,268,122 (\$1,030,317 in 2017).

Considering the highly liquid instruments as of December 31, 2018, if there was an increase or decrease in the interest rate of 0.50%, there would be a favorable or unfavorable effect on the financial income of the Company of \$74,683.

5. Cash and cash equivalents

An analysis of cash and cash equivalents as of December 31, 2018 and 2017, is as follows:

	2018	2017
Cash and cash in banks Highly marketable investments	\$ 14,625,147 24,204,451	\$ 16,690,567 18,905,550
	\$ 38,829,598	\$ 35,596,117

6. Accounts receivable

An analysis of accounts receivable at December 31, 2018 and 2017, is as follows:

	2018	2017			
Recoverable taxes	\$ 7,865,937	\$	6,878,768		
Trade receivables	2,745,233		2,414,224		
Other accounts receivable	1,495,376		1,628,462		
Related parties (Note 13)	83,000		108,052		
Provision for impairment of other receivables	(154,517)		(195,046)		
	\$ 12,035,029	\$	10,834,460		

Average aging to collect the accounts receivable to customers is 30 to 90 days.

7. Inventories

An analysis of inventories as of December 31, 2018 and 2017, is as follows:

	2018 2017		
handise for sale	\$ 59,696,445	Ś	56,640,916
o-industrial development	914,688		909,313
	60,611,133		57,550,229
handise in transit	2,733,132		1,913,026
	\$ 63,344,265	\$	59,463,255

As of December 31, 2018 and 2017, the effect of inventory impairment is \$1,155,004 and \$1,134,477, respectively, which was included in cost of sales in the income statement.

8. Discontinued operations

On April 4, 2017, **WALMEX** sold to Liverpool 100% of the shares held by **WALMEX** in the legal entities comprising the Suburbia group, as well as certain intangible assets, furniture and **WALMEX**'s interest in owned and leased assets for the net amount of \$16,269,000. As part of this transaction, Liverpool assumed debt of \$1,392,000 under finance leases. In addition, Suburbia (now a subsidiary of Liverpool) paid **WALMEX** \$3,293,000 in dividends and a capital reduction.

In 2017, the Company obtained a net result for discontinued operations of \$7,474,618 (includes the gain on the sale of Suburbia of \$7,225,000). It also recognized \$5,047,000 as deferred revenue, which will be recognized in income through rental agreements for approximately 20 years (Notes 14 and 16).

The summary of discontinued operations reported in the consolidated statement of comprehensive income for the year ended December 31, 2017, that includes the results of operations of the Suburbia stores are as follows:

	2017				
Total revenue	\$	12,688,568			
Costs and expenses	(2,658,436)			
Income tax	 (2,555,514)			
Net income from discontinued operations	\$	7,474,618			

Legal, consulting, advisory and other expenses related to the disposal of Suburbia, are recognized in the year they are incurred in the discontinued operations line in the consolidated statement of comprehensive income.

In 2017, the Company applied tax benefits of \$3,063,000 that had been recognized in deferred tax assets as of December 31, 2016.

The net cash flows of Suburbia for the period from January 1 to April 4, 2017 were \$(666,813)



9. Property and equipment

An analysis of property and equipment at December 31, 2018 and 2017, is as follows:

	December 31, 2016	Additions	Disposals	Transfers	Translation effect	December 31, 2017	Additions	Disposals	Transfers	Translation effect	December 31, 2018
Land	\$ 31,023,378	\$ 306,878	\$ (203,763)	\$ (774,690)	\$ (420,098)	\$ 29,931,705	\$ 161,016	\$ (7,703)	\$ 402,095	\$ (306,839)	\$ 30,180,274
Buildings	48,873,293	2,489,449	(221,205)	9,430,500	(937,869)	59,634,168	1,788,325	(653,538)	3,086,509	(767,054)	63,088,410
Facilities and leasehold											
improvements	53,720,104	2,245,950	(747,229)	(11,337,835)	(311,966)	43,569,024	977,017	(706,321)	1,268,176	(260,999)	44,846,897
Furniture and equipment	63,670,932	6,776,701	(2,283,249)	1,508,929	(943,481)	68,729,832	5,789,288	(1,052,006)	2,740,692	(833,648)	75,374,158
Subtotal	197,287,707	11,818,978	(3,455,446)	(1,173,096)	(2,613,414)	201,864,729	8,715,646	(2,419,568)	7,497,472	(2,168,540)	213,489,739
Accumulated depreciation	(78,883,025)	(10,510,223)	2,696,170	1,943,700	620,159	(84,133,219)	(11,309,228)	2,080,436	(106,245)	661,052	(92,807,204)
Construction in progress	3,285,624	5,124,437	(237,638)	(3,981,714)	330,533	4,521,242	8,922,590	3,416	(7,502,528)	16,023	5,960,743
Total	\$ 121,690,306	\$ 6,433,192	\$ (996,914)	\$ (3,211,110)	\$ (1,662,722)	\$ 122,252,752	\$ 6,329,008	\$ (335,716)	\$ (111,301)	\$ (1,491,465)	\$ 126,643,278

Depreciation expense for the years ended December 31, 2018 and 2017, was \$11,154,800, and \$10,396,379, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income. The depreciation included in cost of sales was \$154,428 and \$113,844, respectively.

As of December 31, 2017, the transfer column included the reclassification of the initial balance of the property and equipment held for the sale of Suburbia of \$2,129,746.

Property and equipment impairment for the years ended December 31, 2018 and 2017, was \$216,004 and \$46,243, respectively, and is presented in the disposals column. Also, impairment reversal amounted to \$128,270 and \$26,774, respectively.



