

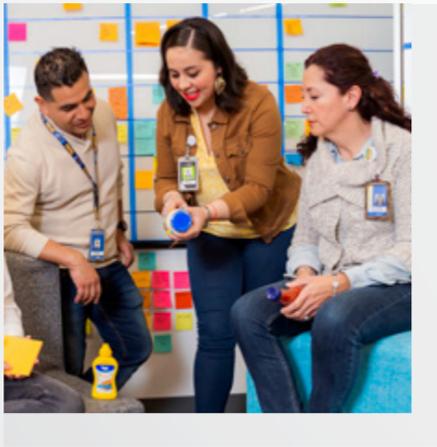


Behind a great experience



Financial and Corporate
Responsibility Report
2019

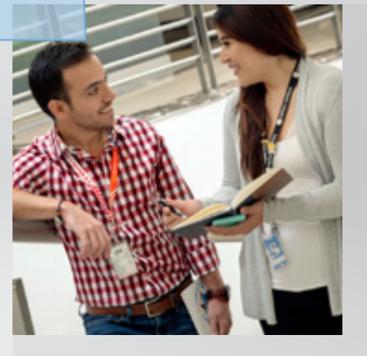




Behnindo

a great experience

is Walmart de
México y Centroamérica





Behind a great experience is Walmart de México y Centroamérica

Financial and Corporate Responsibility Report **2019**

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Our Business

Agile Transformation

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Behind a great experience is Walmart de México y Centroamérica

Our Business

[Messages](#) | [Relevant Figures](#) | [Business Model](#) | [Shared Value](#)



+6 million customers
served every day



2,500 associates
working in agile teams



+42,200 suppliers
in the region

Message from the Chairman of the Board and from the Chief Executive Officer

GRI 102-14



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



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p. 5



* At **Walmart de México y Centroamérica**, our ambition is to be the most trusted omnichannel retailer helping our customers to save money and make their lives easier.

* Our actions are focused on offering a value proposition based on Every Day Low Prices and providing a seamless shopping experience, where our customers buy in our more than 3,400 stores and on digital platforms, at their convenience.

2019 was a year of transformation, investment, and results. We focused on changing our way of working, because we know that shopping habits evolve faster than ever, which is why we are leading the change. We invest in infrastructure and capabilities to be well positioned in the future. Our omnichannel strategy allows us to leverage our widespread store and club coverage while generating solid results in our operations.

We are becoming an agile organization, which means putting the customer even more at the center of our decisions, to achieve this, we need to better understand the markets we serve, so we are increasing our digital and data analytics capabilities. In addition, we are reorganizing into new multidisciplinary teams in a matrix organization within lean-structure where solutions are implemented from end to end. In this new

way of working, we keep caring for and inspiring our associates. We are sure that what we are doing will help us continue on the path to success. **The Walmart of the Future is happening today.**

In Mexico, we keep growing, continue our strong performance, and driving future growth by developing new omnichannel strengths. We expanded our home delivery service at Walmart and Superama, increased kiosks for digital shopping at Walmart and Bodega Aurrera, and increased pickup points for in-store merchandise. We keep expanding the number of omnichannel stores and innovating with ideas, such as self-scan and self-checkout. On the digital side, we are working on improving our shopping applications in all formats, for example, implementing orders from WhatsApp at Superama, the first supermarket to offer this shopping alternative.

We focused on changing our way of working, because we know that shopping habits evolve faster than ever.





Apr.25.2019 / **10:20pm**
Purchase in **sams.com.mx**



Apr.26.2019 / **09:15am**
Picker collecting order



Apr.26.2019 / **03:10pm**
Customers enjoying



Apr.26.2019 / **01:15pm**
Pickup center delivery

We keep growing, continuing our strong performance, and driving future growth by developing new omnichannel strengths.



We took solid steps in our home-delivery service strategy, called On-demand. We can now deliver more than 12,000 products on the same day. To achieve this, we expanded the logistics network with two new distribution centers exclusively for eCommerce, and redesigned the in-store assortment process with technology that allows us to prepare orders more efficiently.

In Central America, we expanded our purchase options by launching our pickup service in Guatemala and Costa Rica, being the first in the region to offer the possibility of in-store pickup.

Our omnichannel strategy benefits from digital capabilities and our wide coverage of stores and clubs. We continue investing to expand our coverage with new stores. This year, we achieved important milestones, reaching more than two thousand stores of Bodega Aurrera in Mexico,

and in El Salvador, we opened our 100th store. We also surpassed store openings of the last five years, with 161 new stores in Mexico and Central America, reflecting our confidence in growth opportunities in the region. We increased our logistics network to over 473,000 square feet at Coyal distribution center in Costa Rica, making it the largest in Central America.

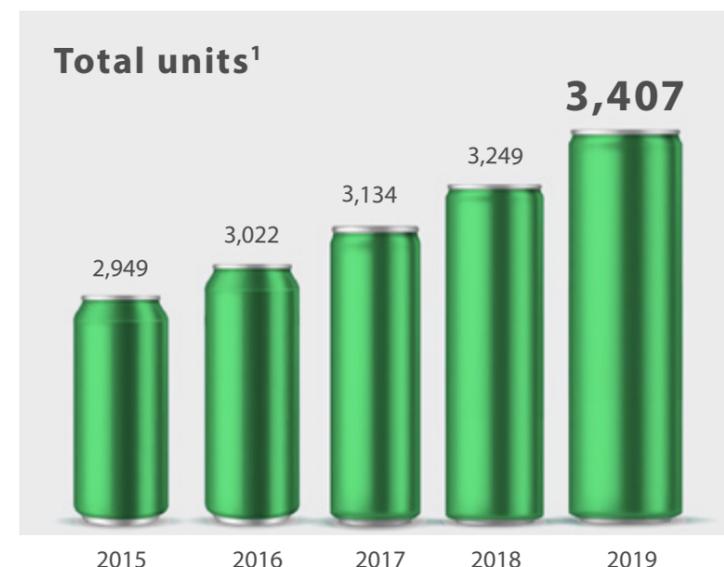
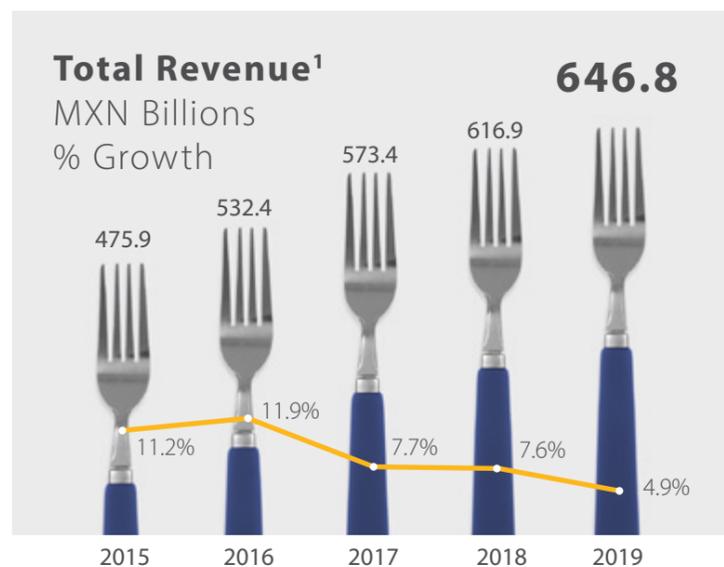
To keep working in a completely people-oriented way, we rely even more on technology, modernizing our store operations, logistics, and support services.

We built a resilient company. Operating stores for more than 60 years, we learned how to achieve results, even in challenging situations. We are able to serve all segments of the population, and we have a financial strength that has become an advantage during the transformation.

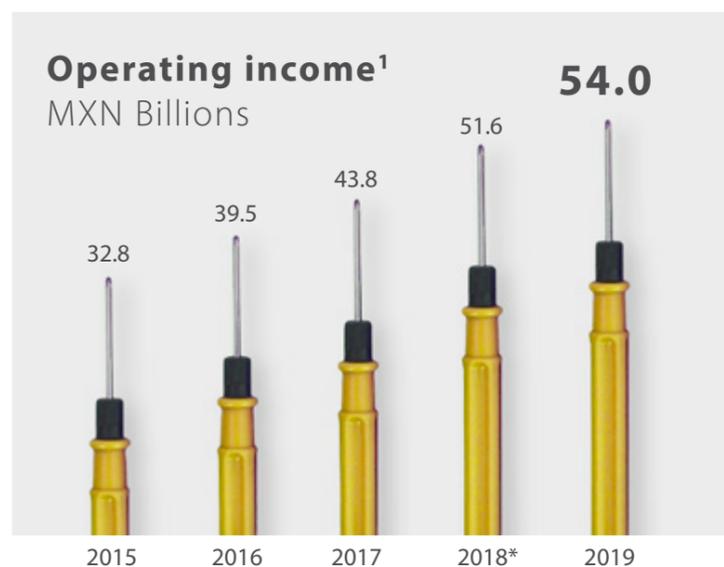
* **+473,000 ft²**
added to Coyal DC in Costa Rica

* **+2,000 Bodega Aurrera**
stores running in México





On a consolidated level, revenues reached 646.8 billion pesos, 4.9% increase over last year. Expenses grew 4.6%, 30 basis points below total revenue. Operating income increased 4.7%, EBITDA reached 71.0 billion pesos with a 5.7% growth compared to 2018 and an expansion of 10 basis points.



¹ Walmex excluding Banco Walmart and Suburbia

* To improve visibility of our business performance, we are including a retroactive estimate of the effect that the implementation of IFRS 16 would have had on 2018 financial results. These pro-forma figures are not audited, but are based on audited results reported in 2018 and were adjusted with our best estimates to show the effects related to the adoption of IFRS 16. It is important to point out that all references to the previous year's results are based on pro-forma figures for 2018.



* **+238,900 associates**
in México and Central America

* **26,381 promoted**
associates

At Walmart de México y Centroamérica, every year we challenge ourselves to make better decisions and create Shared Value for all our stakeholders. We firmly believe that, as a successful company, we go one step further; the long-term goal is to improve the systems we rely on, such as workforce development or supply chains. Not only to build customer trust, but also to enhance supply security, improve the quality of products and services, manage costs and expenses more effectively, generate new revenue streams, and attract and retain talent. By strengthening these systems, we made progress towards becoming a responsible company and maximizing the value of the business.

We are investing in our more than 238,900 associates by improving our Associate Value Proposition through better educational opportunities, benefits and training. We extended our maternity and paternity leave, and keep working to provide a safe, diverse, and inclusive workplace environment. This year, we opened our first inclusive Walmart store, which offers greater ease and autonomy to our customers and associates who have a motor, visual or hearing disability.



Proyecto Gigatón™
🌍 ♻️ 🌱 🌿 🌳



We developed new initiatives to be more sustainable. At the end of this year, we launched Gigaton Project, an initiative that aims to prevent one billion metric tons (one gigaton) of greenhouse gases from our global value chains by 2030.

We are proud to announce that this year, Walmart de México y Centroamérica, has become United Nations Global Compact signatory, strengthening our commitment to take action and operate responsibly in accordance with its principles of respect for human rights, labor standards, the

environment, and the fight against corruption, as well as to implement strategic actions to make progress towards United Nations Sustainable Development Goals.

We are pleased with the great efforts of our associates and close cooperation with our business partners. We appreciate the trust of our shareholders and confirm our commitment to contribute to the local communities where we operate. 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



2019 Figures

Download all our figures for 2019 here

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

Omnichannel	Economic and Financial	Environment	Social	Corporate Governance
<p>* 61% growth GMV</p>	<p>* 646.8 billion Revenue +4.9% Gr.*</p>	<p>* 88% of our stores are supplied with renewable energy</p>	<p>* 42,224 suppliers in the region</p>	<p>* 106,205 training hours on our Statement of Ethics</p>
<p>* 1,115 drive thru pickup in all our formats</p>	<p>* 11.0% of revenue EBITDA +5.7% Gr.*</p>	<p>* 70% advance in our zero waste goal</p>	<p>* 93% of goods sold in Mexico are purchased in the country</p>	<p>* -10% associates accidents in Mexico</p>
<p>* 256 stores offering on-demand (same-day delivery)</p>	<p>* 63.7 billion Cash generation +5.4% Gr.*</p>	<p>* 51% of energy consumption is supplied from renewable sources</p>	<p>* 86% of goods sold in Central America are purchased in the region</p>	<p>* -24% associates accidents in Central America</p>
<p>* 894 digital kiosks (Bodega + Walmart)</p>	<p>* 20.6 billion Capex +14.7% Gr.*</p>	<p>* 2,274 products with improvements to reduce their environmental impact</p>	<p>* 1.5 billion pesos channeled through social impact programs</p>	<p>* 595 suppliers completed or renewed their anticorruption training</p>
				

* % growth vs 2018.

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Business model

GRI 203:103-1, 103-2, 103-3, 203-2

Our customers are always at the center of all our decisions, which is why our business model aims to provide a seamless shopping experience, while saving money and making life easier for our customers.

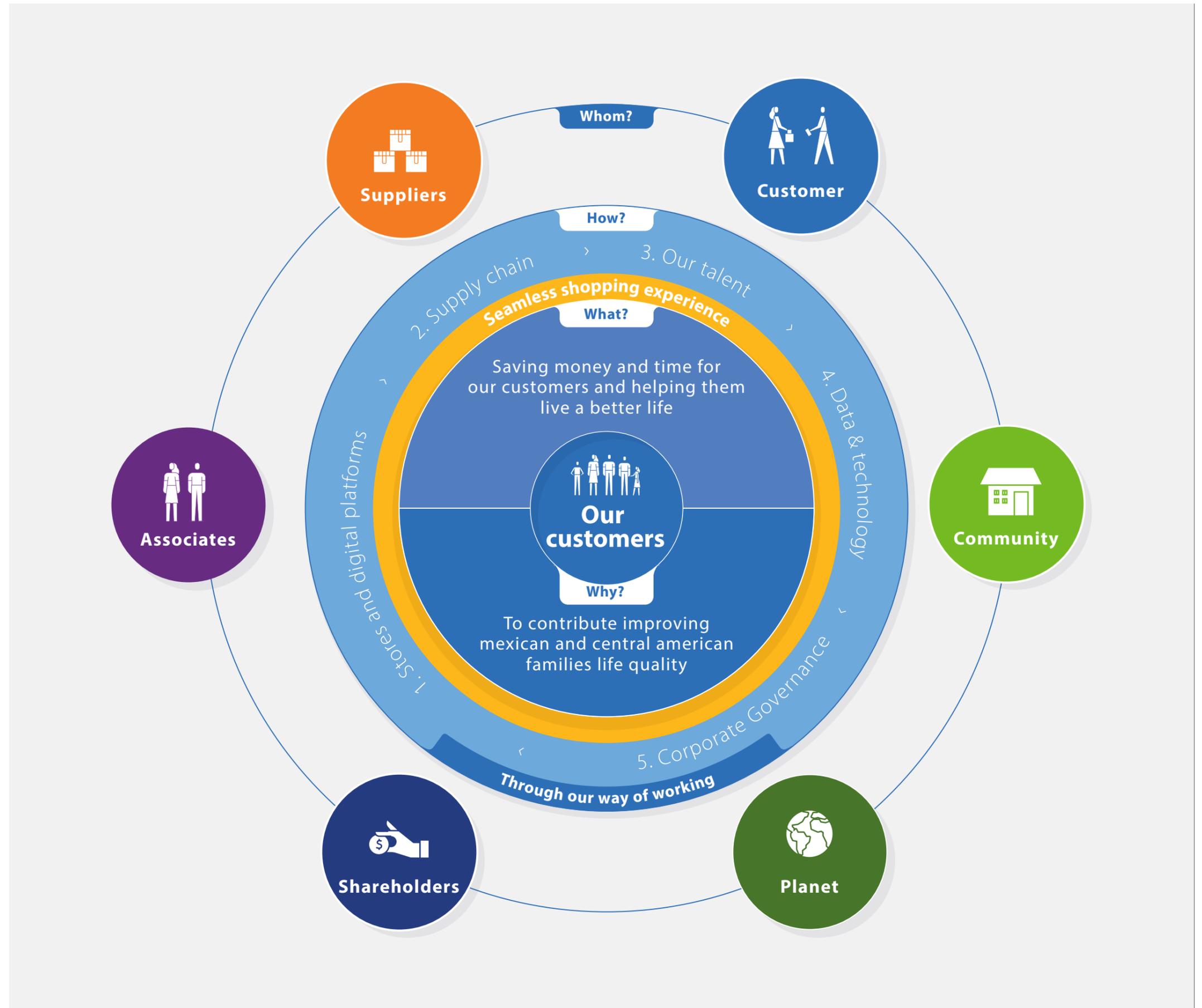
The capabilities we rely on are our stores and digital platform, supply chain, talent, and data & technology.

This helps us to continue delivering value to all our stakeholders: customers, shareholders, associates, community, planet, and suppliers.



Our Business Model

- **Customer centricity:** We are becoming an even more customer-centric organization, which means putting our customers at the center of all our decisions
- **Seamless shopping experience:** Our customers can choose to shop in-store or online; moving from one platform to another without distinction, we want our customers to shop where they want, how they want, when they want
- **Our capabilities:** The key resources that distinguish us in our business model are: our stores and digital platform, supply chain, talent, and data and technology
- **Our way of working:** We are changing our way of working to become an agile organization
- **Stakeholders:** We seek to continue creating value for all our stakeholders: customers, community, planet, shareholders, associates, and suppliers





1. **Stores** and **digital platforms**

We offer a whole shopping experience between brick-and-mortar stores and the digital world, always committed to a low-price value proposition, and by serving to different customer sectors, we are better prepared for challenging situations, meaning, we gain resilience.

We opened 161 stores during 2019, the highest number in five years, 134 stores in Mexico, and 27 in Central America.

We strengthened our digital presence, our customers are using WhatsApp for the first time to place orders. We keep investing in our websites, call centers, and our own apps, available on Android and iOS.

Our omnichannel strategy allows us to leverage our extensive store coverage by equipping them with new digital capabilities.

We are remodeling and opening new units under a new omnichannel offer, where our customers can mix different purchase channels and ways of product delivery.



Omnichannel Store

* **+12,000 products** of general merchandise delivered through our on-demand service in 256 Walmart and Superama stores

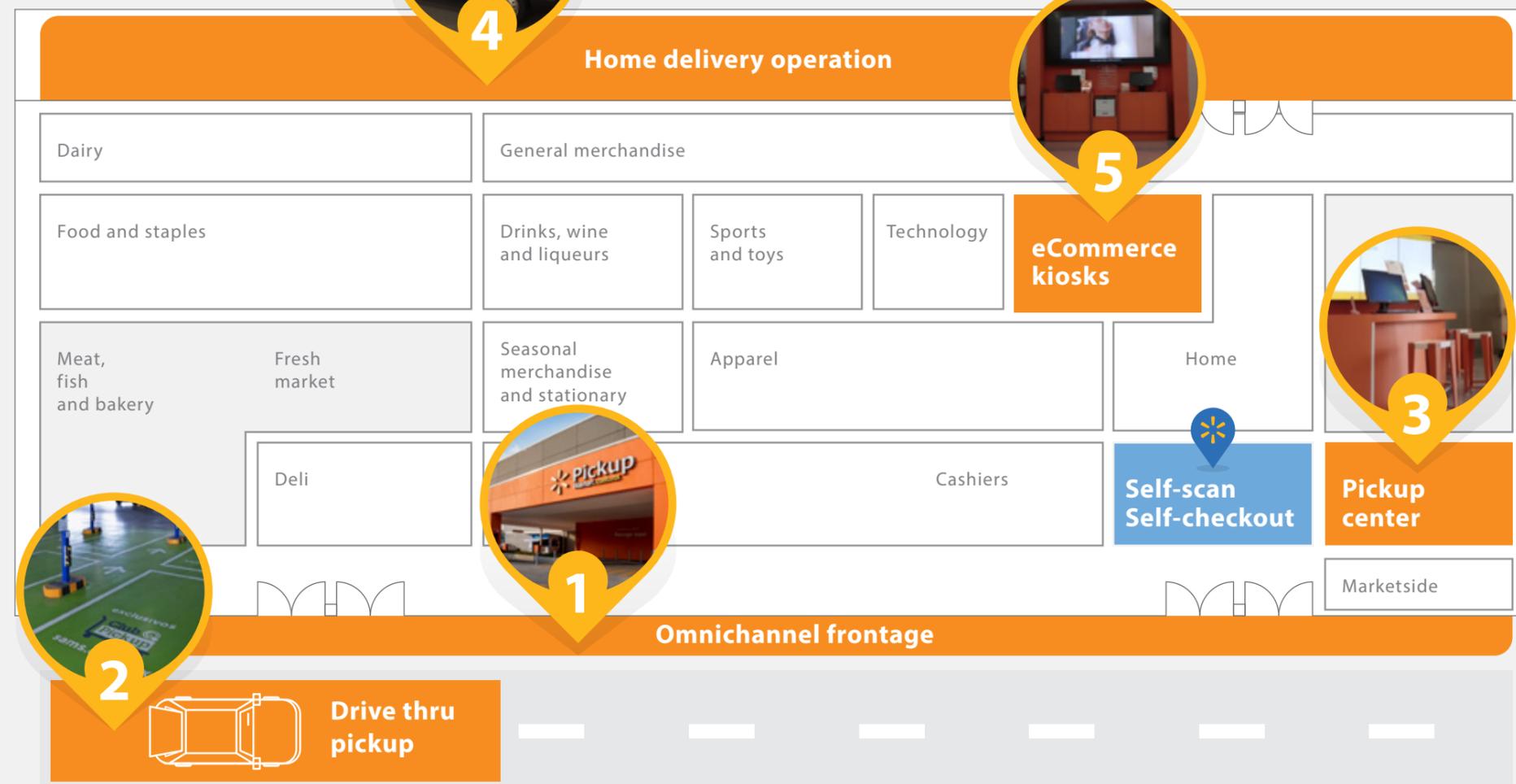
* **1,115 drive thru pickup** in all our formarts

* **+300 eCommerce kiosks** in Bodega Aurrera

* **60% of Walmart stores** providing on-demand service in 59 cities

* **2 new DC** dedicated to eCommerce in Guadalajara and Monterrey

5 Omnichannel capabilities



- 1 Omnichannel frontage**
Easily identifies our omnichannel stores
- 2 Drive thru pickup**
Digitally buy and pick up without leaving your car. We have special parking and some stores with bay
- 3 Pickup center**
Inside the store, you can pick up your online or over-the-phone shopping. Also, you can buy online and pay at the store

- 4 Home delivery operation**
We redesigned our backroom and last mile operation to accelerate our home deliveries
- 5 eCommerce kiosks**
We increased the options available with our extended catalogue. Easy to consult from the module in-store
- Digital Transformation (Optional)**
 - Self-scan/self-checkout
 - Extended catalogue screen
 - Free wireless internet
 - Digital signs

Sales share by business format

Our multi-format strategy allows us to meet different buying occasions in different socio-economic segments.