10. Finance leases

An analysis of finance leases as of December 31, 2018 and 2017, is as follows:

	December 31, 2016	Additions	Disposals	Transfer	Translation effect	December 31, 2017	Additions	Disposals	Transfer	Translation effect	December 31, 2018
Buildings	\$ 14,168,689	\$ 1,071,885	\$ (205,285)	\$ (25,875) \$ (121,250)	\$ 14,888,164	\$ 1,084,781	\$ (931,954)	\$ 297,828	\$ (85,631)	\$ 15,253,188
Furniture and equipment	2,248,595	128,733	(19,409)	(23,918) –	2,334,001	120,416	(23,880)	(77,744)	_	2,352,793
Subtotal	16,417,284	1,200,618	(224,694)	(49,793) (121,250)	17,222,165	1,205,197	(955,834)	220,084	(85,631)	17,605,981
Accumulated depreciation	(4,073,180)	(697,522)	59,727	168,660	30,124	(4,512,191)	(687,704)	552,424	(257,521)	23,742	(4,881,250)
Total	\$ 12,344,104	\$ 503,096	\$ (164,967)	\$ 118,867	\$ (91,126)	\$ 12,709,974	\$ 517,493	\$ (403,410)	\$ (37,437)	\$ (61,889)	\$ 12,724,731

Amortization expense for the years ended December 31, 2018 and 2017, was \$687,704 and \$697,522, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income.

Finance lease impairment for the years ended December 31, 2018 and 2017, was \$57,656 and \$5,713, respectively, and is presented in the disposals column. Also, impairment reversal amounted \$41,494 and \$28,434, respectively.



11. Investment properties

An analysis of investment properties as of December 31, 2018 and 2017 is as follows:

	December 31, 2016	Additions	Disposals	Transfers	December 31, 2017	Additions	Disposals	Transfers	December 31, 2018
Land	\$ 1,353,370	\$ –	\$ (5,580)	\$ 1,244,990	\$ 2,592,780	\$ –	\$ (39,246)	\$ –	\$ 2,553,534
Buildings	810,646	_	(59,783)	1,929,137	2,680,000	39,984	(63,476)	_	2,656,508
Facilities and improvements	489,603	_	(215)	1,861,807	2,351,195	1,630	15,478	_	2,368,303
Subtotal	2,653,619	_	(65,578)	5,035,934	7,623,975	41,614	(87,244)	_	7,578,345
Accumulated depreciation	(338,426)	(215,274)	-	(1,951,568)	(2,505,268)	(233,422)	14,315	_	(2,724,375)
Total	\$ 2,315,193	\$ (215,274)	\$ (65,578)	\$ 3,084,366	\$ 5,118,707	\$ (191,808)	\$ (72,929)	\$ –	\$ 4,853,970

Depreciation expense for the years ended December 31, 2018 and 2017, was \$233,422, and \$215,274, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income.

The fair value of investment properties as of December 31, 2018 and 2017 is \$8,028,001 and \$8,325,199, respectively.

The investment properties of the Company consist of commercial properties located in Mexico. The administration determined that the investment properties are grouped according to the nature, characteristics and main client of each property.

As of December 31, 2018 and 2017, the fair values of the properties are based on management valuations. To calculate the value of a commercial property, the rental approach was used, applying the corresponding gross rent multiplier (GRM).



12. Intangible assets

An analysis of intangible assets at December 31, 2018 and 2017, is as follows:

	December 31, 2016	Additions	Disposals	Transfers	Translation effect	December 31, 2017	Additions	Disposals	Transfers	Translation effect	December 31, 2018
Goodwill	\$ 39,420,548	\$ –	_	\$	\$ (2,047,352)	\$ 37,373,196	\$	\$	\$ –	\$ (2,383,986)	\$ 34,989,210
Trademarks	974,126	-	-	-	(59,853)	914,273	-	-	_	(46,027)	868,246
Licenses and software	2,159,949	482,220	(1,353)	14,533	(33,094)	2,622,255	252,728	(4,223)	148,651	(10,594)	3,008,817
Customer base	250,366	_	_	_	(20,576)	229,790		_	_	(14,766)	215,024
Subtotal	42,804,989	482,220	(1,353)	14,533	(2,160,875)	41,139,514	252,728	(4,223)	148,651	(2,455,373)	39,081,297
Accumulated amortization	(1,465,457)	(335,701)	1,871	(6,566)	34,367	(1,771,486)	(327,234) 70	500	14,592	(2,083,558)
Total	\$ 41,339,532	\$ 146,519	\$ 518	\$ 7,967	\$ (2,126,508)	\$ 39,368,028	\$(74,506) \$ (4,153)	\$ 149,151	\$ (2,440,781)	\$ 36,997,739

As a result of its impairment testing, the Company concluded that there was no impairment in the value of the Company's Goodwill as of December 31, 2018 and 2017.

Trademarks represents the trademarks acquired at the time of the acquisition of Walmart Central America, including: Palí, Despensa Familiar, Maxi Bodega, among others. Trademarks are translated at the year-end exchange rate and the corresponding effect is recognized as a component of other comprehensive income.

Licenses, software and customer amortization expense for the years ended December 31, 2018 and 2017, was \$327,234 and \$335,701, respectively, and is included in the general expenses line of the consolidated statement of comprehensive income.

13. Related parties GRI 102-25

a) Related party balances

As of December 31, 2018 and 2017, the consolidated statement of financial position includes the following balances with related parties:

	2018		2017
counts receivable:			
Walmart, Inc. (holding company)	\$ 83,000	\$	108,052
counts payable:			
C.M.A U.S.A., L.L.C.	\$ 689,282	\$	712,442
Swiss Asia Minor GmbH	120,005		207,225
	\$ 809,287	\$	919,667
har accounts payable.			
her accounts payable: Walmart Inc.	\$ 1,143,739	\$	716,406

As of December 31, 2018 and 2017, balances with related parties consist of current accounts that bear no interest, are payable in cash and have no guarantees.

b) Related party transactions

WALMEX has entered into the following open-ended agreements with related parties:

- Imports of goods for sale, which are interest-free and payable monthly.
- Purchase commissions with Swiss Asia Minor GmbH that are payable on a recurring basis.
- Technical assistance and services with Walmart, Inc. that are payable monthly.
- Royalties for trademark use with Walmart, Inc., payable quarterly based on a percentage of sales of the retail businesses.

The terms of the related party transactions are consistent with those of an arm's length transaction.

The Company had the following transactions with related parties during the years ended December 31, 2018 and 2017:

	2018	2017		
Purchases and commissions related to the import of goods for sale: C.M.A U.S.A., L.L.C.	\$ 4,644,211	\$	4,389,784	
Swiss Asia Minor GmbH	 247,429		218,174	
	\$ 4,891,640	\$	4,607,958	
Costs and expenses related to technical assistance, services and royalties: Walmart Inc.	\$ 4,225,378	\$	3,284,545	

c) Remuneration of principal officers

Remuneration to the Company's principal officers and Board of Directors for the years ended December 31, 2018 and 2017 is as follows:

		2018	2017	
term benefits	¢	1,238,960	¢	1,255,014
nination benefits	Ŷ	60,081	Ļ	86,076
sed payments		126,434		82,942
	\$	1,425,475	\$	1,424,032

14. Other accounts payable

An analysis of other accounts payable as of December 31, 2018 and 2017, is as follows:

	2018	2017		
ccrued liabilities and others	\$ 17,002,963	\$	16,969,500	
Dividends	5,831,387		2,874,633	
Contingencies (Note 15)	1,699,542		1,513,403	
Deferred revenue ^(a)	1,583,393		1,382,740	
Related parties (Note 13)	1,143,739		716,406	
inance lease (Note 16)	308,352		381,204	
	\$ 27,569,376	\$	23,837,886	

^(a) Deferred income represents SAM's club memberships, unredeemed gift cards and deferred income for rentals related to the sale of Vips and Suburbia.

15. Commitments and contingencies

a) Commitments

As of December 31, 2018, the Company has entered into agreements with suppliers for the acquisition of inventories, property and equipment, maintenance services, as well as renewable energy supply services, as shown below:

Year	Amount				
2019	\$	21,532,340			
2020		1,874,216			
2021		1,950,337			
2022		2,025,661			
2023		2,103,907			
2024 and thereafter		19,001,366			

The Company has lease commitments as explained in Note 16.

b) Contingencies

The company is subject to several lawsuits and contingencies for legal proceedings (labor, civil, commercial and administrative proceedings) and tax proceedings. The Company has recognized a provision of \$1,699,542 as of December 31, 2018 (\$1,513,403 in 2017), which is presented in other accounts payable. In the opinion of the Company, none of the legal proceedings are significant either individually or as a whole.

The tax authorities have conducted a review on the sale operation of the Vips restaurant to Alsea and issued a termination document, in which they claim the payment of alleged differences in tax payments of \$3,665,000, which includes taxes, fines and other surcharges. An appeal for revocation was filed with the tax authorities, in order to make an adequate assessment of all the arguments, before going to the competent courts.

The Company has not recognized a provision for this contingency, since the external attorneys and the Company's Management consider that there are sufficient elements available to sustain the validity of the operations carried out and to prevail, either by administrative or judicial means.

c) Legal proceedings

WALMEX is a subsidiary of Walmart, Inc. ("WMT"). WMT owns approximately 70% of the shares and voting power in **WALMEX** and has the ability to designate at least a majority of the directors of **WALMEX**. The remaining shares of **WALMEX** are publicly traded on the Mexican Stock Exchange and, to the best of the knowledge of **WALMEX**, no shareholder other than WMT and its affiliates owns more than 2% of the outstanding shares of **WALMEX**.

Currently, the Board of Directors of **WALMEX** is composed of 11 directors. The Audit Committee and the Corporate Governance Committee of the Board of Directors are composed exclusively of independent directors.

WMT is subject to a wide variety of laws and regulations in the United States of America and in the countries in which it operates, including but not limited to the U.S. Foreign Corrupt Practices Act (the "FCPA").

As **WALMEX** publicly disclosed on April 23, 2012, WMT is the subject of an investigation under the FCPA by the U.S. Department of Justice and the U.S. Securities and Exchange Commission following a disclosure that WMT made to those agencies in November 2011.

The Audit Committee of the Board of Directors of WMT, which is composed solely of independent directors, is conducting an internal investigation into, among other things, alleged violations of the FCPA and other alleged crimes or misconduct in connection with foreign subsidiaries, including **WALMEX** and whether prior allegations of such violations and/or misconduct were appropriately handled by WMT. The Audit Committee of WMT and WMT have engaged outside counsel from a number of law firms and other advisors who are assisting in the on-going investigation of these matters. **WALMEX** has also engaged outside counsel to assist in these matters.

WMT is also conducting a voluntary global review of its policies, practices and internal controls for FCPA compliance. WMT is engaged in strengthening its global anti-corruption compliance programs through appropriate remedial anti-corruption measures. **WALMEX** is taking part in such voluntary global review and strengthening of programs.

Furthermore, lawsuits relating to the matters under investigation have been filed by several of WMT's shareholders against it and against **WALMEX**, its current directors, certain of its former directors, certain of its current and former officers and certain of **WALMEX**'s current and former officers. **WALMEX** is cooperating with WMT in the review of these matters and it intends to continue fully cooperating in such regard.

A number of federal and local government agencies in Mexico have also initiated investigations of these matters. **WALMEX** is cooperating with the Mexican governmental agencies conducting these investigations.

The Audit Committee and the Corporate Governance Committee of the Board of Directors of **WALMEX**, as well as the Board of Directors of **WALMEX**, have been informed about these matters and have determined, by an unanimous vote of the independent directors only, that

it is in the best interest of **WALMEX** to continue to cooperate at this time with WMT and the U.S. and Mexican agencies conducting these investigations.