Clubs

Membership warehouse clubs focused on businesses and high-income households

Supermarkets

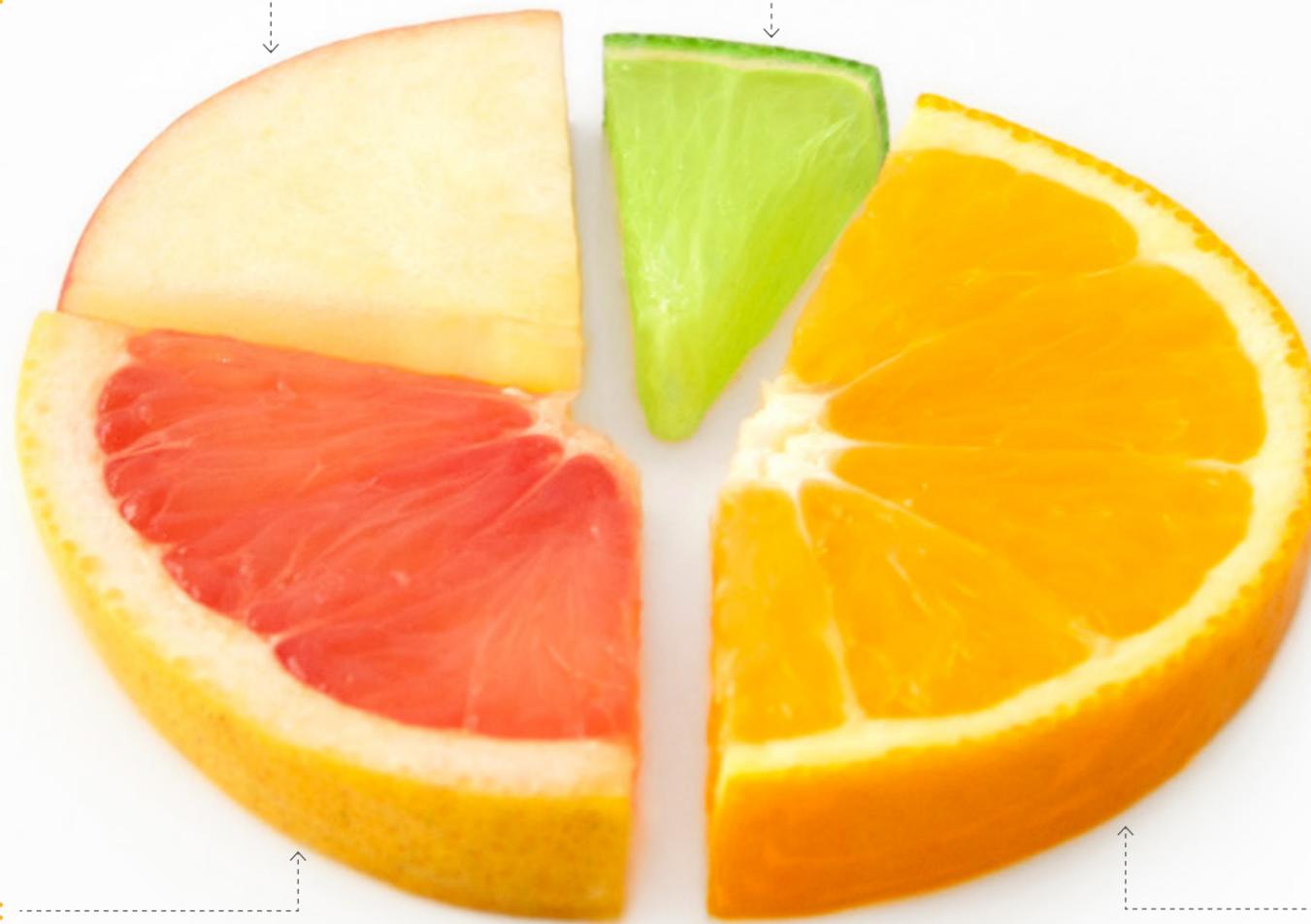
Outstanding fresh and food departments at reasonable prices

Hypermarkets

Widest assortment of goods at Every Day Low Prices

Discount warehouses and discount stores

Basic general merchandise, food and household items at the best prices





2. Supply chain

GRI 102-9

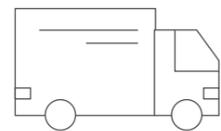
Our logistics network has 28 distribution centers, 16 in Mexico and 12 in Central America. During the year, we travelled more than 323 million kilometers in Mexico, making a delivery every 20 seconds to our stores and clubs.

We are building a supply chain for the Walmart of the future. We strengthened our omnichannel capabilities in Mexico with the opening of two distribution centers dedicated to eCommerce, located in Guadalajara and Monterrey. Thanks to an investment of 370 million pesos, in two days, we can deliver extended catalogue items in the main cities of the country. Among the items that can be ordered with this improvement are more than 12 thousand additional products such as laptops, smartphones, televisions, blenders, audio, and many more household and electronic items. With these openings, we significantly improved service in 17 states of the country, reducing the number of kilometers travelled by about 50%.

In addition, in 2019 we began the construction of three distribution centers, one dedicated to eCommerce in Estado de México and two new ones with omnichannel coverage in Merida and Chihuahua. The new distribution centers will open in the first half of 2020.

We have distribution centers in five countries in Central America. During the year, we expanded the Coyal Distribution Center in Costa Rica, the expansion added more than 473,000 square feet, making it the largest in Central America.

To continue offering a high service level, during the year we carried out re-engineering projects at distribution centers, improving the logistics design; we simplified our reception process, implemented systems to improve resource planning, and increased performance per associate, among which is the acquisition of automatic elastic film machines for pallet packaging, which helps increase productivity and facilitates handling by our associates.



+323 million km

travelled, with which we make one delivery every 20 seconds





We made progress in reducing accidents through training and initiatives where we involve our associates and their families in a culture of safety and prevention.

We received the British Retail Consortium Global Standard Certificate grade AA for food safety¹. The award was given to operations in San Martin Obispo, Chalco, and Monterrey, being the first in Walmart on an international level.

We are investing in qualifying future leaders in logistics. The eleventh generation of the Distribution Management Diploma, taught by Tecnológico de Monterrey, graduated this year. Since 2008, 295 associates have engaged in this program, 53% of which have been promoted to better job opportunities.

¹ The British Retail Consortium is a trade association for the UK food retail industry, which certifies the food safety during the manufacturing, packing, storage and distribution process.



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3. Talent

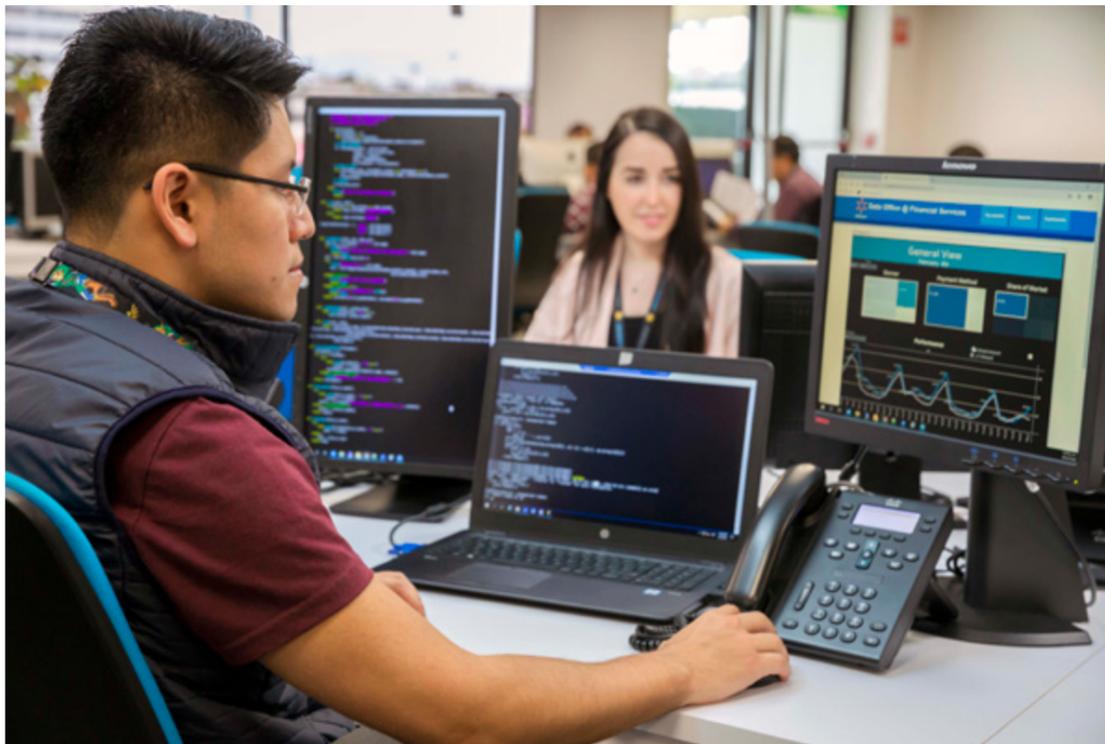
Associates are one of the most important pillars of our business model. We encourage a sense of belonging and trust for them, offering a place to be, to grow and to belong.

We are changing our way of working to become an agile organization. To support the transformation, we implemented 360° evaluations, created the Associates Value Proposition, and redesigned the feedback process to leaders. We work to raise standards for inclusion. Our focus is on inclusion and not just diversity. We are members of the San José Pact, a group headed by Pride Connection, which seeks to promote inclusive work spaces.

We held events at universities to attract talent to our organization, highlighting the benefits and development opportunities we offer, in this way, the number of applications increased.

In Central America, we partnered with local universities to design a two-year retail-focused program. Classes are online in partnership with the Massachusetts Institute of Technology (MIT). We currently have over 200 people enrolled. We launched Talk push, which makes it easier to contact candidates during the recruitment process. We started with 30 thousand applications and are currently processing 70 thousand.

238,972 associates
in Mexico and Central America



4. Data and technology

Aligned with the digital transformation strategy, we invest heavily in the development of new technological capabilities. Store operations, logistics, and support services are being upgraded with the latest technology for an agile operation.

We completed the implementation of FlexPOS, our point-of-sale management system, which allows more payment options such as self-scan, self-checkout, and financial services, improving our customers' shopping experience and increasing the productivity of our checkout associates. We successfully migrated the payroll process, ranked as one of the three largest in the world for SAP. We keep expanding WiFi coverage in stores and clubs, and for the first time, we launched Tech Day 1.0, an event where we bring together technology suppliers intending to promote the use of state-of-the-art tools in our industry.

Furthermore, technology, our transformation emphasizes data analysis, which is one of the pillars of our definition of an agile organization.

Data Office is our initiative to evolve into a company with the ability to generate more advanced analytical solutions using data. This year we achieved an important evolution in the maturity model of this office. More key indicators are now generated, which are 100% validated and provide certainty in decision making.

We developed a recommendation model in our digital platforms, which suggests complementary products to our clients, considering their omnichannel purchases. The model generates up to 35% more purchase conversion. Through initiatives like this one, the Walmart of the future is happening today.

Shared Value

GRI 102-15, 102-31, 203-1

Walmart's purpose is to save people money and help them live a better life. We help busy families, providing them convenient access to affordable food and other products around the world, while generating economic opportunities and looking to improve social and environmental sustainability to strengthen local communities.

For us there is no distinction between being a responsible citizen and a successful business. We aspire to be the most trusted omnichannel retail chain, so our stakeholders can feel very proud of it.





To achieve this virtuous circle, Walmart - Stakeholders, we require the firm commitment of our leaders to develop skills and new forms of knowledge, as well as dialogue with our stakeholders to consider their needs.

We increase business value by helping to address important needs in society as well as we can help transform society through our business.

For Walmart de México y Centroamérica, Shared Value implies the creation of economic, environmental, and social value for all our stakeholders. This increases the company's competitiveness, while simultaneously improving the social and economic conditions of those with whom we interact.

In this way, we strive daily to:



Act responsibly, guaranteeing the compliance, sustainability, and efficiency of our operations and value chains



Make long-term investments that benefit both communities and shareholders



Improve customer confidence by providing them with reliable, innovative products at low prices



Preserve the environment as the foundation of the business. We understand that the future of the company is closely linked to the future of the planet



Deliver value to suppliers and partners, and strengthen relations with civil society

GRI 102-40, 102-42, 102-43, 102-48

Shared Value model

GRI 102-16, 203-1, 203-2

A company of our size - with 238,972 associates, 2,200 million customers, 42,224 suppliers, and presence in 675 cities in the region - can and must contribute significantly to sustainable development. This is why we believe in our approach: Shared Value.

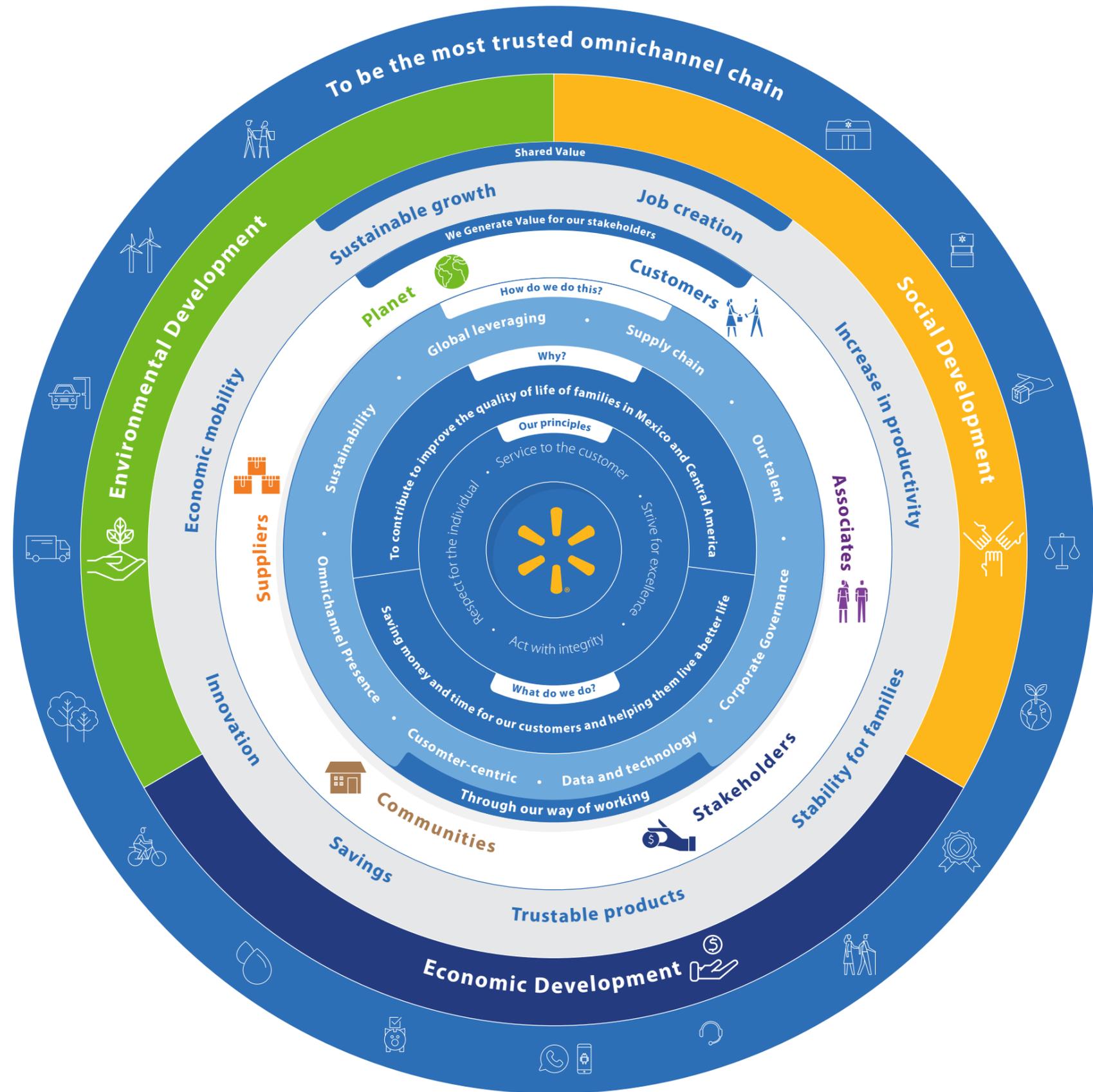
Our company has always been a value-based and ethically driven organization, guided by our principles that drive our decisions and leadership.

Each of these actions is aligned with our purpose of saving customers' money and helping them live a better life, with the vision of contributing to improve the quality of life of families in the region.

We achieve this through our way of working, together with all our stakeholders.

Together, we generate Shared Value to society and the planet to enhance economic, environmental, and social development.

Building this virtuous circle leads us to be the most trusted omnichannel chain, of which we all feel very proud.





ESG priorities

To maximize Shared Value, we aim not only to run a good omnichannel business, but also to make largescale and lasting improvements to the ecosystems most relevant to our business.

We have a unique ability to make a difference through our strengths, in which our associates in the region, relations with our suppliers, our experience in fresh food, groceries and other product categories, our stores and technical and logistic capabilities play a relevant role.

We set our ESG priorities based on relevance to our company purpose, product categories and key markets, as well as our ability to create change, and the importance to our customers and other stakeholders.

These priorities are based on valuable information provided by our stakeholders. In 2018, we conducted our, [Materiality Analysis](#). The results helped us:



Identify priority issues for the company



Identify priority issues for each of our stakeholders



Identify risks and opportunities



Define and implement action plans contributing to improve our performance

We want to use our size for good to achieve a significant contribution to sustainable development.



We have defined three strategic pillars for our company based on our strategic approach and on material issues for our stakeholders:

GRI 102-46, 102-47



We keep our strategy updated through a continuous improvement process and we share our commitments, progress and challenges with all of our stakeholders:



At Walmart we have different measures and tools to advance the process to embed sustainability in our operations:

GRI 102-46, 102-47



Principles, commitments, and positions that offer guidance for people's actions and ensure both compliance with laws and observance to standards that exceed these guidelines. One example is our Human Rights Statement. We are committed to comply with internationally recognized human rights – not just within our own operations, but also along our entire value chain



Sustainable indexes: These independent third party assessments are an important source of motivation for us and serve as a management tool, helping us identify our progress, as well as our areas for possible improvements



Guidelines such as the 10 principles of the United Nations Global Compact and the Sustainable Development Goals



Approaches to responsible company management and acting with integrity: including our ESG approach, our Code of Conduct and our corporate governance and compliance structures



Definition of ESG targets within the main areas of the company



ESG Management

The purpose of ESG management is to systematically integrate sustainability in our core business, taking into account reciprocal effects between economic, environmental and social aspects in an efficient and solution-oriented manner.