WALMEX could be exposed to a variety of negative consequences as a result of the matters noted above. There could be one or more enforcement actions in respect of the matters that are the subject of some or all of the ongoing government investigations, and such actions, if brought, may result in judgments, settlements, fines, penalties, injunctions, cease and desist orders or other relief, criminal convictions and/or penalties. The shareholder lawsuits may result in judgments against WMT and **WALMEX** and to current and former directors and current and former officers of WMT and **WALMEX** named in those proceedings. **WALMEX** cannot predict accurately at this time the outcome or impact of the government's investigations, the shareholder lawsuits, the internal investigation and review. In addition, WALMEX expects to incur costs in responding to requests for information or subpoenas seeking documents, testimony and other information in connection with the government investigations, and it cannot predict at this time the ultimate amount of all such costs. These matters may require the involvement of certain members of WALMEX's senior management that could impinge on the time they have available to devote to other matters relating to the business. WALMEX may also see ongoing media and governmental interest in these matters that could impact the perception among certain audiences of its role as a corporate citizen.

WALMEX, its Board of Directors and its Audit Committee and Corporate Governance Committee will at all times ensure compliance with applicable Mexican law and ensure that they create value to **WALMEX**, acting diligently and adopting reasoned decisions, without favoring any shareholder or group of shareholders.

Although **WALMEX** does not presently believe, based on the information currently available and the advice of its external Mexican counsel, that these matters will have a material adverse effect on its business, given the inherent uncertainties in such situations, **WALMEX** can provide no assurance that these matters will not be material to its business in the future.

16. Other long-term liabilities

In other long-term liabilities as of December 31, 2018 and 2017, include:

	2018	2017	
ance leases	\$ 14,167,265	\$	13,726,180
rred rental income (Note 14)	4,881,202		5,211,739
ing leases	962,218		868,360
	8,623		8,835
	\$ 20,019,308	\$	19,815,114

The Company has entered into property lease agreements with third parties with compulsory terms from 1 to 15 years in average.

In addition, the Company has also entered into finance leases for the rental of residual water treatment plants used to meet environmental protection standards. The terms of these agreements are between 7 to 10 years.

Future rental payments are as follows:

	Operating leases			Financ (minimum		~
Year		npulsory term)	Р	Present value		uture value
2019	\$	1,365,404	\$	308,352	\$	1,859,380
2020		1,357,628		319,446		1,839,689
2021		1,384,446		376,897		1,860,861
2022		1,263,451		360,986		1,804,969
2023		1,232,395		357,649		1,763,767
2024 and thereafter		8,526,296		12,752,287		29,527,034

Total rent under operating leases charged to the income statement during the years ended December 31, 2018 and 2017 was \$6,775,941 and \$6,101,990, respectively, and is included in the general expenses line in the consolidated statement comprehensive income.

The Company analyzes its services agreements that do not have the legal form of a lease to determine if the supplier transfers the use of an asset to **WALMEX**. After this analysis, **WALMEX** has determined that there are no material service agreements that must be classified as a lease.

17. Income taxes

Through December 31, 2018, **WALMEX** as an integrating entity and its integrated subsidiaries in Mexico, determine and pay income tax under the optional integration regime for groups of companies. Also, the tax provision includes the taxable income of subsidiaries located abroad, which is determined in accordance with the applicable tax laws of each country.

An analysis of income taxes charged to the income statement for the years ended December 31, 2018 and 2017, is as follows:

	2018			2017		
Current year tax Deferred tax	\$	(13,034,909) 927,786	\$	(15,741,002) 4,841,339	
Total	\$	(12,107,123)	\$	(10,899,663)	

As of December 31, 2018 and 2017, the Company's effective tax rate is 24.8% and 25.2%, respectively. The difference between the statutory tax rate and Company's effective tax rate is due to inflationary effects and other permanent items.

The income tax rates applicable to each country are shown below:

	Rate
Mexico	30%
Costa Rica	30%
Guatemala	25%
Honduras	30%
Nicaragua	30%
El Salvador	30%

An analysis of the effects of the temporary differences giving rise to deferred tax assets and liabilities at December 31, 2018 and 2017, is as follows:

	_				
		2018	2017		
Deferred tax assets:					
Other long-term liabilities	\$	3,729,985	\$ 2,950,192		
Other accounts payable		1,852,480	2,146,325		
Inventories		750,551	820,468		
Labor obligations		553,700	688,823		
Tax losses carryforward from subsidiaries		529,079	253,029		
Provision for impairment of other receivables		51,827	23,585		
	\$	7,467,622	\$ 6,882,422		
Deferred tax liabilities:					
Property and equipment	\$	5,190,660	\$ 5,472,622		
Prepaid expenses		234,830	280,678		
Other items		361,442	333,887		
	\$	5,786,932	\$ 6,087,187		

Deferred income tax assets on tax loss carryforwards are recognized to the extent that realization of the related tax benefit through future taxable income is probable.

The Company has the following tax losses from subsidiaries, which in conformity with the current Mexican Income Tax Law may be carried forward against the taxable income generated in future years.

Year of expiration	Amount		
2024	\$ 161,645		
2025	90,045		
2026	211,740		
2027	434,501		
2028	 865,665		
	\$ 1,763,596		

18. Employee benefits

As of December 31, 2018 and 2017, an analysis of the Company's assets and liabilities for seniority premiums and retirement benefits is as follows:

	Seniority premiums				Retirement benefits			
		2018		2017		2018		2017
Defined benefit								
obligations	\$	1,015,698	\$	1,020,340	\$	1,446,924	\$	1,728,121
Plan assets		(819,595)		(756,598)		-		
Net projected liability	\$	196,103	\$	263,742	\$	1,446,924	\$	1,728,121

Changes in the net present value of the defined benefit obligations (DBO) as of December 31, 2018 and 2017, are shown below:

	Seniority premiums				enefits			
		2018		2017		2018		2017
DBO at beginning								
of year	\$	1,020,340	\$	856,129	\$	1,728,121	\$	1,538,632
Net period cost								
charged to results:								
Labor cost from								
actual services		152,112		128,762		180,208		141,040
Interest cost on DBO		78,675		66,974		144,023		89,817
Other comprehensive								
income items		(99,520)		75,090		29,142		245,110
Benefits paid		(135,909)		(106,615)		(568,705)		(243,609)
Translation impacts		-		-		(65,865)		(42,869)
DBO at year end	\$	1,015,698	\$	1,020,340	\$	1,446,924	\$	1,728,121

Changes in the net present value of the plan assets (PA) as of December 31, 2018 and 2017, are shown below:

	Seniority premiums						
		2018			2017		
DA at beginning of year	Ś	(756 500)	ć	(700 427)	
PA at beginning of year Return on plan assets	Ş	(756,598) 58,228)	Ş	(709,437) 55,601)	
Components of other comprehensive income		(31,776		(41,821	
Plan contributions		(172,278)		(139,961)	
Benefits paid		(135,733		(106,580	
PA at year end	\$	(819,595)	\$	(756,598)	

The valuation techniques used by the Company to determine and disclose the fair value of its financial instruments are based on a level 1 hierarchy.

As of December 31, 2018 and 2017, the plan assets have been invested through the trust mostly in money market instruments.

As of December 31, 2018 and 2017, actuarial gains/losses from labor obligations, net of taxes are recognized as a component of other comprehensive income in the amount of \$451,458 and \$412,046, respectively.

As of December 31, 2018, the assumptions used in the actuarial valuations of Mexico and Central America, are as follows:

	Me	exico	Central	America	
	2018	2017	2018	2017	
Financial:					
Discount rate	9.50%	7.75%	3.80%-13.56%	6.86%-11.45%	
Salary increase rate	5.25%	5.25%	2.50%-7.51%	2.50%-7.66%	
Minimum salary					
increase rate	4.00%	4.00%	2.00%-7.01%	2.00%-7.16%	
Inflation rate	4.00%	4.00%	2.00%-7.01%	2.00%-7.16%	
Biometrics:					
Mortality	IMSS-97 ⁽¹⁾	IMSS-97 ⁽¹⁾	RP-2000 ⁽²⁾	RP-2000 ⁽²⁾	
Disability	21.07%	21.07%	15.40%	15.40%	
Retirement age	60 years	60 years	50-65 years	50-65 years	

⁽¹⁾ Mexican Social Security Institute experience for males and females.

⁽²⁾ RP-2000 for Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

A sensitivity analysis of the DBO at December 31, 2018, is as follows:

	Amount		
DBO at December 31, 2018	\$:	2,462,622	
DBO at discount rate +1%		2,306,136	
DBO at discount rate -1%		2,642,379	
Effects over DBO:			
Discount rate +1%	(156,483)	
Discount rate -1%		179,759	

The discount rate in Mexico is determined using the curve of government bonds issued by the Federal Government known as M. Bonds. In Central America, the discount rate is determined using the curve of government bonds of United States of America plus the risk of each country.

19. Equity

a) At an ordinary meeting held on March 22, 2018, the shareholders adopted the following resolutions:

- 1. Approval of a cap of \$5,000,000 on the amount the Company would use in 2018 to repurchase its own shares.
- The shareholders declared an ordinary cash dividend of \$0.76 pesos per share, paid in four installments of \$0.19 pesos each on April 26, 2018; August 30, 2018; November 28, 2018; and February 27, 2019; and an extraordinary dividend to be paid in cash at a rate of \$0.89 pesos per share in four installments: \$0.20 pesos on April 26, 2018, \$0.10 pesos on August 30, 2018, \$0.45 pesos on November 28, 2018 and \$0.14 pesos on February 27, 2019.

After the dividend declared is approved at the shareholders' meeting, the Company reduces retained earnings and recognizes the accounts payable in the consolidated statement of financial position

b) Common stock is represented by one series of nominative, common or ordinary registered shares with no par value that can be freely subscribed. The Company's common stock must be represented by a minimum of three billion shares and a maximum of one hundred billion shares.

As of December 31, 2018 and 2017, an analysis of paid-in stock and the number of shares representing it is as follows:

Common stock		Amount		
Fixed minimum capital	\$	5,591,362		
Variable capital		36,935,265		
Subtotal		42,526,627		
Inflation effects		2,941,801		
Total	\$	45,468,428		
Number of freely subscribed				
common shares	17	7,461,402,631		

During the years ended December 31, 2018 and 2017, **WALMEX** did not repurchase its own shares.

c) Distributed earnings and capital reductions that exceed the net taxed profits account (CUFIN per its acronym in Spanish) and restated contributed capital account (CUCA per its acronym in Spanish) balances, are subject to income tax, in conformity with Articles 10 and 78 of the Mexican Income Tax Law.

As of December 31, 2018 and 2017, the total balance of the tax accounts related to equity is \$77,766,617 and \$71,829,298, respectively, in conformity with the current tax laws.

d) The employee stock option plan fund consists of 165,158,920 **WALMEX** shares, which have been placed in a trust created for the plan.

The total compensation cost charged to operating results in the years ended December 31, 2018 and 2017 was \$307,379 and \$250,513, respectively, which represented no cash outflow for the Company.

Changes in the stock option plan are as follows:

		Number of shares	Weighted average price per share (pesos)
Balance as of December 31, 2016		199,218,066	33.90
Granted		46,668,006	38.64
Exercised	(47,228,029)	30.38
Cancelled	(13,695,569)	37.35
Balance as of December 31, 2017		184,962,474	35.73
Granted		35,274,409	45.62
Exercised	(46,694,684)	33.39
Cancelled	(13,989,997)	34.50
Balance as of December 31, 2018		159,552,202	38.38
Shares available for option grant:			
As of December 31, 2018		5,606,718	
As of December 31, 2017		13,321,130	

As of December 31, 2018, the granted and exercisable share under the stock option plan fund is 159,552,202 and 60,060,863, respectively.