Corporate Responsibility Committee

GRI 405-1



Members at December 31, 2019

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

President:	CEO
Members:	Corporate Affairs, Central America
	Audit
	Real State
	Merchandising
	eCommerce
	Compliance
	Finance & Investor Relations
	Legal, Central America
	Legal & Corporate Affairs
	Operations
	Human Resources
	Digital Transformation

Our responsibility as a company is relative to our size. That is why we align the business strategy with our corporate responsibility principles. To achieve this, we have a Corporate Responsibility Committee, led by our CEO and composed of senior executives from each of the areas of the company.

The Committee's main functions are to define the company's ESG strategy in the long term, adjust operational processes and make decisions as well as develop action plans for each material issue. This Committee meets four times per year.

At Walmex we work to ensure that each operation, product and service generates value for all our stakeholders.

This responsibility falls to the Executive Director of Corporate Development, who reports directly to the VP and General Director of Legal and Corporate Affairs for Mexico and Central America. This area is in charge of finding the strengths and opportunities of the company in ESG issues, co-chairs the Corporate Responsibility Committee, and coordinates the development of plans, objectives and indicators to improve our performance.



54%

of members are women



Primary responsibilities of Corporate Responsibility Committee:

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



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



Assessing the effectiveness of Corporate Responsibility initiatives and the implementation progress



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



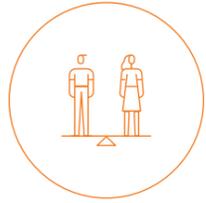
Leading the company towards national and international trends aimed at maintaining our leadership position



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



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



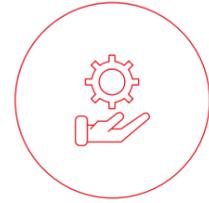
Human Rights



Environment



Labor Standards



Anticorruption

UN Global Compact

We are proud to announce that this year we have become signatories of the UN Global Compact, strengthening our commitment to take action, operate responsibly in line with the ten principles, and take strategic action in advancing towards the UN Sustainable Development Goals.

Being a member of the United Nations Global Compact helps Walmart de México y Centroamérica firmly integrate sustainability in its company strategy. As well as providing the right framework for our long-term commitment to responsible and ethical business practices.



WE SUPPORT



Contributing to the **SDGs**

GRI 102-12

Our priority SDGs

Our Shared Value strategy responds to the global challenges affecting our business and our stakeholders, from inequality and human rights to climate change and food waste.

The UN Sustainable Development Goals (SDGs) provide a focus for how businesses, governments and civil society can tackle these challenges in order to promote a more sustainable future for all.

Walmart de México y Centroamérica contributes in different ways and to different degrees to all the SDGs. In line with UN Global Compact guidance, we have identified the goals that are particularly relevant to us: where expectations, risks and opportunities for the company are bigger, and where we can make the most significant contribution.



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Agile Transformation

We Generate value

Commitment to Honesty



About this report

We have been reporting on a wide range of ESG topics since 2004. 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. Also, frameworks such as the United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD) inspire our reporting.

This report covers the period from January 1st to December 31st, 2019, and outlines the performance of all the business formats of Walmart de México y Centroamérica, in the six countries where we operate; its coverage includes the operation of our stores, distribution centers, eCommerce operations and office buildings.

We provide additional information on a variety of ESG topics in the resources below:

Environment

- [Materiality Analysis](#) 
- [Environmental Sustainability Policy](#) 
- [Sustainable Seafood Policy](#) 
- [Deforestation Policy](#) 

Social

- [Standards for Suppliers](#) 
- [Responsible Sourcing](#) 

Governance

- [Code of Ethics](#) 
- [Labor Standards](#) 
- [Anticorruption Policy](#) 



Behind every moment, there is a team being transformed

Agile Transformation

Customer Centricity | Associate Value Proposition



+2,200 million

transactions in our stores and clubs



50% less kilometers

travelled on eCommerce deliveries
in 17 states



9.5 million hours

in associates training

Customer Centricity

Our customers are our highest priority, along with our associates, and the communities where we operate; this is reflected in our basic principles, which are the values that guide our decisions and leadership.

We are transforming ourselves to respond in a more agile way to new consumer habits. In this way, the digital aspect becomes more relevant for our customers.

That's why we changed our way of working and keep focusing on offering a seamless omnichannel shopping experience, where customers can move easily and seamlessly between the store and the digital platforms.

We are here to serve our customers and contribute positively to the communities that we serve.

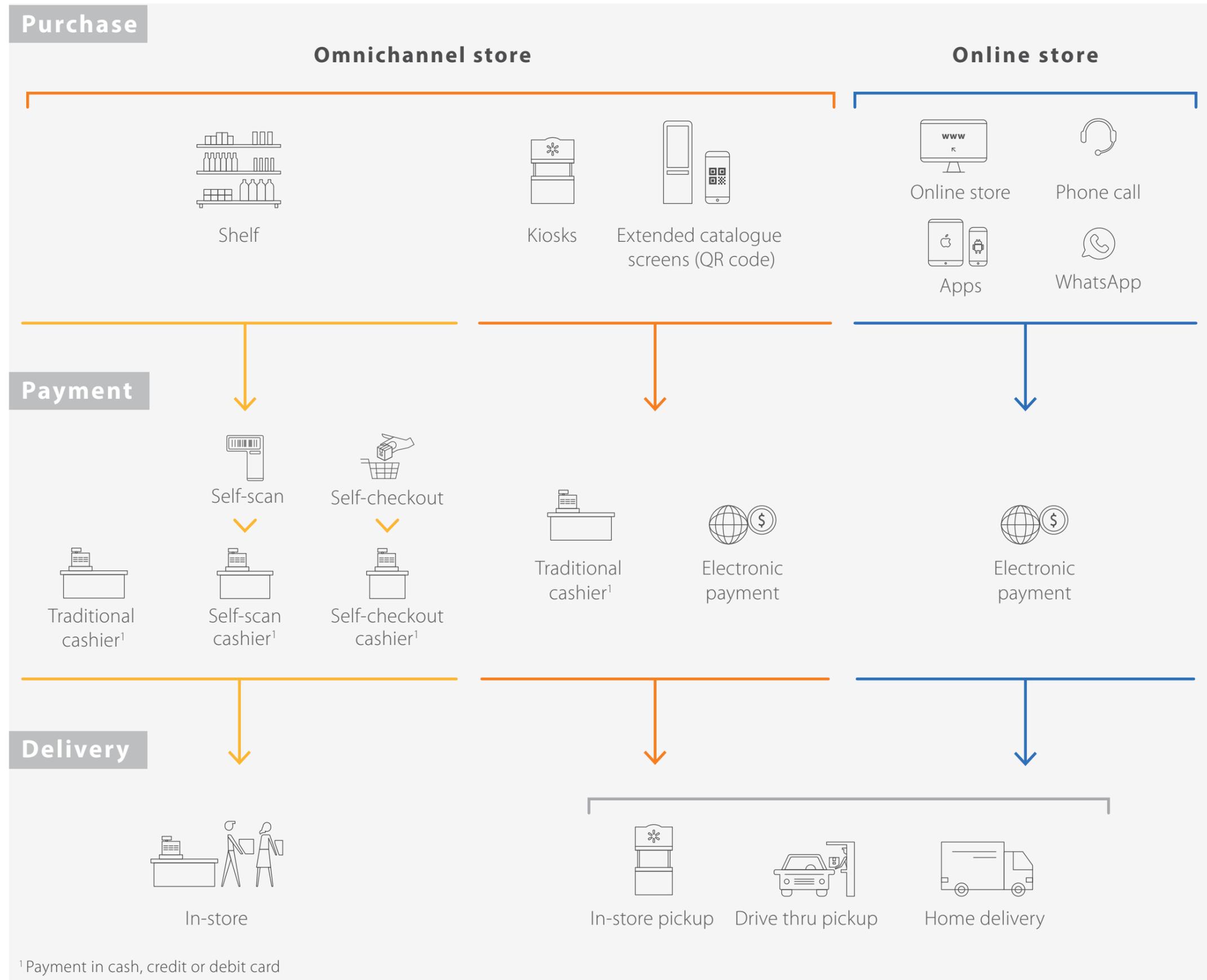


Transforming the in-store and digital platform experience

The omnichannel experience

Customers can purchase in the brick-and-mortar store or digital platforms, using different means of payment and choosing different ways of delivery of their merchandise.

At the omnichannel store, we mix the benefits of the brick-and-mortar store with new digital advantages. Inside the store, our customers can make online shopping through kiosks and extended catalogue screens. To receive their merchandise, they can choose between: pickup for in-store collection, home-delivery, or select products directly from the shelf. Digital platforms give our customers the flexibility to buy at the time and place that is most convenient for them.





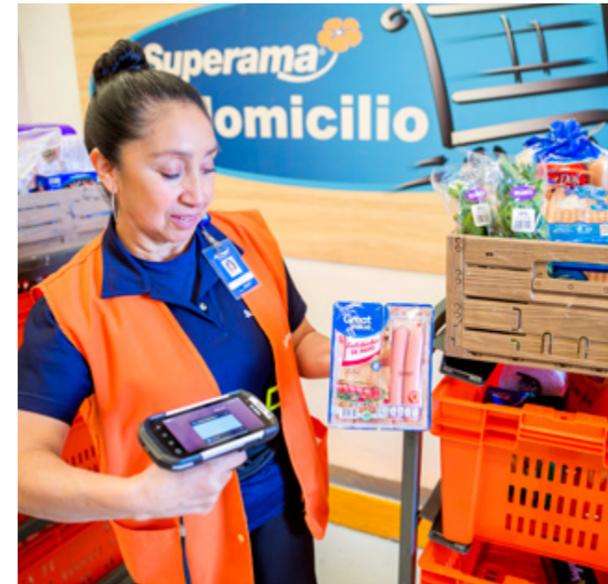
Agile team planning



Jul.26.2019 / **11:32am**
Purchase in Superama's app



Jul.26.2019 / **12:45pm**
Picker collecting order



Jul.26.2019 / **02:15pm**
Home delivery



Innovations in store and digital platforms help improve the omnichannel experience, meaning that our customers can buy how they want, where they want, and when they want.

Jul.26.2019 / **04:15pm**
Family enjoying



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Financial and Corporate Responsibility Report 2019



In-store transformation

We keep increasing the number of stores with omnichannel capabilities so that our customers can mix the best of the physical and digital worlds. Within the Walmart and Bodega Aurrera stores, we already have 894 digital kiosks, where customers can buy extended catalogue items. We have equipped 1,115 pickup points in which our customers can pick up their orders without paying more.

We innovate for our customers with the self-checkout option. The new technology helps customers scan their products themselves and pay by credit, debit card or cash, giving them greater independence and speed in the purchase process. Patio Santa Fe in Mexico City was the first Walmart store with these features.

Another innovation are our stores with self-scan, where our customers scan and pack their products, and then pay in a special register, also making the purchase and payment processes more efficient.

Bodega Aurrera is taking firm steps in omnichannel coverage. This year, we opened more than 300 extended catalogue kiosks to buy digitally and pick up their products at the nearest store. Our omnichannel offer is found in all segments of the population.

* **894** digital kiosks
offering extended catalogue

* **1,115** drive thru pickup



* **3 formats enabled**
with self-checkout and self-scan, Bodega, Walmart and Superama

* **1st inclusive store**
Walmart Punto Guadiana

We opened our first inclusive store, Walmart Punto Guadiana in Durango, where our customers and associates will find features that expand accessibility for pregnant women and senior citizens. Its design has help buttons, special accesses, accessible furniture, and tactile guides that facilitate the shopping experience for people with visual, motor, or hearing disabilities, giving them greater independence when shopping. We also included features for our associates that allow for a more enjoyable and autonomous way of working.

In Central America, we expanded our purchasing options with the launch of the pickup service in Guatemala and Costa Rica. The Paiz Naranja Supermarket store, located in Guatemala, is pioneer in Central America offering customers the possibility to pick up their products at the store.

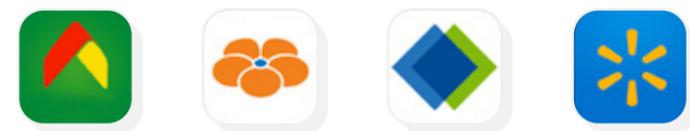
We are expanding experiences beyond a purchase, supporting the communities where we serve with opportunities for our customers to go to a doctor's office, use our banking services or even recycle their packaging using automatic machines, all while doing their shopping in store.

Digital platform transformation

To enhance the digital experience, our apps, website, and now WhatsApp keep evolving to provide a seamless shopping experience.

We launched the Bodega app, with which our customers can buy and choose to receive their orders via home-delivery or pick them up at the selected store's pickup. The new app helps find thousands of brands and exclusive products online. We also redesigned the portal entrecampeonas.com. The website changed to make it easier to find family care, wellness, and cooking tips.

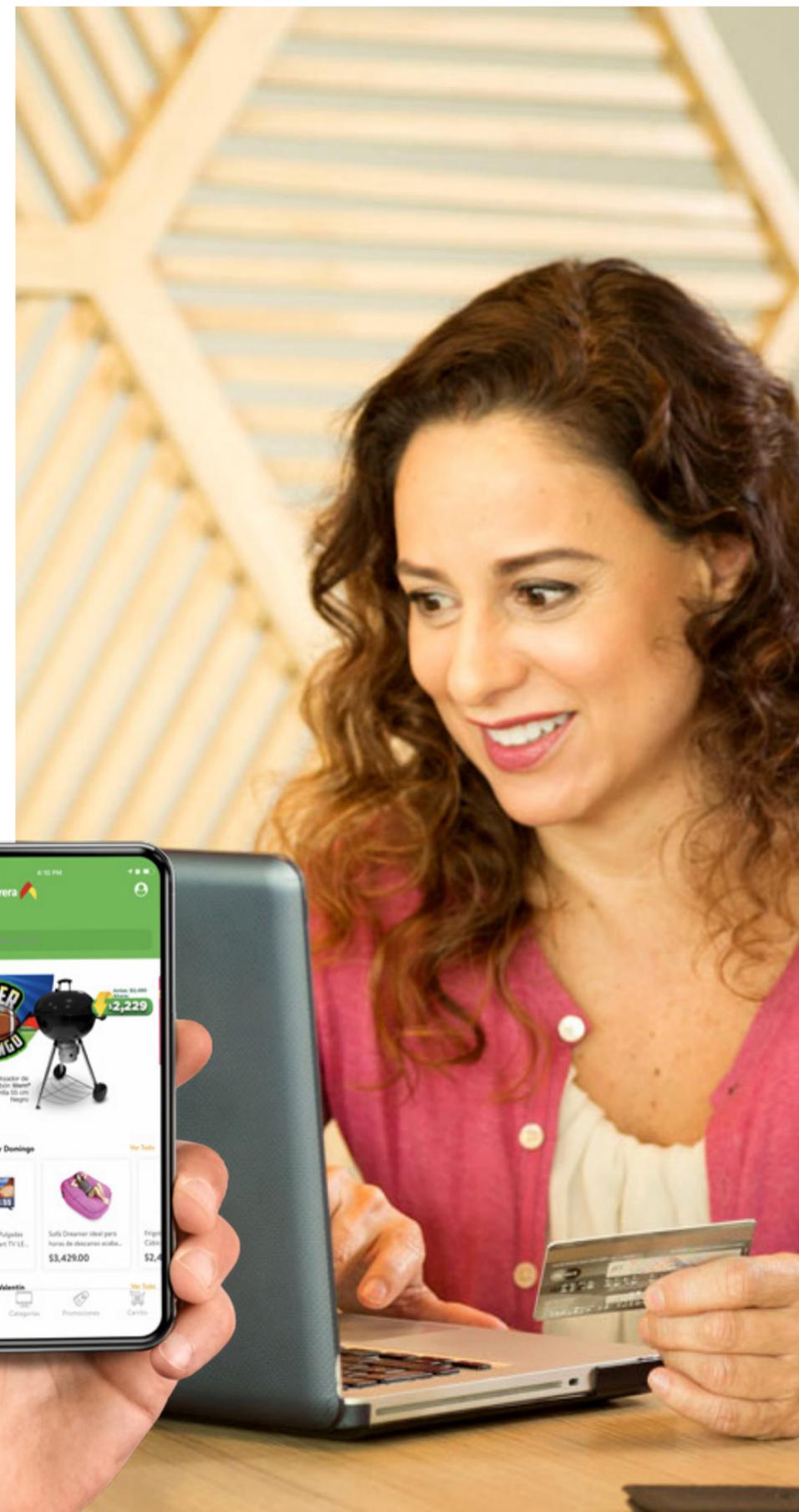
The new Walmart Plus app offers an extended General Merchandise catalogue, so our customers can find additional products to the existing ones in the store in a useful and easy way.



At Superama, it is now possible to use WhatsApp to order groceries from home. This service is available in cities where the format has presence. Our customers can purchase via text message or send photos of their products to our WhatsApp number. The app helps you follow up on orders 24 hours a day, 7 days a week.

Benefits is the new app to find exclusive promos for Sam's members at affiliated stores. It's easy to find great savings on movie tickets and promos in categories like restaurants, health, beauty, and entertainment. In addition to Sam's Club Travel program offers savings on travel, flights, and cruises.

Follow up on orders
24 hours a day,
7 days a week.



Making home-delivery more agile

We improved our on-demand delivery promise, which is our home-delivery initiative, and we are ready to deliver more than 12 thousand technology and home products on the same day, as well as the fresh products and consumables we already provide. We offer this service in 256 Walmart and Superama stores.

To reduce delivery time, we opened two exclusive eCommerce distribution centers, one of them in Guadalajara and the other one in Monterrey, in addition to the already existing in Mexico City. In this way, we are adding more than 500 thousand square feet to our logistics capacity.

We redesigned our process within our stores and clubs to improve our home-delivery. This year at Sam's we put in place new technological

tools, which facilitate and improve the routes of our members when filling orders within the club, to achieve a fast and complete delivery for our members.

We trained our associates to choose fruits, vegetables, and other fresh products in the same way our customers would, but without leaving home.

In the last mile, we invested in technology that automatically traces the best route to reduce delivery distance and consolidate orders, improving customer experience and reducing environmental impact.

* **+12,000 products**
of technology and home ready
for same-day delivery

* **+500,000 ft²**
of additional capacity in our Mexico
distribution centers

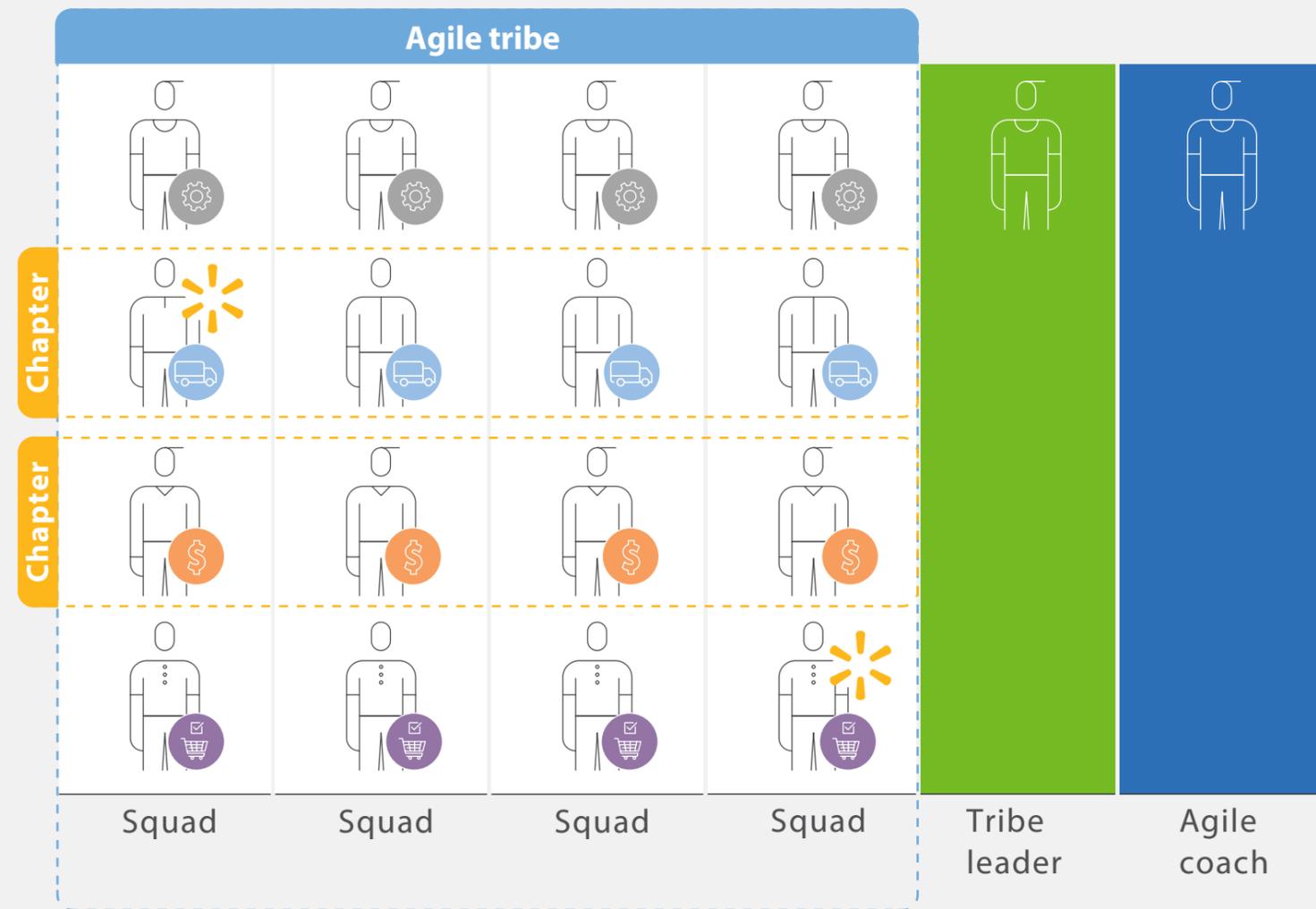


Agile solutions

Due to the continuous evolution in our customers' purchasing habits, we changed our way of working, organizing ourselves in new teams called agile tribes.

The agile tribe is a multidisciplinary team designed to roll out an end-to-end solution, in a matrix organization within a lean-structure, into small groups called squads. To manage and expand technical knowledge within the tribes, specialists in the same discipline are organized in chapters. By bringing together a broad knowledge of the organization, we get more effective solutions, which would otherwise take more time as we go through different areas of the company, this allows us to provide better solutions.

We remodeled our work spaces with the purpose of organizing ourselves in a more collaborative way. Now, the day starts with a quick and brief meeting in the different teams where we clarify activities, priorities, review progress, and detail the obstacles to be solved. Taking advantage of the whole team's experience in different disciplines, we understand and attend customers' needs.



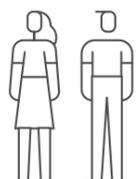
- **Tribe:** Multidisciplinary team designed to implement an end-to-end solution, matrix organization within a lean-structure organized in squads and chapters
- **Squad:** It is a small team of specialists in various backgrounds, working to achieve a shared goal within the tribe
- **Chapter:** Specialists of the same function working in different squads.
- **Tribe leader:** Through servant leadership, they set a vision, guide priorities, and empower tribe members to achieve a customer-centric, end-to-end solution
- **Agile coach:** Expert in the Agile methodology that promotes and guides teams in the new way of working. Encourages high performance and visualizes potential obstacles to be removed
- ✦ **Chapter leader:** Expert in their role, so they provide coaching. He or she is also responsible for expanding and managing technical knowledge



Transformation pillars



Customer centricity



Associate



Way of working



Data analytics

It is a cultural and structural change, in which we design an initial solution and test it to improve it in continuous loops of learning and decision. The new culture accompanies the new structure. Our strategy of becoming an agile organization is the North Star that guides our decisions and leadership.

We inspire our associates by creating a trust culture and empowering them through leaders who provide vision, not just direction.

Our decisions are based on facts, so we created our Data Office, which uses advanced analytical solutions and models to make more reliable decisions.

By placing data as the basis for decisions, through rapid learning loops, and adaptation focused on the customer, we minimize the risk of designing a solution that does not meet customer needs. This helps us to quickly evaluate the result and adjust direction.

We are excited about the transformation our organization is going through. We are re-imagining retail from a solid position. We are confident that this journey, which is just beginning, will pay off for our customers, associates, and shareholders.



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Communication and campaigns with customers

Our digital transformation focuses on more personalized messages and services with our customers. We rely on using data and technology to have a better understanding of our customer and to be able to differentiate between audiences the best way possible.

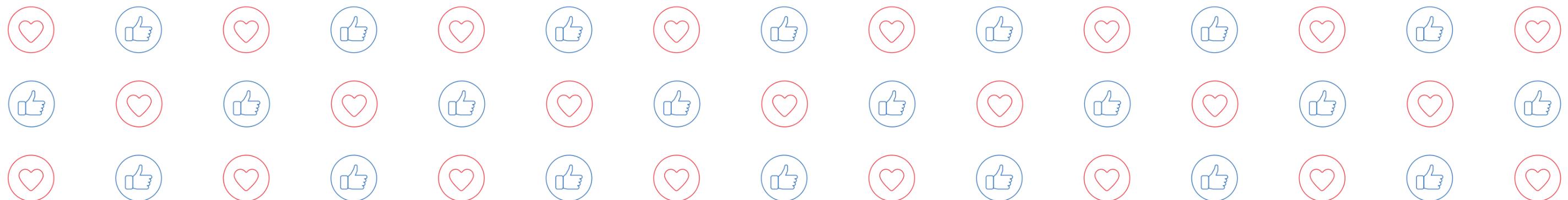
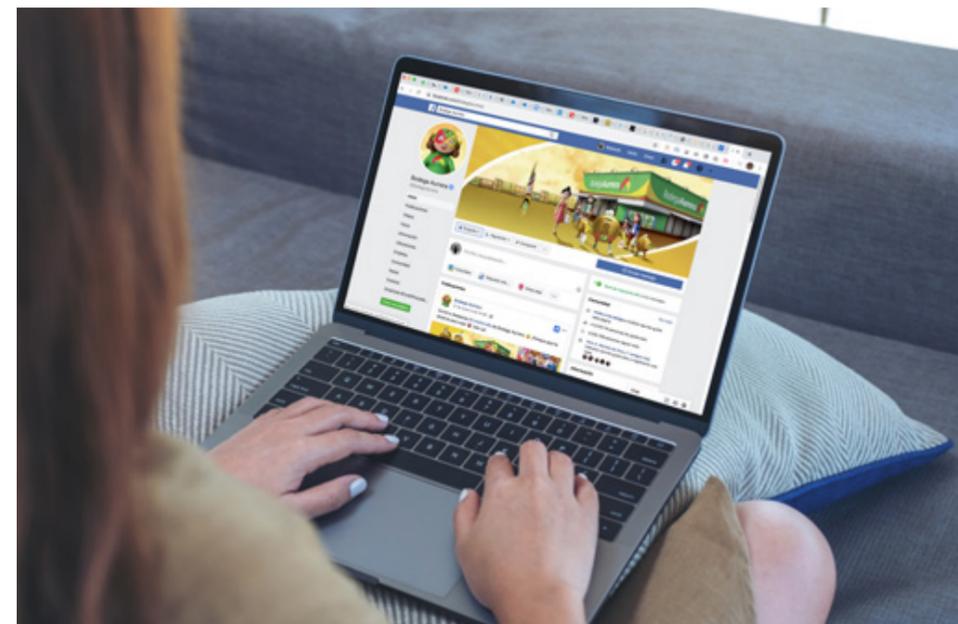
The fan page of Bodega has the largest number of followers in Mexico, with more than 8 million. This gives us the opportunity to connect directly with customers. Our program Cocinando con tu Morralla (Cooking with your spare change) is the first reality show in social networks. This year we launched the second season, for which we decided to create recommendations closer to the public with cooking tips made directly from customer to customer, instead of a cooking expert.

At Walmart, seasonal events such as Rebajas para Todos (Sales for all), which was very successful during summer, and the creative exhibition

contest, where our associates compete among stores to win the best display, have been key to the format's good performance. The campaign Maestros de la Parrilla (Grill Masters) is an example of how Superama is creating experiences with our customers while capitalizing on new buying opportunities and differentiating itself from its competitors.

At Sam's, our efforts are focused on improving, through digital transformation, the interaction with our members, inside and outside the club. During the year, we worked on events such as Shopping Online Days, Open House, and Socio Fest, offering exclusive benefits for members and recruitment campaigns to attract thousands of potential members.

* **+8 million followers**
on the fan page of Bodega



Satisfied **customers** and **members**



We are a customer-oriented company that works as a team to meet the clients needs. We listen to the opinions and needs of our customers and members every day, and strive daily to improve our performance.

Golden Rule



The customer
is always right



Our Business

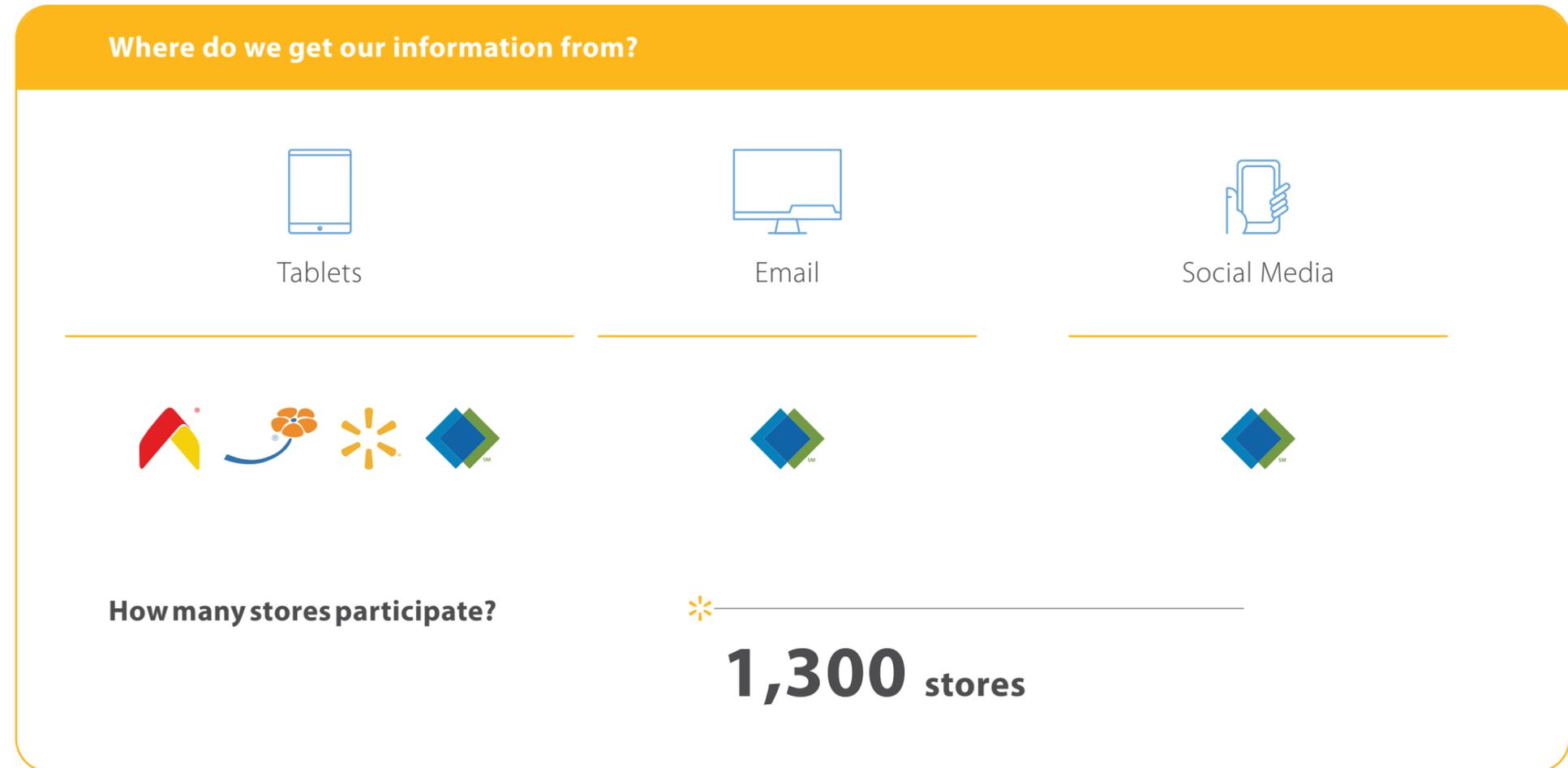
Agile Transformation

We Generate value

Commitment to Honesty

We improve the experience of our customers and members

We have the Customer Experience Index and Member Experience Index to measure and continuously improve our performance. These digital tools have the purpose to follow up the shopping experience through a satisfaction survey. The indexes help us to identify our strengths and opportunities to develop action plans to improve the customers experience.



Through data analysis and intelligence, we have results by store, district, region, and category.

47,722,093 surveys applied to our customers and members in the region

Sam's Club



- ✓ We increased the referral rate of our members.
- ✓ We increased membership renewal intention for members who purchase from clubs and online.
- ✓ It is the best evaluated format in terms of general satisfaction.
- ✓ We significantly improved our Online Member Experience Indicator.

With the above, we validated our promises to the members:

- Quick
- Kind
- Clean
- Safe
- Product

Self-service



- ✓ We increased the next purchase indicator for all formats in Mexico, i.e., customers who will return to our stores for their next purchases.

With the aforementioned, we validate our promises to customers and members:

- Freshness and quality
- Assortment
- Service
- Price
- Experience
- Satisfaction

We know there are situations in which our customers are not satisfied, generating complaints, comments, or suggestions, so we have a Corporate Contact Center where we provide different means of communication for our customers: custom phones for business 01800, scheduled call, email, corporate chat, and social networks. In this way, we have been able to detect opportunities in our operation to continue improving service nationwide.



In Central America, we strengthened the measurement of promises to customers with different criteria that fit each format and its value promise.

Additionally, we deliver weekly reports to the operation in order to make improvements in the short term that help us provide a closer experience to what customers expect.

We received responses from over one million customers from 100% of the business units of the four formats in the region.



Consumer Protection

GRI 103-1, 103-2, 103-3

We are committed to comply with all applicable consumer protection laws and regulations where we operate and to provide consumers with clear and accurate information about our products and services.

Communication about our products, prices, services, and promotional offers demonstrates our respect for the individual and helps our customers make informed buying decisions. We earn and maintain customer loyalty by developing and effectively implementing policies, programs, and processes in our company.

To do this, every year we carry out an intense communication and training program for our store, club, and staff associates, who develop advertising or promotions, in order to ensure that are clear, truthful, and in compliance with the requirements of applicable regulations.

This includes specific rules per product category having specific standards, such as alcoholic beverages, cigarettes, baby formula, and medicine.

Similarly, Consumer Protection has a communication program for both the staff and operation associates to constantly reinforce rules and best practices, in order to avoid sanctions from the government and ensure satisfied customers.

Additionally, we have scale calibration programs in all our units, as well as procedures for returning products. The foregoing, in order to comply with applicable law and to generate 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 by internal policies, such as offensive products (discriminatory ones or with inappropriate language).

Labeling

GRI 416-2, 417-1, 417-2, 414: 103-1, 103-3 ,419: 103-1, 103-2, 103-3, 419-1

We review the labelling of Private Brands products, making sure that the safety information is in accordance with the legislation applicable to each product. We provide counseling to our associates and create different guides and tools for the review of the labels by the operation associates.

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

Mexico



999 labels

were validated



930 labeling

incidents



300 resulted in

fines or penalties



35 authority

actions due to non-compliance



61 visits

from health and consumer protection authorities

Central America



31% categories

significant



39 visits

from health and consumer protection authorities



17 cases

concerning labeling inconsistencies for which corrective action was taken

We focus on five significant categories by volume and product sensitivity: National food and beverage, imported food and beverage, cosmetics, hygiene products, pharmaceuticals.



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Responsible merchandising

GRI 417-3

Mexico



10 marketing incidents



10 resulted in fines or penalties

Central America



Zero processes fined or sanctioned



40 resulted in lack of compliance of voluntary codes



40 incidents arising from customer complaints, relating to non-compliance in advertising matters, which were followed up with corrective action.





We promote a **healthy lifestyle**

GRI 416: 103-1, 103-2, 103-3



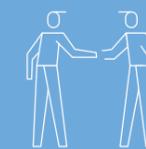
We are interested in our customers' health and well-being. We focus on three pillars to support them in having a healthy lifestyle and habits that help them stay healthier:



To offer sustainable products



To promote physical activity



To educate our customers



To offer sustainable products

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 have considerably increased our offer of healthy and nutritious products such as: Gluten free, Sugar free, Organic, Kosher, Free of trans fat, Low sodium, among others.



To promote physical activity

Superama organizes a 5 and 10 kilometers race, Corre ConSentido, We know that our customers' lifestyle is dynamic, healthy, and family-oriented, so we give them an opportunity to practice their athletic skills and spend time together as a family. Additionally, the race is an event with a social cause, where 100% of the registrations fees are donated to different charities.





To educate our customers

The Consumer Goods Forum is a global organization that brings together main retailers and producers of consumer products 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.



México Ponte Bien

Walmart de México y Centroamérica, in alliance with Arca Continental, Bimbo, Coca-Cola, Colgate Palmolive, Danone, Grupo Lala, Johnson & Johnson, Kellogg's, Mars, Nestlé, Procter & Gamble, PepsiCo, and Sigma, is implementing Mexico Ponte Bien, an initiative of the Consumer Goods Forum, which aims to promote among our customers the importance of making conscious purchasing decisions that let them adopt healthy lifestyles.

The 2019 event lasted three days in 10 Walmart stores in Mexico City, where customers could find exhibition stands with information about four pillars: Health and Wellness, Quality, Sustainability, and Value Chain, encouraging better lifestyles with a balanced diet, food portion control, and good personal care and hygiene habits.



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Financial and Corporate Responsibility Report 2019



Our **geographic scale** and **coverage**

Through the years, we have to build a solid business by focusing on understanding the needs and particularities of each location, always looking to delight our customers in the 675 cities where we operate.

Another advantage is the international scale of our organization, as we have access to experience and technology that have been successful in other Walmart markets. This helps us learn from other markets and improve investments in technology, because implementation cycles are shorter and require less capital since a lot of the innovation is already developed in other

Walmart international operations. Also, we have an important global talent network that allows us to access proven best practices in different regions.

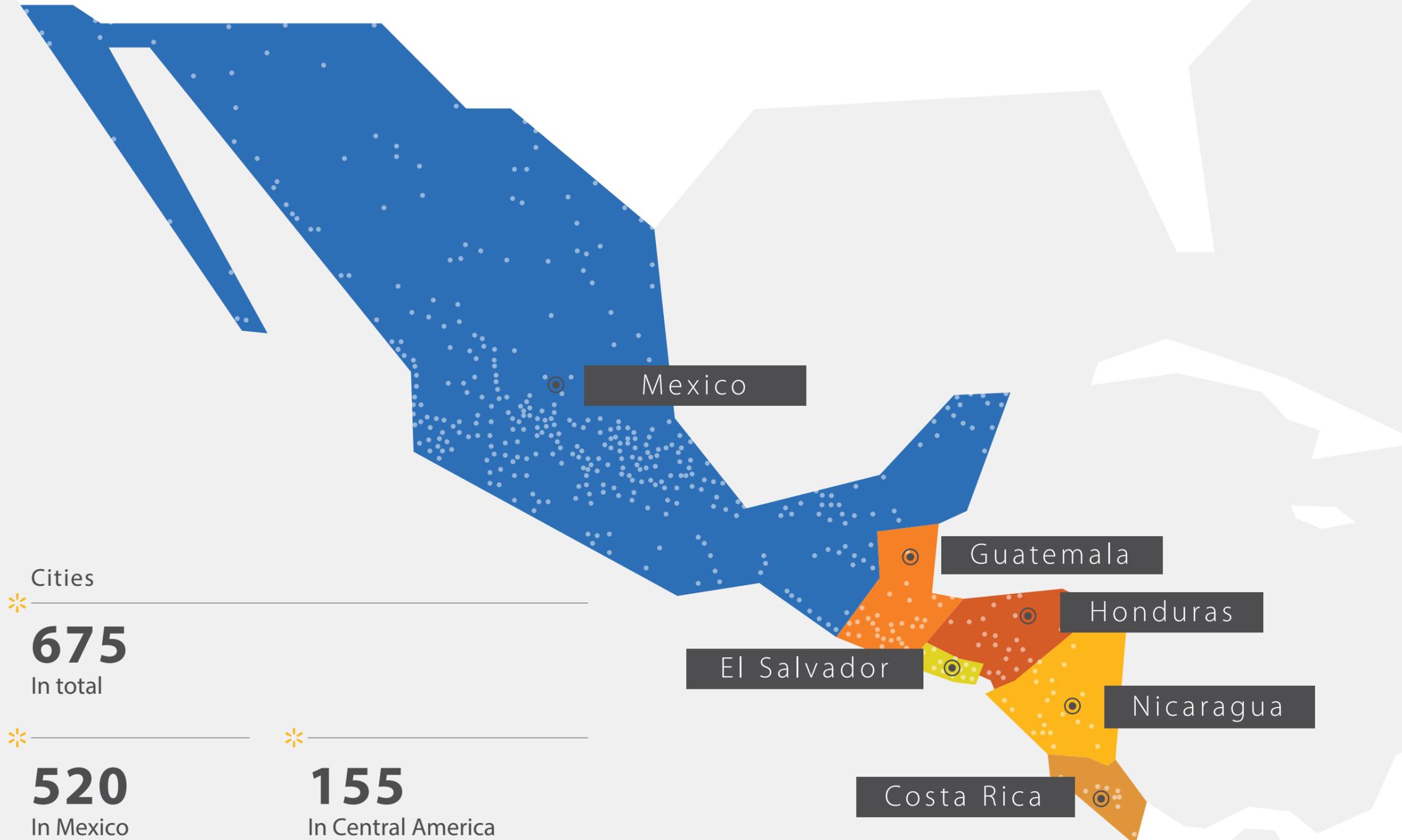
In Mexico, we created a group of stores where we tested the initiatives and new technologies and that were successfully implemented in other markets of the organization on an international level. Once they were adapted to the needs of our local customer, we started to deploy them to the remaining stores and clubs.