20. Other disclosures of revenue

a) An analysis of the other revenue that forms part of the main activity of the Company is as follows:

	For the years ended December 31,			
	2018		2017	
ips	\$ 1,600,375	\$	1,480,819	
	1,996,618		1,787,025	
	580,113		665,430	
	494,658		351,305	
	52,266		71,487	
	\$ 4,724,030	\$	4,356,066	

As of December 31, 2018, rental income includes investment properties of \$575,280 (\$465,546 in 2017).

b) The Company analyzes and manages its operation through its geographical location and format.

An analysis of income from contracts with customers is as follows:

	For the years ended December 31,			
2018				
61.2%	60.9%			
20.4%	20.3%			
18.4%	18.8%			

Of **WALMEX**'s total net sales, approximately \$7.1 billion and \$4.8 billion relates to electronic commerce for the years ended December 31, 2018 and 2017, respectively.

21. Cost of sales and general expenses

Cost of sales and general expenses are presented in the consolidated statement of comprehensive income and mainly include the purchase of merchandise, personnel expenses, depreciation and amortization, rent, advertising, maintenance, utilities, royalties, and technical assistance.

22. Financial income (expenses)

An analysis of financial income (expenses) for the years ended December 31, 2018 and 2017, is as follows:

	2018			2017		
Financial income:						
Financial income	\$	1,268,122	\$		1,052,093	
Currency exchange gain		805,203			201,452	
Income on changes in fair value						
of derivatives		256,252			132,291	
	\$	2,329,577	\$		1,385,836	
Financial expenses:						
Interest on finance leases	\$ (1,553,237)	\$	(1,436,653)	
Currency exchange loss	(630,197)		(192,428)	
Loss on changes in fair value of derivatives	(354,448)		(116,596)	
Other	(121,747)		(187,698)	
	,					

Financial income primarily consists of interest earned on investments.

23. Segment financial information

Segment financial information is prepared based on the information used by the CODM to make business decisions.

\$

2,659,629)

Ś

1,933,375)

Segment			Operating income			Financial expenses - net			Income before income taxes	
				Year	endec	l De	cember 31, 2	2018		
Mexico Central America		\$	\$ 41,981,265 7,208,523			(255,091) 74,961)	\$	41,726,174 7,133,562	
Consolidated		\$	49,18	9,788	\$	(330,052)	\$	48,859,736	
				Yea	r ende	d De	ecember 31, 2	2017		
Mexico Central America		\$		21,878 5,661	\$	(473,024) 74,515)	\$	36,748,854 6,541,146	
Consolidated		\$	43,83	37,539	\$	(547,539)	\$	43,290,000	
Segment		Purchase of long term definite-lived assets		term lived Depreciation			Total n assets		Current liabilities	
				Year	endec	l De	cember 31, 2	2018		
Mexico Central America Goodwill	\$	11,694,003 6,238,575		9,681 2,876		\$	213,528,655 58,010,968 34,989,210	3	95,519,391 18,646,101 -	
GOOUVIII		17,932,578	3\$	12,557	7,588	\$	306,528,833	3\$	114,165,492	
	\$,								
Consolidated	\$			Yea	r ende	d De	ecember 31, 2	2017		
	\$ \$	11,259,484 6,166,151		9,08	r ende 8,722 6,154 –	d De \$	ecember 31, 2 202,122,782 55,759,68 37,373,196	7 \$ 1	88,272,139 19,555,408	

An analysis of financial information by operating segments and geographical zones is as follows:

24. Reclassification of presentation

The Company has made certain reclassifications in the consolidated income statement for the year that ended on December 31, 2017, mainly related to contributions from suppliers that were reclassified from general expenses to cost of sales as follows:

	December 3 2017	1, Reclassificatio	December 31, n 2017
Net sales	\$ 569,366,18	81 \$ (351,305)	\$ 569,014,876
Other revenue	3,898,83		4,356,066
Total revenue	573,265,02	20 105,922	573,370,942
Cost of sales	(445,569,6	72) 3,271,025	(442,298,647)
Gross profit	127,695,34	48 3,376,947	131,072,295
General expenses	(83,684,1	58) (3,237,253)	(86,921,411)
Income before other			
income and expenses	44,011,19	90 139,694	44,150,884
Other income	861,00	66 (139,694)	721,372

25. Subsequent event

As of January 1, 2019, **WALMEX** and its subsidiaries in Mexico will determine and pay income tax under the general regime of the Mexican Income Tax Law, abandoning the optional integration regime for groups of companies. The change does not represent a material effect in the financial statements.

26. Approval of the financial statements

The consolidated financial statements and accompanying notes for the years ended December 31, 2018 and 2017 were approved by the Company's management and Board of Directors on February 13, 2019, and are subject to approval by the Shareholders meeting. Subsequent events are considered through this date.



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GRI 102-56

Independent Limited Verification Report

To the Board of Directors of Wal-Mart de Mexico S.A.B de C.V.:

Scope of our Work

We have undertaken an independent limited verification of the information and performance indicators included in **Exhibit A** and presented in the 2018 Financial and Corporate Responsibility Report (the "Report") of Wal-Mart de Mexico S.A.B de C.V ("Wal-Mart" or the "Company"), in accordance with the reporting criteria set forth in the GRI Standards (the "Criteria").

The preparation of this report is the responsibility of Wal-Mart's Management. Wal-Mart's Management is also responsible for the information and the assertions contained therein, defining the scope of the Report and the management and control of the information systems that provided the information reported.

Our work was conducted in accordance with International Standard on Assurance Engagements (ISAE) 3000 issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). This standard requires that we plan and perform our engagement to obtain limited assurance about whether the report is free from material misstatement and that we comply with ethical requirements, including the independence requirements included in the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA).

Standards and verification procedures

The verification procedures performed focused on the following:

- Interviews with the individuals responsible for the information to understand the activities performed and the procedures used to gather the information.
- Review of the structure and content of the Report in accordance with the GRI Standards.