To win at omnichannel, we have an extensive logistics network that supplies more than 3,400 stores and clubs in six countries.

In Mexico, 85% of the population in major cities lives within 10 minutes of one of our stores, putting us in a great position to lead in on-demand delivery by turning our stores and clubs into thousands of home delivery points.

Geographic presence

Our presence covers six countries where we operate four commercial formats serving different markets.



Cities

* **675**
In total

* **520**
In Mexico

* **155**
In Central America

Mexico & Central America

* **3,407**
Total units

* Mexico

2,571
Units

2,035 Bodegas Aurrera
280 Walmart
163 Sam's Club
93 Superama

16
DC

* Central America

836
Units

549 Discount stores
155 Bodegas
33 Walmart
99 Supermarkets

12
DC



Our Business

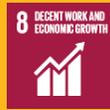
Agile Transformation

We Generate value

Commitment to Honesty

Associates **value proposition**

GRI 102-8



We are committed to placing our people at the center of our decisions, because we want to be the best place for them to be, grow, and belong. Our associates, who experience this daily, are our best reference. They recommend the company as the best place to work and this helps us attract the talent we need from the market to build the future of retail.



Associate Value Proposition

GRI 401: 103-1, 103-2

Mexico

A place where you can be yourself

Everyone is welcome

A place that inspires you

Everything is possible

You get where you want to be

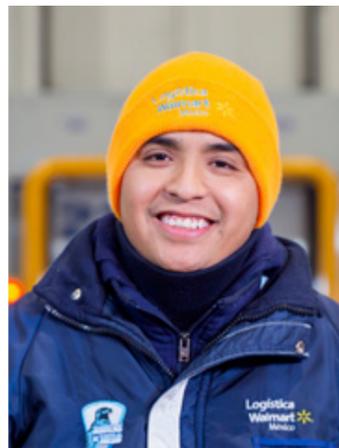
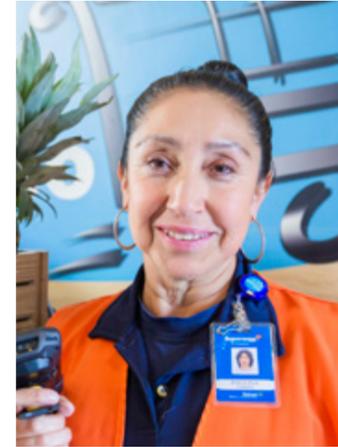
Grow more and keep learning big

You make a difference

Improving the quality of life of those who need us the most

You reinvent the retail rules

Digital is a mentality and a way of working



Central America

Goal

This is the place where you grow up together with millions of families

Challenge

This is the place where you find the greatness to overcome challenges

Opportunity

This is the place where you strengthen yourself with unique opportunities

Inclusion

This is the place where every difference makes us who we are

Enjoyment

This is the place where we enjoy what we do

Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Financial and Corporate Responsibility Report 2019

Our talent

GRI 203-2, 401-1

The retail industry - as a point of entry to work, a place to acquire valuable skills and a significant portion of the overall labor market - is considered a gateway to upward mobility for thousands of people and helps address the need for workforce development. Acknowledging this, we are committed to helping the retail industry be a place that creates opportunities, a platform for people to gain the skills and experience needed to advance in the workforce.

8,543 jobs generated

Our associates



53%
Women



47%
Men



Our Business

Agile Transformation

We Generate value

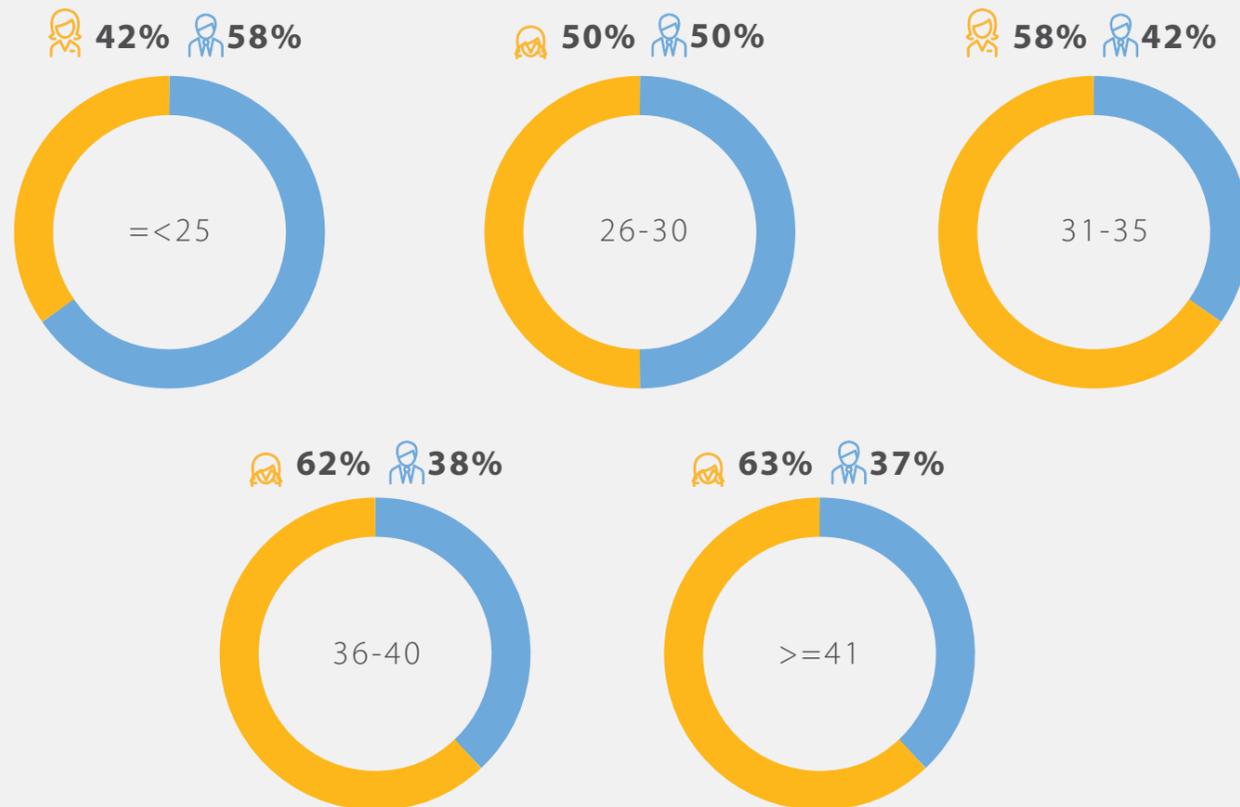
Commitment to Honesty

Financial and Corporate Responsibility Report 2019

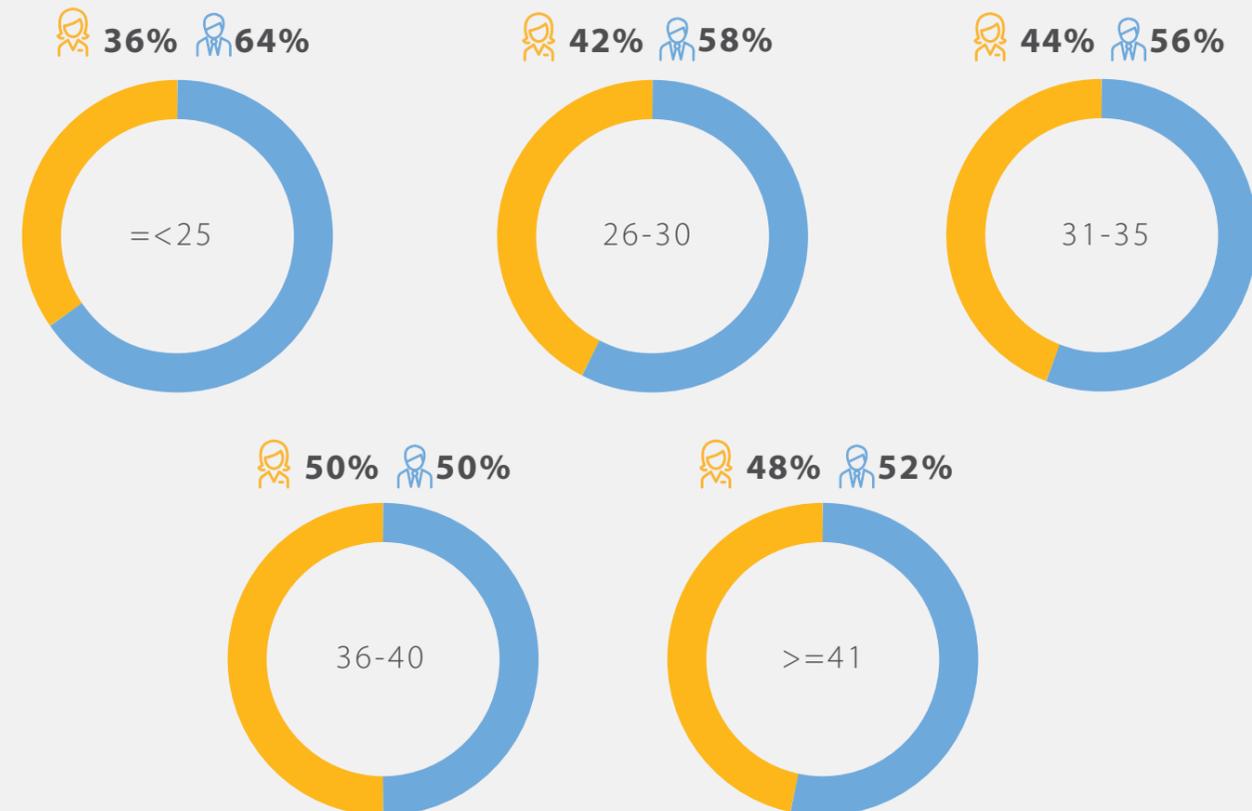
Total associates by age range

GRI 401-1

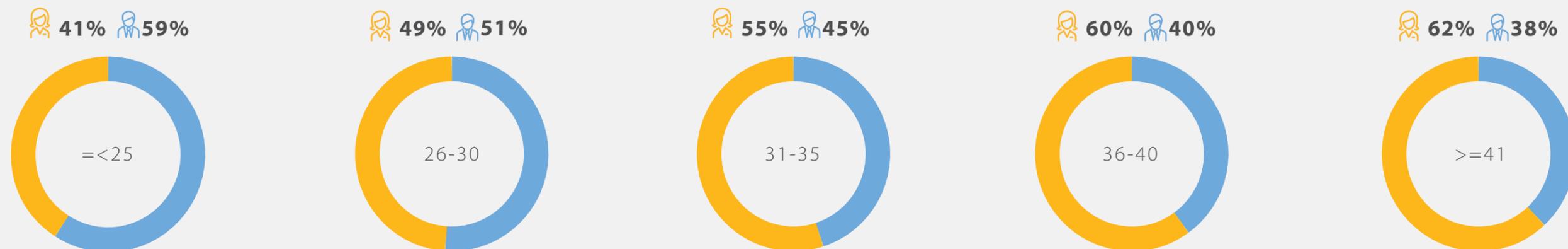
Mexico

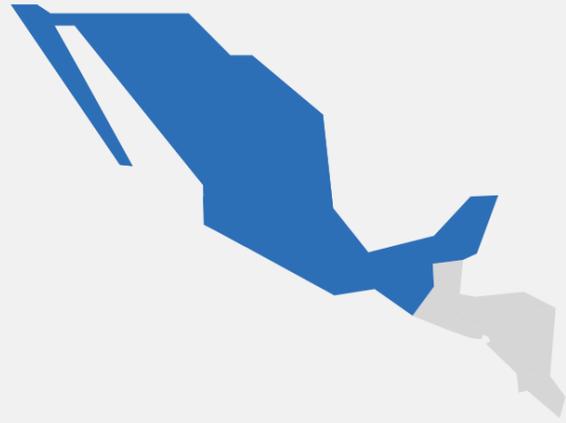


Central America



Total Mexico and Central America





Mexico

200,207

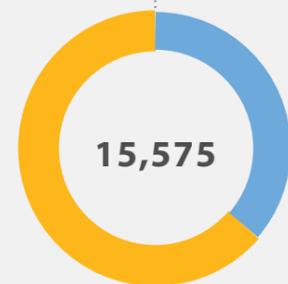
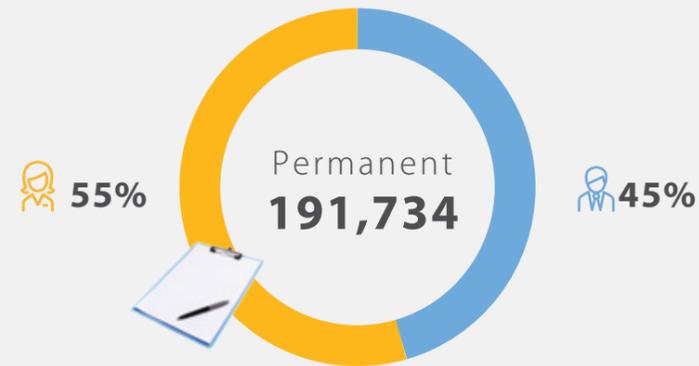
associates



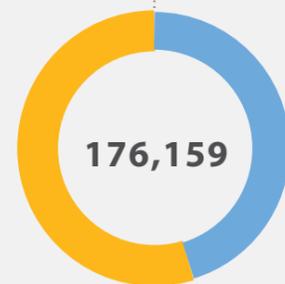
55% Women



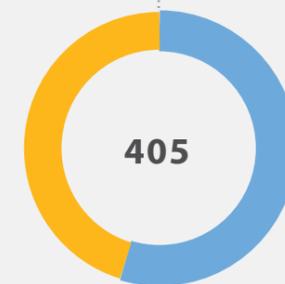
45% Men



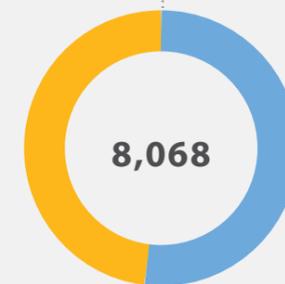
Part time
 61% | 39%



Full time
 54% | 46%

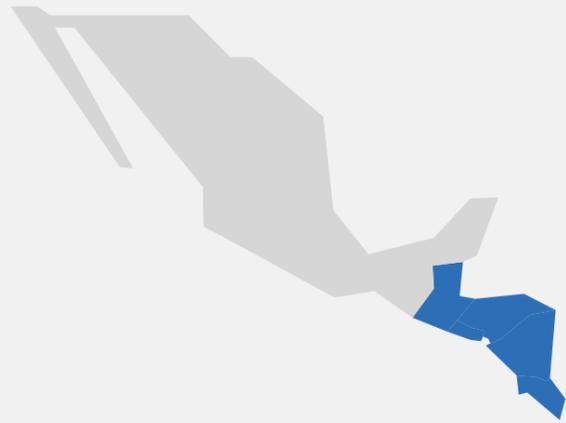


Part time
 46% | 54%



Full time
 48% | 52%





Central America

38,765

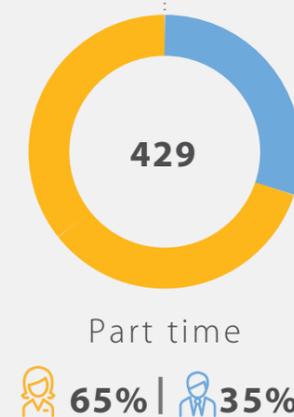
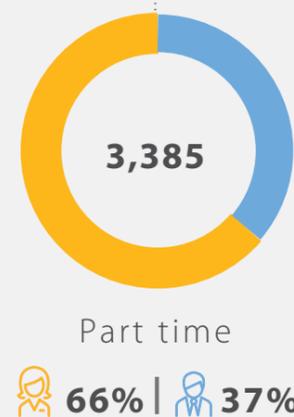
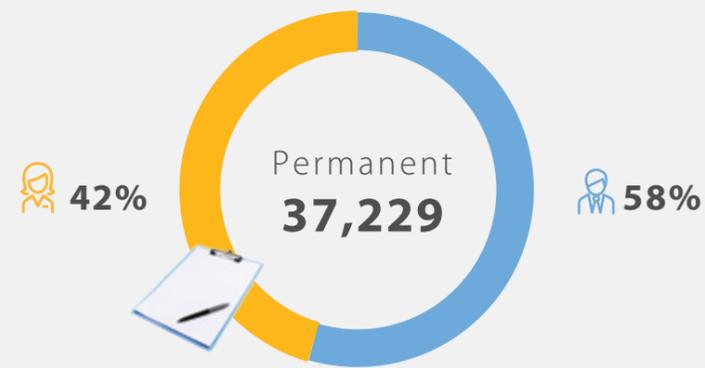
associates



 **42% Women**



 **58% Men**





	Mexico			Central America		
	Total	♀ %	♂ %	Total	♀ %	♂ %
New associates	148,705	51	49	10,625	43	57
<25	71,990	49	51	5,135	39	61
26-30	26,582	48	52	2,560	47	53
31-35	15,758	50	50	1,478	48	52
36-40	11,141	50	50	771	50	50
>41	23,234	60	40	681	47	53
Terminations	148,148	47	53	15,117	40	60
<25	65,898	39	61	4,999	38	62
26-30	29,302	46	54	4,145	39	61
31-35	16,698	42	58	2,645	40	60
36-40	11,580	48	42	1,572	45	55
>41	24,670	59	41	1,756	45	55

We develop our talent

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



Walmart de México y Centroamérica offers a wide range of career opportunities. Our goal is to offer our associates the possibility to grow and be successful within the company. We have different training programs designed based on the detection of needs of each of our associates, to provide them with the necessary tools for their professional and personal development.

* **26,381 promotions**



* **43.6 millions**
of pesos in training

* **9.5 millions**
of hours in training

* **27.6 average hours**
of training per associate
GRI 401-1

Training hours per level

Level	Mexico		Central America	
	Man Hours	Hours per associate	Man Hours	Hours per associate
Management	51,359	52	11,929	103.60
Non-management	622,216	78		
Departmental/Line	7,918,122	48	485,164	122.28

Mexico

During 2019, training strategies were designed and developed with a focus on our cross-cutting programs, such as leadership, agility, and technical-functional:



Bakery: Identification of new processes and their role



Apps: Comprehensive training on different digital tools designed for associates to replace manual processes and queries, and to streamline the various activities they perform in stores and clubs



Onboarding for Managers: Comprehensive and approved training strategy for all formats, with training based on the main pillars: Operation, Compliance, Walmart Culture, and Leadership



Merchants Trainees, self service store Assistant Managers, Sam's: Talent Seedbed



Leadership: Development of skills, such as feedback, decision making, and associate management



Develop, Attract, and Retain (DAR): Onboarding for HR leaders and Maintenance leaders



Management Certification: Certify technical and soft skills of store managers

e-Commerce



Business Continuity Plan: Make associates aware of avoiding the interruption of key business activities in case of threats or crises

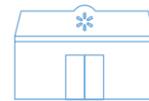


Customer Experience Management. Provide knowledge about new trends and best practices in customer service



Fundamentals of analysis for decision-making: Provide a set of tools to increase analytical skills with precision in informed decision-making

Stores opening training



New Units: Preparation of new store leaders through theoretical and practical training that allows them to have a significant learning experience to know and understand the operational and strategic aspects of their responsibilities, as well as the importance of their role



Talent center

The objective of the Talent Centers is to provide business units with a 100% practical training offer, in a real environment, that strengthens the skills required to increase productivity, service level, and retention indicators in critical positions, contributing to improve the purchasing experience of our customers. Currently we are teaching the Course of Cash Registers for new members of this area.



Our Business

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We Generate value

Commitment to Honesty

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Facilitators

The objective of this area is to design, implement, and follow up on learning experiences in order to develop high performance teams:



Instituto Walton de Cultura:
Facilitation and coordination of courses to train executive level staff and operations associates



Program design and implementation of "Mi Rol como Facilitador" program that aims to empower and make aware the the team of facilitating associates. The team is responsible for strategic programs regarding the importance of the facilitator's role, as well as the validation of basic skills



Multiformat Operations Orientation: New project that seeks to standardize operations orientation to provide new associates with the elements of our organizational culture



Self-service operations academy and Sam's club



Flex POS: Training for cashiers to learn the use of the new cash register system to collect merchandise and receive service payments from customers. The new system will improve service and productivity in the cashier line and enhance our customers' experience



Retail Ready Packaging: Increase productivity in the logistics chain and store layout



Private Brands: Encourage members to feel a sense of belonging and enhance their role as ambassadors of our private brands

Staff



Leadership: Leader development by living the competences and behaviors of the organization



Mi año Walmart: Learning model that gives the associate knowledge of benefits and compensation within the company



Associate Management: training focused on team management



UDEMY: To offer our associates an on-demand content library with more than 3,500 courses



Agile Training: Generate learning experiences that provide our associates with the knowledge, concepts, and terminology of Agility WoW, based on transformation and focused on 3 types of audience (Tribes, TLAS, and To be Transform)



Learning center

We have three Learning Centers for leaders training, through an educational offer that allows associates to gain the required competencies (knowledge, skills, and attitudes) that ensure fulfillment of business priorities, execution of their functions, and quality and leadership standards

The training programs implemented are:



Self service store Operations Trainees: Multi-format seedbed program for future Assistant Managers. This program allows the development of soft skills such as analysis, decision-making, problem-solving, leadership



Replenishment Trainees: Operational training that allows associates to have the knowledge and understanding of the business and the impact on sales derived from decision-making



Onboarding for self service store managers, assistant Managers, and directors. Direct in-store training and Shadow Training with Assistant Managers and Directors



Asset Protection: Training for Assistant Managers that includes the required activities and supervision points, to detect operative and administrative red flags to prevent and control any situation that lead to a loss in assets, cash, or merchandise, as well as to generate a safe atmosphere for customers, associates, and suppliers

Central America

Operations Academy



Seeks the development of our store associates, through the Agreement with Universidad Galileo in Guatemala, we offer financing mechanisms and discounts for associates



Remodeling School: training for distric managers, store managers, and Administrators, along with associates from Real Estate, Finance, and Human Resources



“DAR soy Nuevo Asociado”: Self-taught methodology in different topics such as optimization of merchandise flow in stores, stock improvement in the sales floor, and inventory visibility in the back room

Central OPS Academy



It provides associates with knowledge to improve their performance and generating an impact on business strategy with courses such as: Effective Presentations, Design Thinking, 4 Pillars of Leadership, Communication, and Influence, Finance for Non-Financials, and Project Management



Commercial Academy



Workshop of Supply Cells and Optimal Catalogue: Align Replenishment and Commercial areas according to concepts and procedures that generate leverage and collaborative work promoting more efficient processes



Pharmacy School: With topics such as customer service and sales, Patient Plan, Private brands, and Operations, which leads us to improve the customer’s shopping experience

Staff Academy



Passport to my Development Program: It was designed to have the associate at the center of the activity. Several focus groups and lateral thinking sessions were held in conjunction with HRBP for its design



In Finance, three key trainings were conducted with a focus on: society, business, and people



Logistics Academy



Safety School for Distribution Centers: Virtual Reality Program, achieving a 20% decrease in accidents at DCs



Supply Chain of the Future (SCOTF): Designed based on the associates' needs, including technical issues such as Analytical Data, Lean Concepts, Effective Team Communication, among others

Dialogue with **associates**

We believe that the growth of a successful company requires the active 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. An external supplier manages the survey, and is responsible to collect and process the individual responses. The responses are treated confidentially and the results are reported on a group level.

In 2019, we reached 76% of participation in the entire region.

All areas of the company have a feedback meeting after the evaluation is complete. This process allows us to have an open and constructive dialogue, to achieve better working environments and detect areas of opportunity. The results of these sessions are included in action plans.

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.

Equal pay

GRI 202-1, 405-2

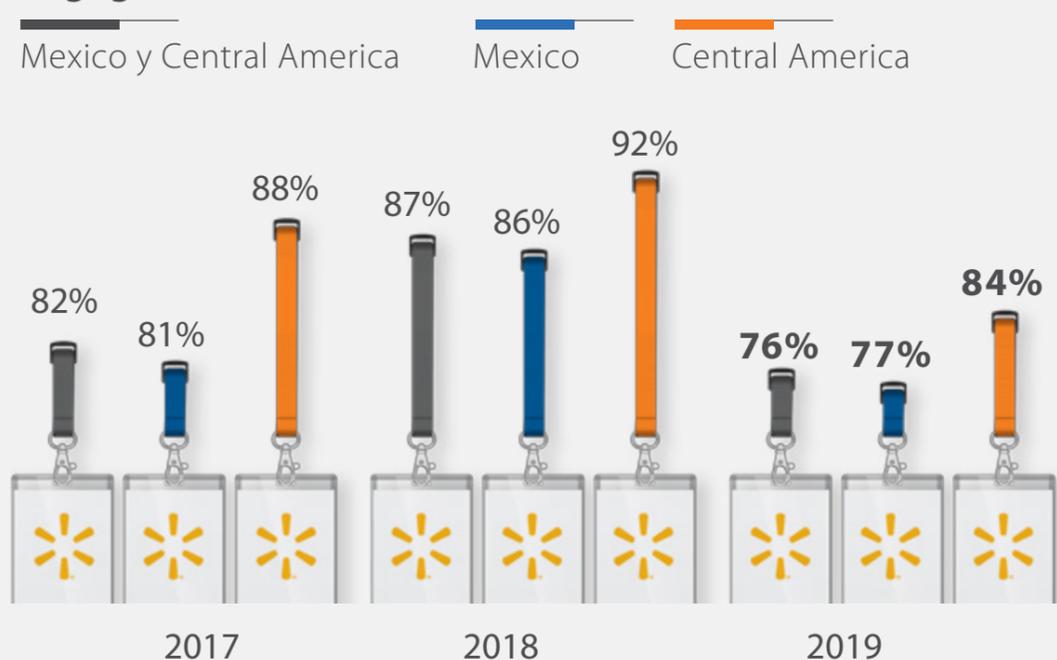
There is no salary difference on the grounds of gender, age, religion, sex preference or political ideology. We have a pay band; differences are based on the associate individual performance. Associates are evaluated every year based on seniority and adherence to successful behaviors under the Policy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

Freedom of association

GRI 102-41, 407: 103-1, 103-2, 103-3, 407-1

In Mexico, we comply with the Federal Labor Law. We started a new regime of collective hiring, in order to improve the value proposition of our associates, who will have the option to choose the union organization to which they wish to belong. Hence 65% of our associates are represented by an union or covered by collective agreements, those are 100% of the eligible associates according to the law.

Engagement Rate





Life-work **balance**

GRI 201-3, 403: 103-1, 103-2, 103-3

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



376 medical offices

in stores nationwide at no cost to associates



6 medical offices

in corporate offices



574 agreements

on education, health, and leisure for the benefit of associates and their families



4,762 associates

tended to in nutrition

GRI 403-6



Our Business

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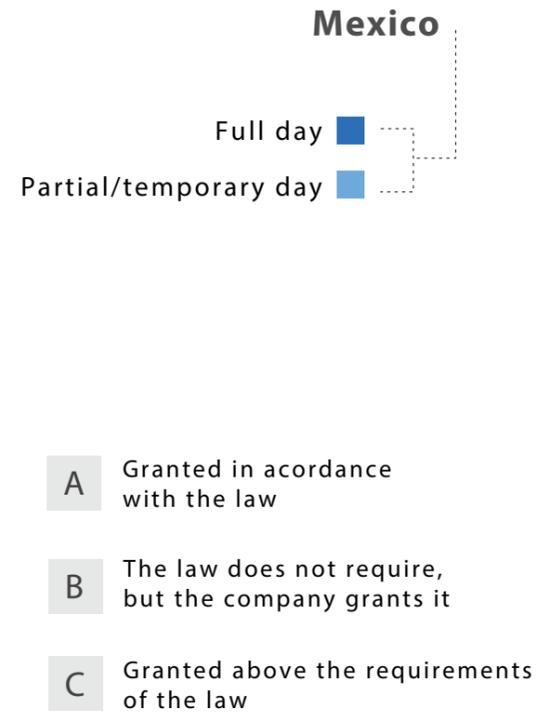
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Benefits for our associates

GRI 401-2



Benefit	Mexico (Full day)	Mexico (Partial/temporary day)	Central America (Full day)	Central America (Partial/temporary day)
Executive vacations		C	A	
Non-Executive vacations	A	A	A	A
Days off (holidays)	C	C	A	A
Personal days	B	B	C	B
Special permission	B	B		C
Meal subsidy			B	B
Food coupons		B	B	
Shopping discounts	B	B	B	B
Company car for executives**	B	B	B	
Medical check-up for executives		B	B	
Life insurance		B	B	
Social security expense	A	A	B	
Major medical expense insurance		B	B	
Sick leave grant		B	B	B
Seniority recognition	B	B	B	B
Maternity leave	C	C	C	A
Paternity leave	C	C	B	B
Pension fund			A	A
Christmas bonus	C	C		
Vacation premium	A	A		
Sunday bonus (if applicable)	A	A		
Seniority bonus	A	A		
Profit sharing	A	A		
Nursing period	C	C		
Productivity bonus	B	B		
Stock-option plan*		B		



* For management only
 ** From divisional manager and up

Program Integral Assistance



We make available to our associates and their families a free, optional, and confidential line to address personal questions or concerns related to issues such as:



Psychological counseling

Personal problems
Depression
Stress



Financial counseling

Loans
Credit bureau
Savings



Legal counseling

Law
Regulations
Rights and obligations



Associates can make use of the service from any part of Mexico, 24 hours a day, via phone call, e-mail, and online.

Work Flexibility

GRI 401-3



Maternity and paternity leave. Providing the following periods of disability that will benefit the associates who are in this stage of their life:

Maternity: 5 months

Paternity: 2 weeks



The Flexible Workweek Program for staff associates consists of freeing up Friday afternoon work hours by allocating them from Monday to Thursday, to have “short Fridays”



Remote work. It consists of the associates working remotely one day a week, respecting and complying with their usual work schedule. Among the main benefits are the increase in productivity, maximization of focus on results, and favoring our associates’ life balance



For our operations associates, we have fixed shifts for breastfeeding, schedules for students, transfers for quality of life, fixed shifts for single mothers or fathers, quarterly rest, as well as monthly weekend off for store managers and assistant managers



Postnatal leave for parents. It allows women to gradually integrate into working life after having their child up to six months of age. For male associates, we have a six-hour flexible schedule during one month



+28,400 associates

transferred to stores closer to their homes

GRI 203-2



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Diversity and inclusion

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



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

✦ **53%**
of our workforce are women

✦ **2,323 associates**
with a disability, 151% more vs 2018
GRI 405-1

Diversity and Inclusion Policies

Our policies clearly state that discrimination and/or harassment is 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.

Advisory Councils on Diversity and Inclusion

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 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 members of the Advisory Council:

-  Promoting equality between men and women
-  Directing, monitoring, and communicating efforts
-  Overseeing the existence of policies, procedures, and activities
-  Serving as a surveillance body
-  Ensuring the proper gender balance among management
-  Sponsoring inclusion programs for different groups
-  Ensuring efforts to strengthen a culture of diversity and inclusion

In Central America, an Unconscious Bias Workshop was held with the Executive Committee, Directors, Deputy Directors, and Managers. In this space, 44 leaders had the opportunity to conduct an assessment in order to know how much openness they have to diversity management based on four elements catalogued as essential to sustain effective interpersonal relationships: understanding and empathy, trust and simplicity, respect, and positive intention.

In order to continue with the empowerment of Human Resources Advisors, the “Sin Barreras Kit” was launched, where they have access to didactic guides, stories, case analyses, manuals and communication elements to manage inclusion in their work units. 140 associates from the Human Resources area participated in this launch.



We want to reiterate to our leaders and associates that, although it is important to achieve the company’s objectives, at Walmart Mexico and Central America we always meet the goals based base through a basis of respect.

Leading with Respect

It is important to remind our leaders and associates that the best way to achieve the objectives is to care for and value their teams, keeping in mind that respect for the individual is essential to achieve our goals. For this reason, the Leading with Respect campaign was born, which seeks to give the necessary importance not only to the what, but also to the how; recognizing the associates in three different ways for their achievements:



Recognize associates consistently, using physical or digital cards and verbal gratification



To be grateful every day to the associates and for a well-done job. At this point, you want to make sure that not a day goes by without thanking a colleague



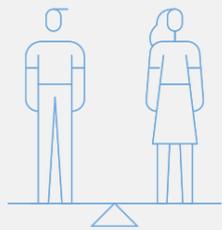
Make use of the programs that the company has, as a tool for recognition

Discrimination and sexual harassment

In the Ethics’ Statement we have regulated the prohibition of any type of harassment within the company. In this regard, and given that the issue of sexual harassment is so relevant to Walmart, in 2019 a new ethics training exclusively for the prevention of sexual harassment was added to the program for all Officers globally, in order to train senior leaders on the relevance of the issue and how to detect, mitigate, and prevent related situations within their work teams.

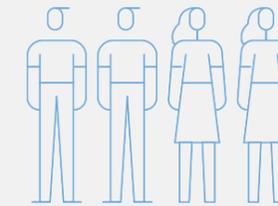


Create conditions and provide tools to increase executive women percentage and retain non-executive women



Gender equality

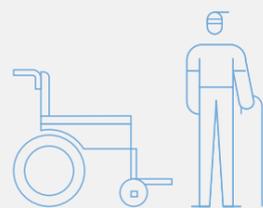
Build the foundations so that our associates can show inclusive behaviors with the LGBT+ community



Sexual diversity

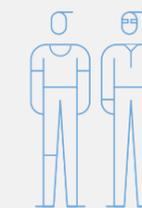
The Diversity and Inclusion strategy
of the company is based on four pillars:

Enable and generate reasonable adjustments to include people with disabilities



People with disabilities

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



Generational diversity

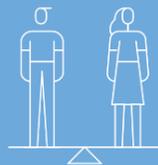


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Gender Equality



Men and Women

Working on gender equality is one of the company's priorities. We focus on strengthening processes in order to minimize gaps and position the Walmart Culture.



36% women

on executive positions



49% of the promotions

were for women

GRI 405-1



Development of Female Talent Women in Retail

It is a development program with a duration of one and a half years for our female associates. Its purpose is to develop and retain the best talent, having well prepared and committed associates, with a sense of belonging. It is based on four main areas of development: Experience, Exposure, Education, and Mentoring, with the aim of strengthening skills and competencies and increasing their leadership and networking. Currently, we have the 4th generation in progress. In Central America, this program reached a coverage of 37 women throughout the five countries simultaneously, being effectively implemented by concentrating in two weeks. The result of this preparation is the addition to their technical skills, of a complementary set of leadership skills that projects the associates as more integral professionals when knowing about empowerment, self-awareness, adaptability, change management, communication, high performance teams, accountability, information analysis, among other skills that manage to place them in a position that points to their growth.

Female Executives and Trust Circles

Its purpose it to develop subjects such as personal leadership and self-management; talent management, change management, strategic thinking, leading transformation, persuasion, empowerment, and influence, among others.

Bloomberg Index for Gender Equality

Only company in the self-service sector included worldwide. For a third time, 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 average in the Index, regarding subjects such as workforce composition, female executive positions and the number of women members of the Board of Directors.



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Sexual Diversity

“2019 HRC Equidad MX” certification

The Human Rights Campaign Foundation (HRC) certified us for the third consecutive year as one of the companies that promotes diversity and LGBT+ inclusion in their workplaces.

LGBT+ Pride March

For the third consecutive year in Mexico City and Costa Rica, and for the first time in Monterrey, Guadalajara, and Mérida, we participated in the Pride March. Vice Presidents accompanied with associates and their families during the march.



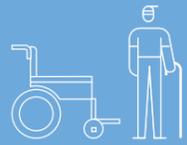
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Labor inclusion for people with disabilities



At Walmart de México y Centroamérica we have worked in recent years on the implementation of programs for the inclusion of people with disabilities. Currently, 2,325 associates are working in stores, clubs, Distribution Centers, and office buildings with motor, hearing, visual, and intellectual disabilities.

We have trained and communicated about disability through different means: in person and online trainings, videos and manuals for the attention of associates, customers, and suppliers with disability.

We have remodeled and opened inclusive stores for people with disabilities. For example, Walmart Punto Guadiana in Durango, is the most accessible store in Mexico, because of the new facilities it offers to associates, customers, members, and suppliers. This store has universal design features in interior and exterior access, accessible furniture, help buttons and tactile guides, which increase accessibility for pregnant women, senior citizens, people who use wheelchairs, canes, crutches, or those who temporarily have reduced mobility due to injury.

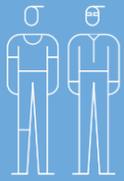
Éntrale 2019 Award

Thanks to our policies, practices, and programs in favor of labor inclusion, in addition to our commitment to creating inclusive environments. We recently received the “Éntrale 2019” award, during the forum with the same name.

This recognition is only given to 1% of the allied 450 companies and 50 Non-Governmental Organizations (NGOs), which, like Walmart, have demonstrated their commitment to the inclusion of people with disabilities.

The criteria taken into account were: Culture, Adaptations and Safety, Business Practices, Talent Attraction, and Retention Processes, as well as people with disabilities in the workplace.





Generational Diversity

We promote the integration of different generations in favor of labor inclusion. We currently have 45% Millennial, 25% generation X, 30% and Baby Boomer. We also encourage knowledge sharing between generations by implementing programs such as Reverse Mentoring where our Millennial generation associates empowered Executive Committee members in digital apps use and social networking skills.



Certification on Labor Equality and Anti-Discrimination Golden Certificate

Walmart de México y Centroamérica received re-certification of the Mexican Standard for Labor Equality and Non-Discrimination. The certification was granted because our policies and practices comply with the requirements of labor equality, non-discrimination, and inclusion defined by the Ministry of Labor and Social Welfare, the National Institute of Women, and the National Council for the Prevention of Discrimination, who promote and support the Standard.

We are the only certified retailer in Mexico.

To obtain it, the main points that it evaluates are:

-  Recruitment and selection processes with equal opportunities
-  Implement actions and have mechanisms to address, prevent, and punish situations of violence or discrimination
-  Carry out actions of co-responsibility between the work, family and personal life of its workers so that they can develop their full potential
-  Accessibility in physical spaces for people with disabilities
-  Flexibility in working hours
-  Breastfeeding rooms
-  Mechanisms to attract and retain talent
-  Ensure equal pay GRI 202-1, 405-2
-  Promote a work climate without discrimination
-  Use of inclusive, non-sexist, and accessible language
-  Training in equality and non-discrimination



Behind every action, is our commitment to create value

We Generate Value

Financial Value | Environmental Value | Social Value



+1 trillion pesos

market cap on November 1st, 2019



88% of our stores

are supplied with renewable energy



1.5 billion pesos

channeled through social impact programs

Financial Value

GRI 201: 103-1, 103-2, 103-3, 202-1

2019 was a year of transformation, of investment, and results. We focused on building an even more customer-centric business, better positioned for the future, while delivering solid results within a very challenging macroeconomic environment.

We were able to leverage our capabilities inside and outside the store. We surpassed the number of stores opened in the last five years and continued to accelerate growth in eCommerce sales.

We continue creating value for all of our stakeholders. The Walmart of the Future is happening today.



Olga González

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



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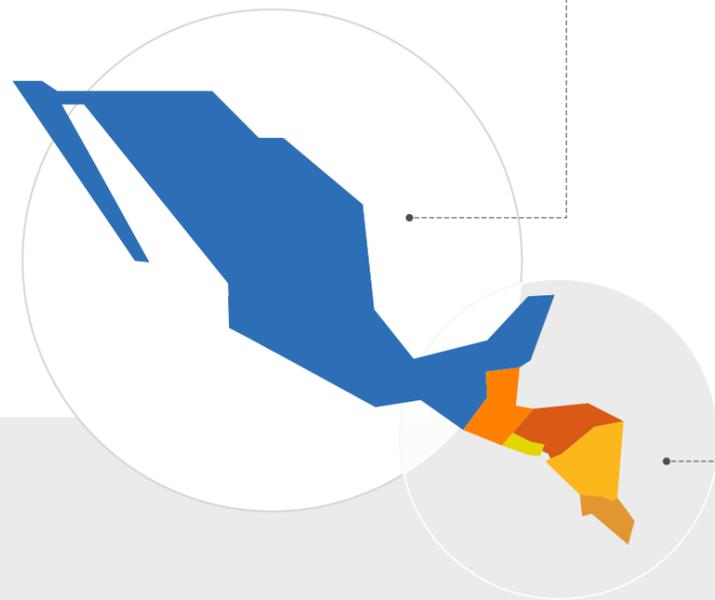
Performance

In 2019, we achieved solid results and continued to grow steadily and profitably in sales and EBITDA. We invested in expanding our omnichannel coverage, eCommerce, technology, salaries, and logistics to meet our customers' new purchasing habits and preferences. We manage our stores and clubs with discipline, the efficiencies achieved have helped us to generate the necessary resources to keep driving future growth and increase profitability.