- Understanding of the procedures used in compiling and consolidating quantitative and qualitative data, as well as their traceability.
- Review of the support documentation through analysis.
- Recalculations, as well as sampling, to increase the certainty of the indicators reported.

It is worth mentioning that the scope of this review is substantially less than a reasonable assurance engagement. Therefore, the assurance provided is also less. This Report shall in no way be considered an audit report.

Conclusions

Based on our work described in this Report, nothing has come to our attention that causes us to believe that the information and performance indicators selected are not presented, in all material respects, in accordance with the applicable criteria.

This report has been exclusively prepared for the Board of Directors of Wal-Mart de Mexico S.A.B de C.V., in accordance with the terms of our engagement agreement.

Mancera, S.C.

A Member Practice of Ernst & Young Global Limited

Saúl García Partner

March 12th, 2019, Mexico City

Annex A: Verified information and performance indicators

Disclosures

GRI	Disclosure title	GRI	Disclosure title
102-43 ¹	Approach to stakeholder engagement	408-1 ¹	Operations and suppliers at significant risk for incidents of child labor
102-44 ¹	Key topics and concerns raised	409-1 ¹	Operations and suppliers at significant risk for incidents of forced or compulsory labor
304-1 ²	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	412-1 ¹	Operations that have been subject to human rights reviews or impact assessments
304-2 ¹	Significant impacts of activities, products, and services on biodiversity	412-3 ¹	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
306-31	Significant spills	413-1 ³	Operations with local community engagement, impact assessments, and development programs
308-2 ¹	Negative environmental impacts in the supply chain and actions taken	414-2 ¹	Negative social impacts in the supply chain and actions taken
401-2 ¹	Benefits provided to full-time employees that are not provided to temporary or part-time employees	416-1 ¹	Assessment of the health and safety impacts of product and service categories
403-3 ¹	Workers with high incidence or high risk of diseases related to their occupation	417-1 ¹	Requirements for product and service information and labeling
407-1 ¹	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		

 ¹ The scope of the information covers Mexico & Central America, as well as GRI Standards criteria
 ² The scope of the information is limited to Mexico
 ³ GRI standard compliance level: clauses a (i-vi)



Performance indicators⁴

GRI	Disclosure title	Scope of the information	Compliance level (Clauses)	Reported information	Unit									
			7,709	Labor claims received										
			Γ	6,798	Claims received from associates									
		Mexico		911	Claims received from suppliers									
103-2	The management approach and its		a,b&c	7,074	Concluded claims from associates									
103-2	components		a, b & c	816	Concluded claims from suppliers									
				77	Claims received from associates									
		Central America		55	Concluded claims from associates									
				6	Concluded claims from suppliers									
203-2	Significant indirect economic impacts	Mexico and Central America	a&b	4,148	Jobs created (hiring & transfers)									
			a, b & c	81	Percentage of national suppliers' purchases (fruits & vegetables)									
		Mexico		97	Percentage of national suppliers' purchases (meat) 6									
204-1	Proportion of spending on local suppliers⁵			a, b & c	61	Percentage of national suppliers' purchases (fish & seafood)								
														73
		Central America		81	Percentage of regional suppliers' purchases (meat)									
				69	Percentage of regional suppliers' purchases (fish & seafood)									
				100	Percentage of partners reported on anti-corruption policies									
				135,573	Total number of partners trained in anti-corruption									
	Communication and		a, b, c, d & e	59	Percentage of partners in anti-corruption training									
205-2	training about anti-	Mexico and Central America		723	Total number of suppliers trained in anti-corruption									
	corruption policies and procedures			100	Percentage of suppliers informed and trained in anti-corruption policies									
				11	Total number of Board of Directors' members informed in anti-corruption policies									
0				100	Percentage of board of Directors' members informed in anti-corruption									

⁴ The GRI Standards performance indicators 202-1, 403-2 and 406-1 covering México and Central America. However, Wal-Mart decided not to disclose them in the report at the time of publication. ⁶ Includes supplier development programs carried out by Wal-Mart (Adopta una Pyme, Tierra Fértil, Pequeño Productor, Una Mano para Crecer). Includes percentages of purchases from local suppliers for owned brands. ⁶ Does not include information from Honduras.



GRI	Disclosure title	Scope of the information	Compliance level (Clauses)	Reported information	Unit
				11	Percentage of administration board members informed and trained in anti- corruption policies
				100	Percentage of administration board members informed and trained in anti- corruption policies
				27,638.253	Tons of plastics
				316.725	Tons of wood
301-1	Materials used by weight	Mexico and Central America	o /1 II)	8,264.262	Tons of paper
301-1	or volume	Mexico and Central America	a (i,ii)	2,113.833	Tons of sanitary paper
				1,007.000	Tons of cardboard
				4,400,339	Liters of chemicals
				22	% of recycled plastic
301-2	Recycled input materials used	Mexico and Central America	a	8	% of recycled paper
	(49500-2010)			85	% of recycled sanitary paper
			a, b, c, e, f& g	11,547,474	GJ total energy consumption
302-1	Energy consumption	Mexico and Central America		6,428,317	GJ of electric energy from renewable sources
	within the organization			2,702,222	GJ of electric energy from fossil fuels
				2,416,935	GJ of fuels
302-3	Energy intensity	Mexico	- a, b, c & d -	1.03	GJ/ m ²
302 3		Central America		0.81	GJ/ m ²
302-4	Reduction of energy consumption	Mexico and Central America	a, b, c & d	51,132	GJ of electric energy
				11,411,241	m ³ total water withdrawal
303-1	Water withdrawal by source	Mexico and Central America	a&b	98.7	% municipal water
	Source			1.3	% ground water
202.2	Water recycled and			3,684,300	m ³ of water reused
303-3	reused	Mexico	a,b&c	32	% of water reused in relation to total consumption
				493,858	Tons of waste generated
306-2	Waste by type and disposal method		a,byc	492,733	Tons of non-hazardous waste generated
	5			1,125	Tons of hazardous waste
ID	Significant environmental impacts	Mexico and Central America		306,520	Tons of CO ₂ eq due to product transportation in Mexico
U	of transporting products		9 -	26,677	Tons of CO ₂ eq due to product transportation in Central America