Growth by country, format and division

In Mexico, all regions and formats delivered a positive performance. The North and South regions had the highest same-stores sales growth, followed by the Center and Metro regions, which delivered softer growth due to the competitive dynamics and macro conditions in those regions.

Same-store sales growth

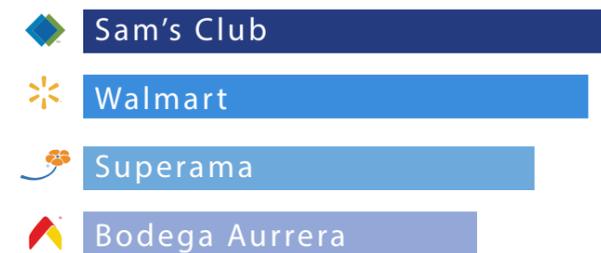


Mexico
4.4%

By geographic area in Mexico



By format in Mexico



By division in Mexico



Central America
0.4%

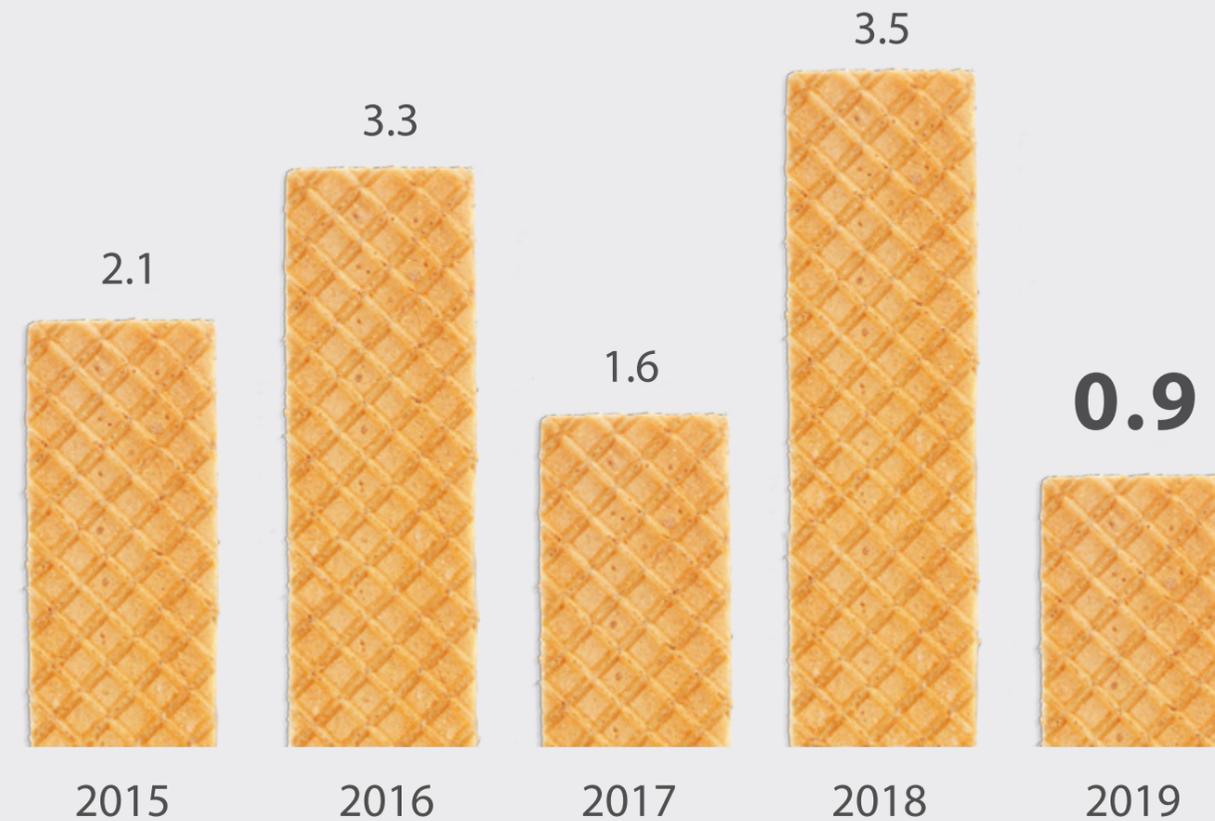
By country



Differential growth in same-store sales Walmex¹ vs ANTAD Self-service and Clubs²

Percentage points

In 2019, we surpassed ANTAD's self-service and clubs same-stores sales growth by 90 basis points. With this, we have been able to accumulate five-year higher growth at same-stores than our direct competitors.



1 Self-service and Sam's Club
2 Excluding Walmex

In Mexico

Total revenue was 532.2 billion pesos, which represented a 5.7% growth compared to 2018. All formats and regions grew, our largest division, Food and Consumables, grew the fastest.

We continue to accelerate our eCommerce business growth; in 2019 GMV's sales rose by 61%³, reflecting the fact that our omnichannel offer is gaining momentum. A 52% online net sales annual growth was reached, this figure is higher than the 40% growth of 2018 and shows the correct execution of our digital transformation strategy along with efficient investments made in logistics network. eCommerce sales represented 1.5% of total sales and contributed 50 basis points to total sales growth.

³ eCommerce GMV's growth mentioned above excludes call center sales.

Note: In order to provide the investors community a better view of the underlying performance of our business, we are including a retroactive estimation of the effect the adoption of the IFRS 16 would have had on 2018 financial results. These pro-forma 2018 figures are not audited, but are based on the 2018 audited reported results and adjusted with our best estimates to show the effects related to the adoption of the IFRS 16. Please note that all the references that will be done to last year's results are based on 2018 pro-forma figures.

To strengthen our leadership in the market and increase customer transactions, we invested in pricing and widened the price gap with the competition by 20 basis points. These commercial efforts reduced the gross margin by 10 basis points, which this year represented 22.6% of total revenue.

SG&A for the year grew 3.5%, 220 basis points below revenue growth, as a result of our efforts in productivity and operating efficiencies.

Thanks to sales growth, good margin management to maintain competitiveness, along with disciplined expense control, operating income grew 8.3% and represented 8.9% of total revenue, and EBITDA grew 8.6%, representing 11.4% of revenue.



✧ **114.6 billion pesos**
in Central America of total revenue
+3.4% vs 2018

✧ **646.8 billion pesos**
at a consolidated level total revenue
+4.9% vs 2018

In Central America

Total revenue reached 114.6 billion pesos increasing 3.4% over the previous year, on a constant currency basis. Looking at performance by country, Honduras had the highest growth, followed by Nicaragua and El Salvador. The lowest sales performance was in Costa Rica and Guatemala, reflecting the unfavorable macroeconomic dynamics in those countries.

Gross margin remained at 24.2%, as the team achieved the right balance of maintaining price leadership without compromising profitability.

Expenses increased 10.8%, impacted by the new intellectual property royalties' agreement between our Central American subsidiaries and Walmart Inc. The agreement came into force in 2019, but the annual charge was recorded in the fourth quarter, affecting expenses in 1.6 billion pesos. Excluding this impact from the annual result, expenses would have grown 2.6%, achieving a leverage of 10 basis points.

Operating income represented 5.8% of total revenue. Without the effect of royalties, it would have been 7.1%, an increase of 20 basis points and a 7.1% growth compared to 2018.

EBITDA represented 9.1% of total revenue. Excluding the effect of royalties, it would be 10.5%, with an increase of 50 basis points and a 7.8% growth compared to 2018.

Consolidated figures

Consolidated revenue reached 646.8 billion pesos and increased 4.9% compared to 2018. Gross margin of 22.9% was reduced by 10 basis points mainly due to our continued commitment to price investment.

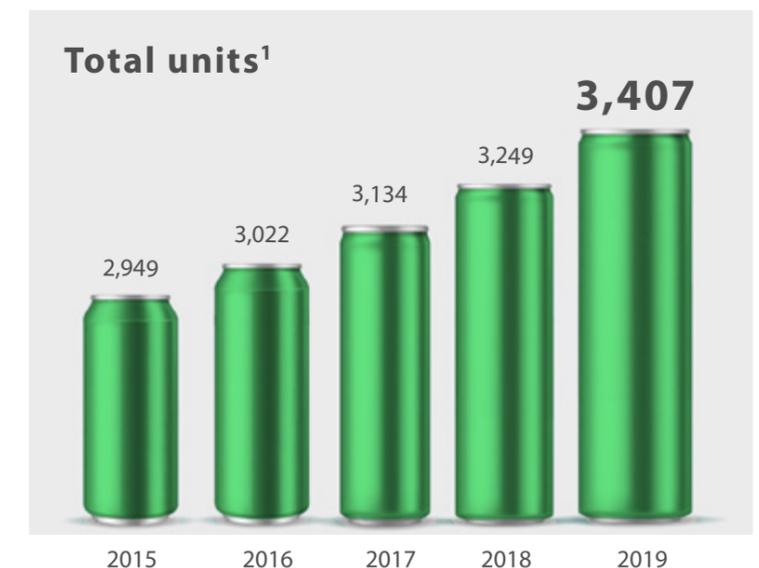
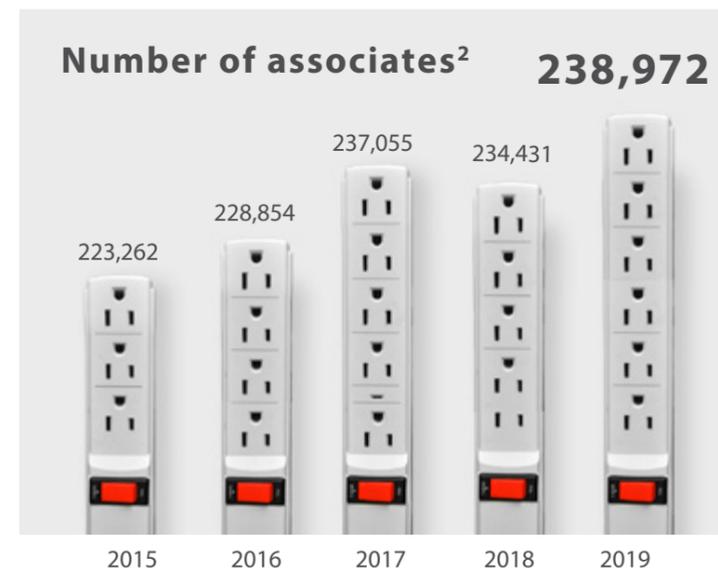
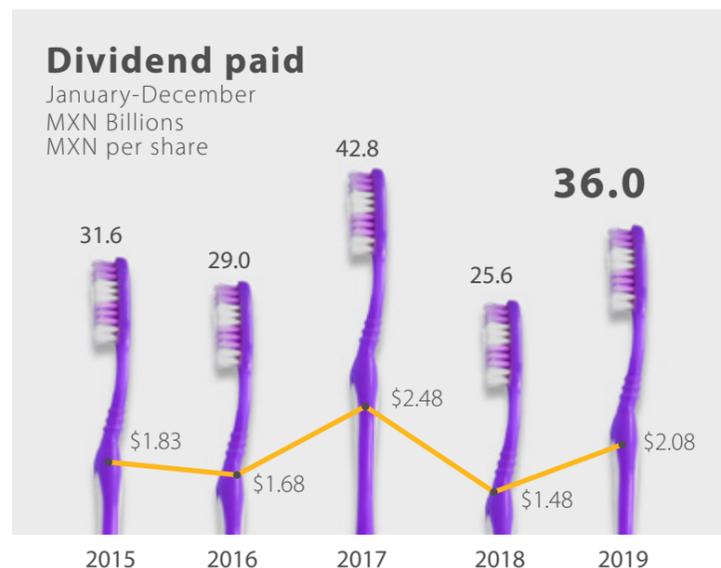
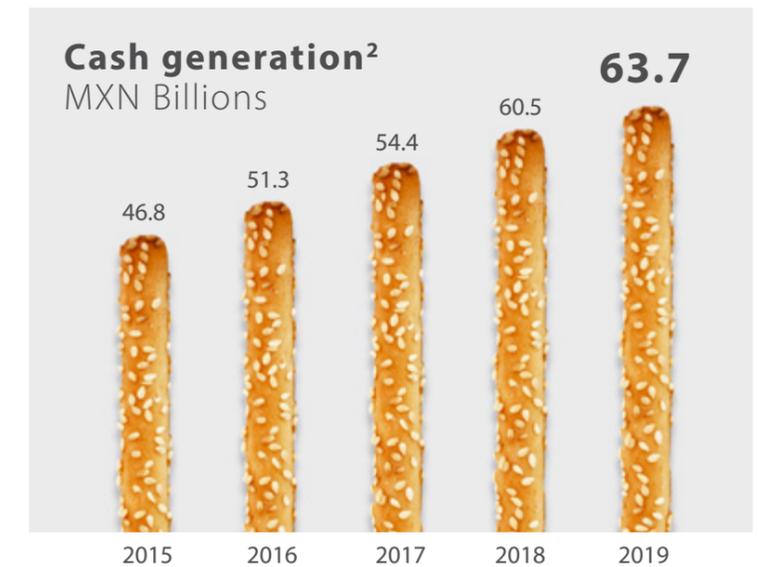
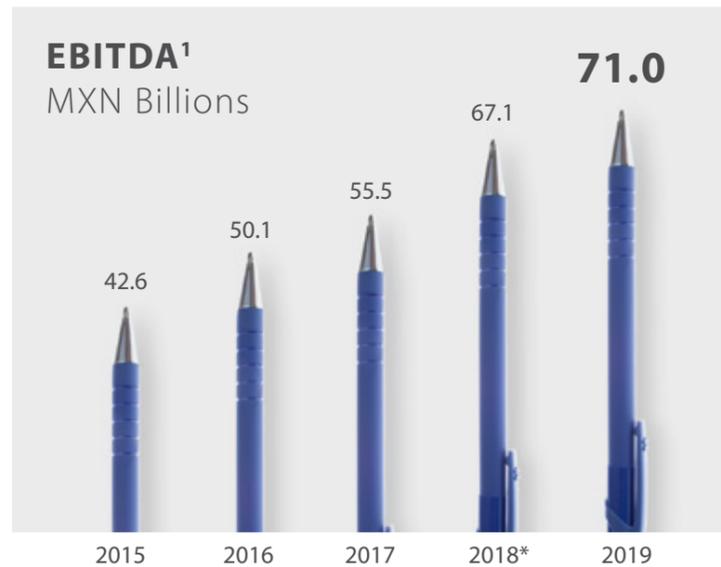
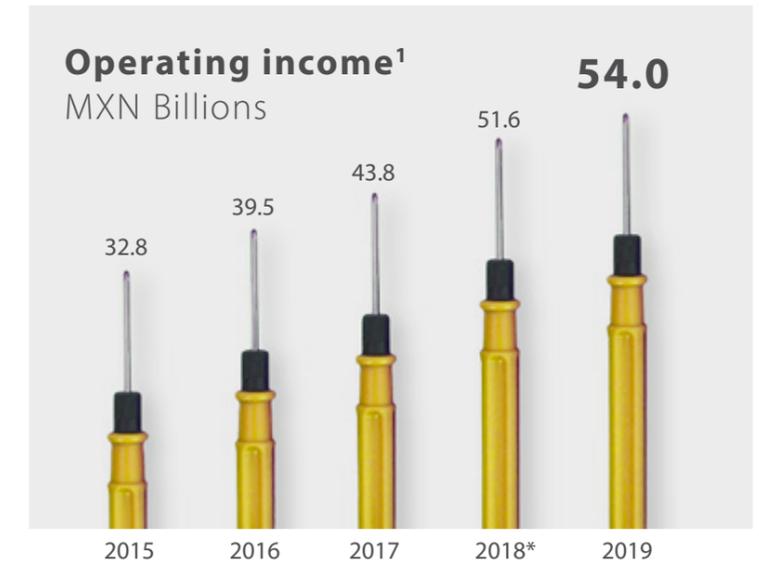
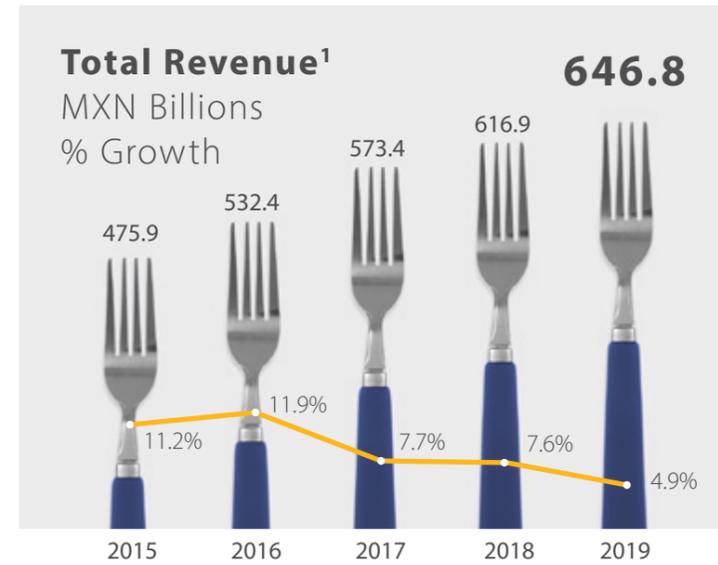
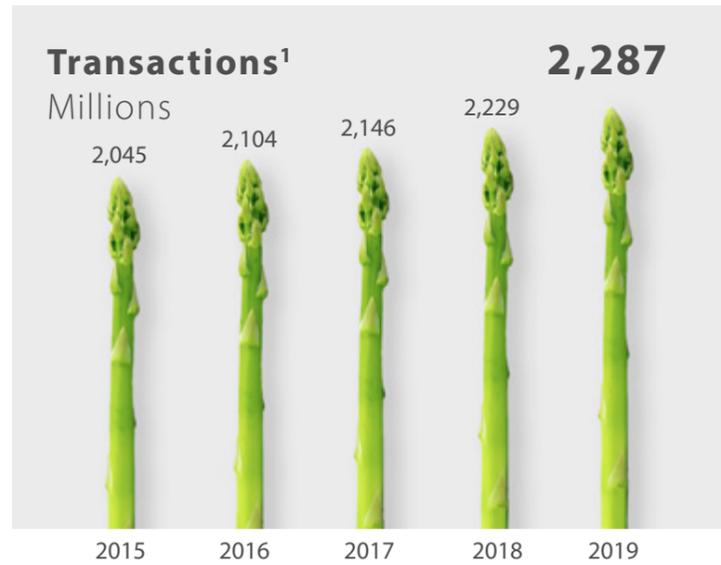
Expenses grew 4.6% compared to 2018, without considering the effect of Central American royalties, growth would be 2.9%, with which we leveraged the expense in 20 basis points. The latter was achieved by exercising an excellent display of discipline in expense control in both regions.

Operating income represented 8.3% of total revenue. Excluding the effect of royalties, it would represent 8.6% with an increase of 20 basis points and a 7.8% growth over the previous year. EBITDA reached 71.0 billion pesos, 11.0% of total revenue. Without considering the effect of royalties, it would be 72.6 billion pesos and a 11.2% margin, with an increase of 30 basis points and an 8.1% growth compared to 2018.

Key performance indicators

GRI 102-7,102-8

Supported by strong cash flow generation, operating with quality and financial discipline, we keep investing to continue our leadership in the future.



1 Walmex excluding Banco Walmart and Suburbia.

2 Excluding Suburbia since 2016.

* In order to provide the investors community a better view of the underlying performance of our business, we are including a retroactive estimation of the effect the adoption of the IFRS 16 would have had on 2018 financial results. These pro-forma 2018 figures are not audited, but are based on the 2018 audited reported results and adjusted with our best estimates to show the effects related to the adoption of the IFRS 16.