GRI	Disclosure title	Scope of the information	Compliance level (Clauses)	Reported information	Unit
	and other goods and materials used for			58,577	Tons of CO2eq saved emissions
	organization's activities,			20,637,549	Fuel liters saved
	as well as the transportation of personnel			37,990,293	Km no longer traveled
				60,224	New hires in México
				12,646	New hires in Central America
				37,756	New hires of men
				35,114	New hires of women
				37,318	New hires by age (under or equal 25 years old)
				12,512	New hires by age (between 26 and 30 years old)
				7,547	New hires by age (between 31 and 35 years old)
				5,440	New hires by age (between 36 and 40 years old)
101.1	New employee hires and		7	10,053	New hires greater than or equal to 41 years old
401-1	employee turnover	Mexico and Central America	ca a ⁷	125,349	Turnover in México
				10,408	Turnover in Central America
				74,729	Turnover of men
			-	61,028	Turnover of women
				70,241	Turnover under or equal 25 years old
				23,640	Turnover between 26 and 30 years old
				13,983	Turnover between 31 and 35 years old
				9,934	Turnover between 36 and 40 years old
				17,959	Turnover greater than or equal to 41 years old
403-1	Workers representation in formal joint management–worker health and safety committees	Mexico and Central America	a&b	100	% of workforce represented
	Average hours of			142.1	Average hours by executive level in Mexico
404-1	training per year per	Mexico and Central America	a (ii)	<u>175.4</u> 108.0	Average hours by deputy management level in Mexico
	employee			108.0	Average hours by department level in Mexico

⁷ Does not include rate of new employee hires and rate of employee turnover.



GRI	Disclosure title	Scope of the information	Compliance level (Clauses)	Reported information	Unit
				103.6	Average hours by executive level in Central America
				122.3	Average hours by department level in Central America
2	Total promotions granted in the reporting period	Mexico and Central America	100	22,996	Total number of associates promotions
				52	% de women associates
405-1	Diversity of governance bodies and employees	Mexico and Central America	a (i), b (iii)	36	% of women in governance bodies
~~~	boards and employees			1,539	Number of associates with disabilities
412-2	Employee training on human rights policies or procedures	Mexico and Central America	а	94,776.5	Total hours of training
				1,068	Total number of incidents of non-compliance
	Incidents of non-	Mexico		317	Number of incidents which resulted in fines or penalties
446.0	compliance concerning		1004	32	Number of cases which resulted in warnings
416-2	416-2 the health and safety impacts of products and services Central America		a -	3	Total number of incidents of non-compliance
		Central America		3	Number of incidents which resulted in fines or penalties
			ľ	0	Número de casos con resultado en amonestación



ADR	American Depositary Receipt
ANTAD	Mexican Retail Association
Associate	Employee who works at Walrmart de México y Centroamérica
BAE	Bodega Aurrera Express
Bodegas & discount stores	Austere stores offering basic merchandise, food and household items at the best prices
BPAyD	Storage and distribution best practices
CDP	Carbon Disclosure Project
Cetes	Mexican Federal Treasury Certificates
Clubs	Membership warehouse clubs focused on businesses and consumers who seeks the best possible prices
CO ₂ eq	Carbon dioxide equivalent
Cofepris	Federal Commission for the Protection Against Health Risks
Distribution center/DC	Location for the receipt of goods from supplies and store distribution
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
Every Day Low Prices	Permanent philosophy of Walmart de México y Centroamérica, in order to contribute towards improving the quality of life for the region
GAP	Good Aquaculture Practices
GDP	Gross Domestic Product
GHG	Greenhouse Gases
GFSI	Global Food Safety Initiative

GJ	Gigajoule
GMV	Gross Merchandise Value
GRI	Global Reporting Initiative
НАР	Hazardous Air Pollutance
IPC	Mexico's Consumer Price Index
ISR	Income Tax
Net sales	Income from the goods sold in our stores
NGO	Non-governmental organization
NOx	Nitrogen oxides
NOM	Mexican Official Standards
Our Brands	Private label products of Walmart de México y Centroamérica
PM	Particulate matter
Profeco	Consumer Protection Agency
РОР	Persistent Organic Pollutants
Sales floor	Surface area set aside for merchandise retail
SINGREM	V
SME	Small and medium-sized enterprises
SOx	Sulphur oxides
SSA	Secretary of Health
Supermarkets	Self-service stores located in residential areas
ТЕСНО	Organization seeking to build a fair, integrated and poverty-free society
Total revenues	Net sales plus other income
VOC	Volatile Organic Compounds
Walmart	Self-service stores providing the widest assortment of goods from groceries and perishables, to apparel and general merchandise
Walmex	Ticker symbol for Wal-Mart de México S.A.B. de C.V.

This report was prepared under the standards of the **"Manual for non-sexist communication, towards the use of inclusive language"** by the *Instituto Nacional de las Mujeres* (National Institute for Women), and the **"Manual for the use of gender-inclusive language"** of the National commission to prevent and eradicate violence against Women.





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# Ticker Symbol

Bolsa Mexicana de Valores WALMEX*

# **ADR Sponsored Program** WMMVY

International OTCQX Market TIER WMMVY

# **Bloomberg** WALMEX* MM WMMVY US

Reuters

WALMEX.Mx WMMVY.Pk

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The report may contain certain references to the future performance of Walmart de México y Centroamérica and thus should be considered estimates made in good faith by the company. Said references only reflect management's expectations and are based on assumptions and information available at that time. As such, everything shall always be dependent on future events, risks and matters that cannot be analyzed withprecision and which could affect company results.