Our Business

Agile Transformation

We Generate value

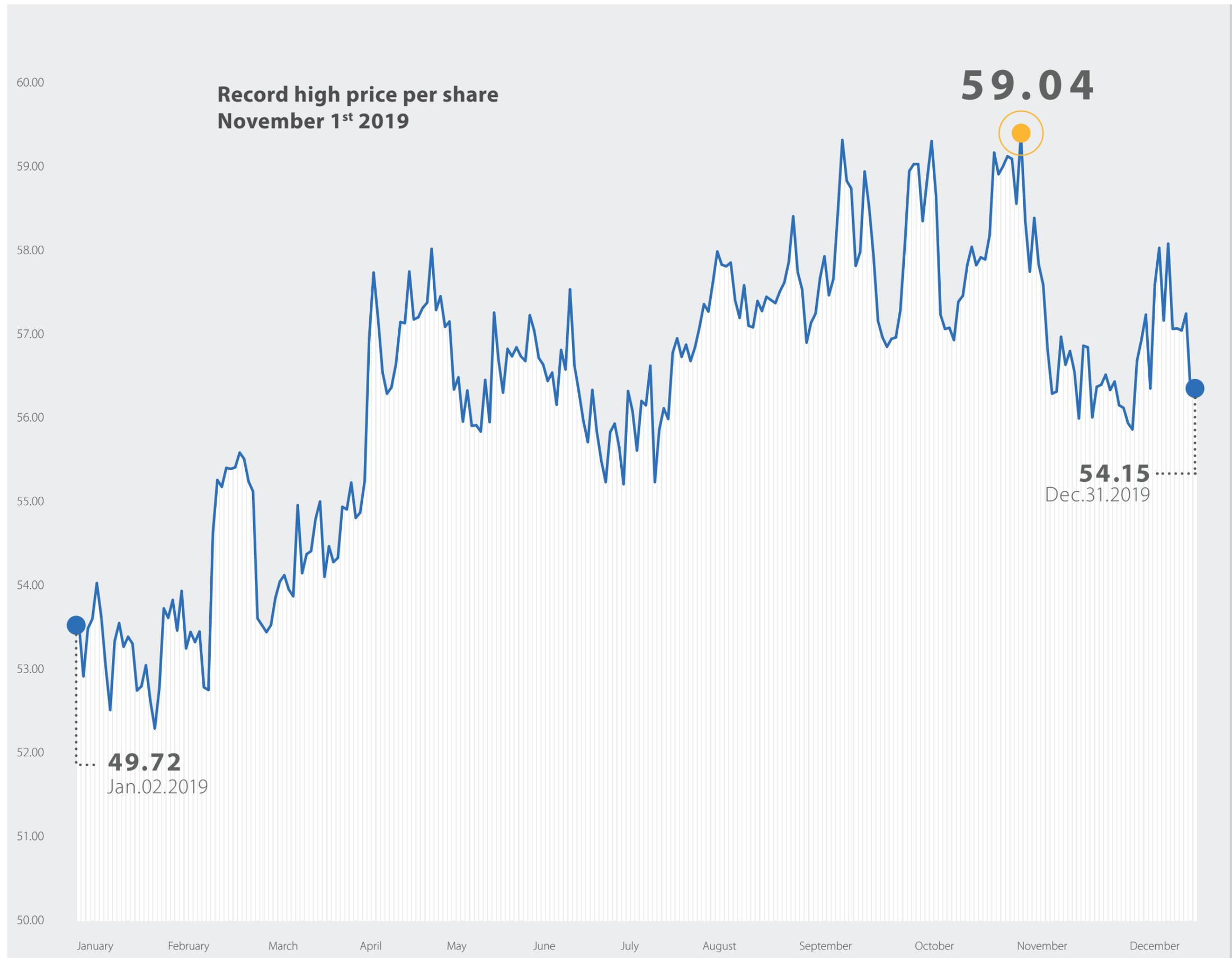
Commitment to Honesty

Financial and Corporate Responsibility Report 2019

Value for Shareholders

Our stock reached a historical high of 59.04 pesos this year, as a sign of confidence in our operation, financial strength, and efficient use of assets. We are building the Walmart of the future from a position of strength.

We consistently reward the trust of our shareholders. This year, we paid 35.96 billion pesos in dividends, which include the fourth payment decreed in 2018 for 0.33 pesos per share, 0.19 pesos for ordinary dividend, and 0.14 pesos for extraordinary dividend, plus 1.75 pesos per share, corresponding to the payment decreed in 2019, which is composed of an ordinary dividend of 0.84 pesos per share and an extraordinary dividend of 0.91 pesos per share, both paid in three installments, the ordinary dividend of 0.28 pesos per share, in April, August, and November 2019 and extraordinary dividend of 0.35 pesos per share in April, 0.30 in August, and 0.26 in November 2019.



Investments

We balanced the short and long-term investments, allocating resources to our low-price proposal and salaries, while, with a long-term perspective, we built the infrastructure and capacities that will allow us to continue on the road to success. We invested 20.58 billion pesos in capital expenses during the year, of which we allocated 40% to maintaining and remodeling existing stores, 28% to new stores openings, 20% to the logistics network, 11% to eCommerce and technology, and 1% to the fresh upstreaming projects.

We opened two distribution centers in Mexico dedicated to eCommerce in Monterrey and Guadalajara, with an investment of 370 million pesos, significantly improving delivery in 17 states

of the country. In Costa Rica, we expanded the Coyol distribution center, making it the largest in Central America.

We surpassed the number of new stores opened in the last five years, opening 161 units in 2019, 134 in Mexico, and 27 in Central America. The new stores added more than 1.7 million ft² of sales floor, contributing 1.7% to sales growth and 2.1% to the increase in installed capacity.

We continue to make our investments more efficient in order to adjust our value proposal to different markets. We opened new prototype stores with the same customer value proposition with only a few changes in assortment and store size to adapt it to the market where it is located.



76,414,319 ft²
added to sales floor

With a long-term perspective, we built the infrastructure and capacities that will allow us to continue on the road to success.



Source: Map Data ©2019 Google.

This year, we opened the Mi Bodega Hercules store, located in a mining region on the border of Coahuila and Chihuahua.

Our transformation also emphasizes inclusion. This year, we opened five inclusive stores, which offer greater autonomy to our customers and associates with disabilities. Walmart Punta Guadiana in Durango, was the first inclusive store we opened, which has help buttons, preferential points of entry, accessible furniture, and tactile guides.

Through our philosophy of everyday low price and productivity, we continue to strategically manage capital to deliver value to our shareholders and all our stakeholders.

2019 was a year of results, transformation, and challenges, and we continue to generate new opportunities to maintain our strength in the future.

We used our scale in a positive way, being careful to generate returns on capital and to make a positive contribution in the communities where we serve.



Income Statement and Balance Sheet

At December 31, 2019 (MXN Billions)

Consolidated Results Walmex 2019

	2019		2018 IFRS 16 Pro-forma			2018 Reported		
	\$	%	\$	%	Var.	\$	%	Var.
Total revenues	646.8	100.0	616.9	100.0	4.9	616.9	100.0	4.9
Gross profit	148.0	22.9	141.6	23.0	4.5	141.6	23.0	4.5
SG&A	94.4	14.6	90.3	14.6	4.6	92.7	15.0	1.9
Other net revenues	0.4	0.1	0.2	0.0	88.2	0.2	0.0	88.2
Operating income	54.0	8.3	51.6	8.4	4.7	49.2	8.0	9.8
EBITDA	71.0	11.0	67.1	10.9	5.7	61.7	10.0	15.0
Net profit	37.9	5.9	35.6	5.8	6.4	36.8	6.0	3.1

In order to provide the investors community a better view of the underlying performance of our business, we are including a retroactive estimation of the effect the adoption of the IFRS 16 would have had on 2018 financial results. These pro-forma 2018 figures are not audited, but are based on the 2018 audited reported results and adjusted with our best estimates to show the effects related to the adoption of the IFRS 16.

Balance sheet

Assets	Liabilities and Equity
 30.9 Cash	 87.1 Accounts Payable
 67.6 Inventories	 262.1 Equity and Others
 250.8 Fixed Assets and Others	



Total
349.2

Financial Summary (Million pesos)

GRI 102-45, 102-48

	* IFRS															** MFRS	
	2019	2018 ⁽¹¹⁾	2018	2017 ⁽¹⁰⁾	2017	2016 ⁽⁸⁾	2015 ⁽⁷⁾	2015 ⁽⁶⁾	2014 ⁽⁴⁾	2013 ⁽⁴⁾	2013 ⁽¹⁾	2012 ⁽¹⁾	2012	2011	2011	2010	
Mexico GDP (Growth,%)	-0.1	2.1	2.1	2.1	2.1	2.9	3.3	3.3	2.8	1.4	1.4	3.6	3.6	3.7	3.7	5.1	
Mexico Annual Inflation (%)	2.8	4.8	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	
Peso Depreciation	(4.0)	0.0	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)	
Average Exchange Rate	19.3	19.2	19.2	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	
Year-end Exchange Rate	18.9	19.7	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	
Mexico Average Interest Rate (28 Day Cetes,%)	7.8	7.6	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	
RESULTS																	
NET SALES	641,825	612,186	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	
% of growth total units	4.8	7.6	7.6	NA	7.7	11.9	11.3	11.0	4.1	3.1	3.1	NA	10.3	12.2	13.3	24.2	
% of growth comp units	3.3	5.7	5.7	5.9	5.9	10.3	9.1	8.9	0.6	-1.4	-1.4	4.2	4.2	3.7	3.7	3.2	
OTHER INCOME	5,021	4,724	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	
% of growth	6.3	8.4	8.4	NA	2.3	10.5	NA	5.2	2.6	NA	8.7	NA	19.3	NA	40.0	27.7	
TOTAL REVENUES	646,846	616,910	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	
% of growth	4.9	7.6	7.6	NA	7.7	11.9	NA	11.0	4.1	NA	3.2	NA	10.3	NA	13.4	24.2	
GROSS PROFIT	148,051	141,647	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	
% of profit margin	22.9	23.0	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	
GENERAL EXPENSES	94,427	90,276	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	
% of total revenues	14.6	14.6	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	
OPERATING INCOME	54,003	51,572	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	8.3	8.4	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	
% of growth	9.8	NA	12.2	11.1	11.1	20.2	NA	0.7	9.7	NA	0.4	NA	9.5	NA	11.2	21.4	
EBITDA	71,005	67,148	61,747	55,482	55,482	50,149	42,592	44,993	42,854	40,305	40,222	39,860	41,166	37,188	37,415	33,294	
% of total revenues	11.0	10.9	10.0	9.7	9.7	9.4	8.9	9.2	9.7	9.5	9.5	9.7	9.8	9.8	9.8	9.9	
FINANCIAL INCOME (EXPENSES), NET	(4,801)	(4,242)	(330)	(548)	(548)	(323)	89	55	(154)	(16)	(15)	401	399	189	191	460	
INCOME BEFORE INCOME TAX	49,202	47,330	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	
INCOME TAX	11,304	11,724	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	
DISCONTINUED OPERATIONS	-	-	-	7,475	7,475	4,842	2,935	1,442	5,394	725	713	683	-	-	-	-	
CONSOLIDATED NET INCOME ATTRIBUTABLE TO THE PARENT	37,898	35,606	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	
% of growth	3.1	NA	(7.8)	19.5	19.5	26.5	(13.3)	(13.3)	33.9	(2.4)	(2.4)	5.4	5.4	NA	13.8	16.3	
FINANCIAL POSITION																	
CASH	30,857	38,830	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	
INVENTORIES	67,553	63,344	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	
OTHER ASSETS	27,179	25,891	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	
FIXED ASSETS	188,439	177,891	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	35,145	34,989	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	349,173	340,945	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	
SUPPLIERS	87,116	85,327	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	
OTHER LIABILITIES	93,912	91,038	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	168,145	164,580	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	136	136	316	316	329	
TOTAL LIABILITIES, EQUITY AND NON-CONTROLLING INTEREST	349,173	340,945	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	

Our Business

Agile Transformation

We Generate value

Commitment to Honesty

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	*IFRS											**MFRS				
	2019	2018 ⁽¹¹⁾	2018	2017 ⁽¹⁰⁾	2017	2016 ⁽⁸⁾	2015 ⁽⁷⁾	2015 ⁽⁶⁾	2014 ⁽⁴⁾	2013 ⁽⁴⁾	2013 ⁽¹⁾	2012 ⁽¹⁾	2012	2011	2011	2010
NUMBER OF UNITS MEXICO																
Bodega Aurrera	2,035	1,910	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
Walmart	280	274	274	270	270	262	256	256	251	243	243	227	227	213	213	192
Sam's Club	163	163	163	162	162	160	160	160	159	156	156	142	142	124	124	108
Superama	93	91	91	94	94	96	95	95	93	92	92	90	90	88	88	75
Suburbia	-	-	-	-	-	-	117	117	116	109	109	100	100	94	94	90
Medimart Pharmacies	-	-	-	10	10	10	10	10	10	10	10	6	-	-	-	-
Vips Restaurants	-	-	-	-	-	-	-	-	-	-	-	365	365	364	364	366
TOTAL	2,571	2,438	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
NUMBER OF UNITS CENTRAL AMERICA																
Discount Stores	549	540	540	522	522	495	484	484	477	466	466	459	459	453	453	401
Supermakets	99	97	97	94	94	92	99	99	96	100	100	97	97	96	96	94
Bodegas	155	143	143	133	133	117	102	102	94	75	75	67	67	54	54	36
Walmarts	33	31	31	29	29	27	24	24	22	20	20	17	17	17	17	16
Clubs	-	-	-	-	-	-	-	-	1	1	1	2	2	2	2	2
TOTAL	836	811	811	778	778	731	709	709	690	662	662	642	642	622	622	549
Banco Walmart																
Bank branches	-	-	-	-	-	-	-	-	-	201	201	263	263	263	263	263
OTHER INFORMATION AT THE END OF THE YEAR																
Number of Associates	238,972	234,431	234,431	237,055	237,055	228,854 ⁽⁹⁾	231,996	231,996	228,063 ⁽⁵⁾	224,90 ⁽⁵⁾	226,289 ⁽³⁾	248,246	248,246	238,128	238,128	219,767
Share Price ⁽²⁾ (pesos)	54.15	49.97	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
Number of Outstanding Shares ⁽²⁾ (millions)	17,461	17,461	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
Market Value	945,513	872,526	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
Earnings per Share ⁽²⁾ (pesos)	2.170	2.105	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
Payment of Dividends	35,957	25,582	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
Number of Shares Repurchased ⁽²⁾ (millions)	-	-	-	-	-	-	47	47	123	96	96	27	27	103	103	112
Investment in Shares Repurchased Operations	-	-	-	-	-	-	1,825	1,825	3,996	3,328	3,328	1,088	1,088	3,455	3,455	3,472

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's 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.

11 Information with adjustments, derived from the Leases that applies as of 2019.

* IFRS = Financial information under International Financial Reporting Standards.

** MFRS = Financial information under Mexican Financial Reporting Standards.

NA = Non Applicable

ACQUISITIONS OF PROPERTY AND EQUIPMENT	20,575	17,933	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
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GRI 102-45,102-48

Our Business

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Environmental value

GRI 305: 103-1, 103-2, 103-3

As the most trusted omnichannel retailer, the sustainability and efficiency of our operations are key factors.

Both factors are the way to becoming a more efficient and resilient company, while helping us strengthen our brand and maintain the loyalty of our customers and stakeholders.

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.



+376 million

pesos saved from sustainable initiatives



+519 million

pesos invested in sustainable initiatives



Our Business

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We are committed to participating in the solutions for today's environmental challenges and to not be a part of the problem

We have focused on three major priorities:

GRI 305: 103-1, 103-2, 103-3

Priority	Public goals	Main environmental indicators
 <p>Mitigate climate change by reducing emissions in our operations and supply chain</p>	<ul style="list-style-type: none"> Reduce energy intensity per square meter of construction (kW/m²) by 25% by 2020, compared to 2010 Reduce greenhouse gas emissions by 18% by 2025, compared to 2015 Work with our suppliers to reduce or avoid greenhouse gas emissions equivalent to 1 gigaton in our global supply chains by 2030 	<ul style="list-style-type: none"> 88%  stores are supplied with renewable energy 51%  of energy consumption is supplied from renewable sources 17%  increase in scope 1 and 2 GHG emissions reduction scope 1 and 2 compared to 2015 baseline A- on 2019 CDP climate change disclosure
 <p>Contribute to create a circular economy that avoids generating waste, design cradle to cradle cycles, and reduce the use of natural resources</p>	<ul style="list-style-type: none"> Send zero waste to landfills by 2025 In the year 2025, Our Brand products: <ul style="list-style-type: none"> Will have 100% recyclable, reusable, or compostable packaging Packaging will contain 20% post-consumer recycled material We will take out unnecessary or difficult-to-recycle plastic 	<ul style="list-style-type: none"> 70% of waste generated was diverted from landfill 1,586,475 m³ landfill space was saved We diverted 39,736 metric tons of food from landfills  Launch of the campaign #SinBolsaPorFavor
 <p>Wherever possible, ensure the sustainable supply of raw materials and products we offer our customers and encourage more responsible consumption with lower GHG emissions</p>	<ul style="list-style-type: none"> In 2020 our Private Brand products will use palm oil and pulp & paper from certified sustainable sources By 2025 all fresh and frozen seafood, as well as canned tuna will be sourced from certified sustainable sources or with a Fishery Improvement Project 	<ul style="list-style-type: none"> A- on the CDP Climate Change supplier engagement 85% de nuestros proveedores que utilizan aceite palma cuentan con certificación sustentable 2,274 products with improvements to reduce their environmental impact 61% of pulp & paper in our Private Brands products is supplied from sustainable sources



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Mitigate climate change

GRI 305: 103-1, 103-2, 103-3, 305-5



7.2, 7.3 9.4 13.1

Reducing emissions

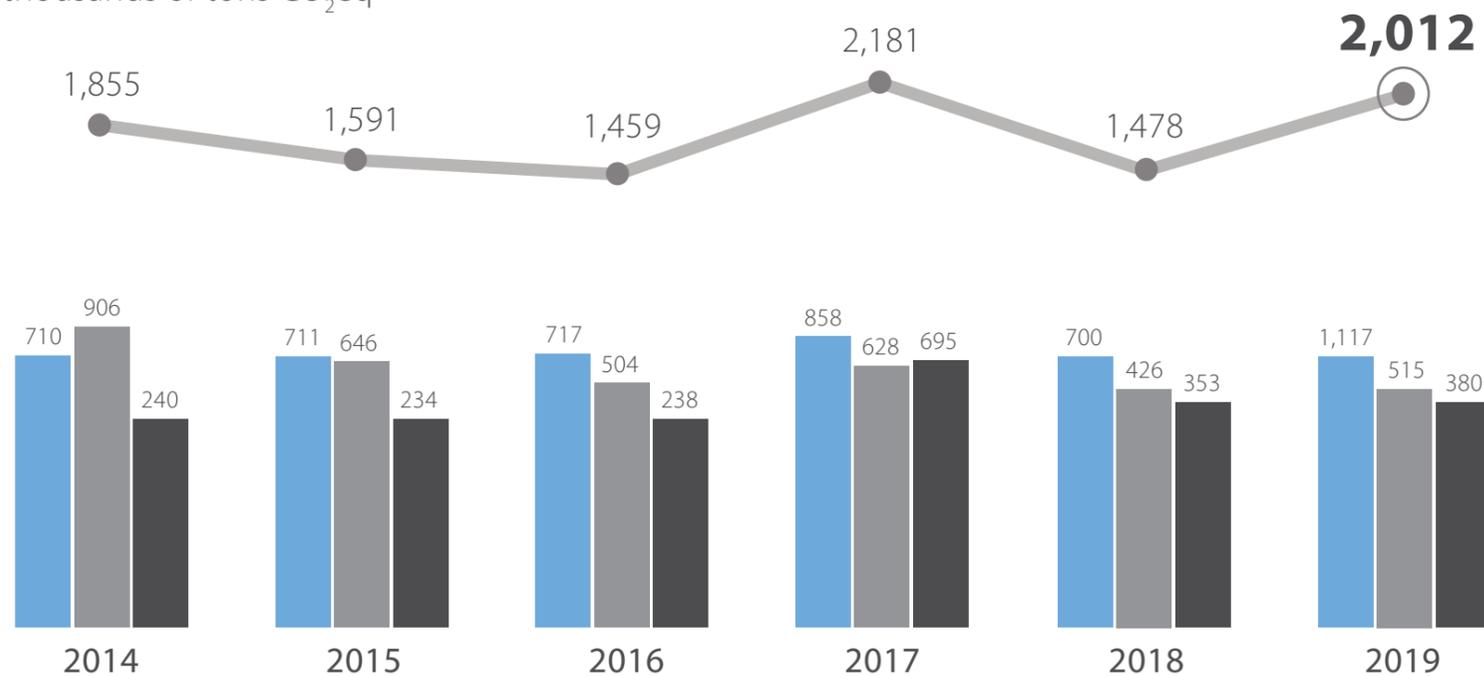
We are committed to reduce greenhouse gas emissions in our operations and supply chain. It is clear to us that because the nature of our business, most of our GHG emissions are generated in our value chain (Scope 3).

We share Walmart Inc.'s goal of reducing 18% our greenhouse gas emissions (Scope 1 and 2) by 2025 compared to 2015 baseline. The goal is

approved by the of Science-Based Targets initiative. To achieve this goal, we are working to expand the supply of renewable energy, reduce energy consumption in stores, particularly in refrigeration and air conditioning equipment, and continue searching for and developing options to help us to have more energy efficient store prototypes from design.

Total emissions

thousands of tons CO₂eq



Scope 1



Scope 2



Scope 3

Our Business

Agile Transformation

We Generate value

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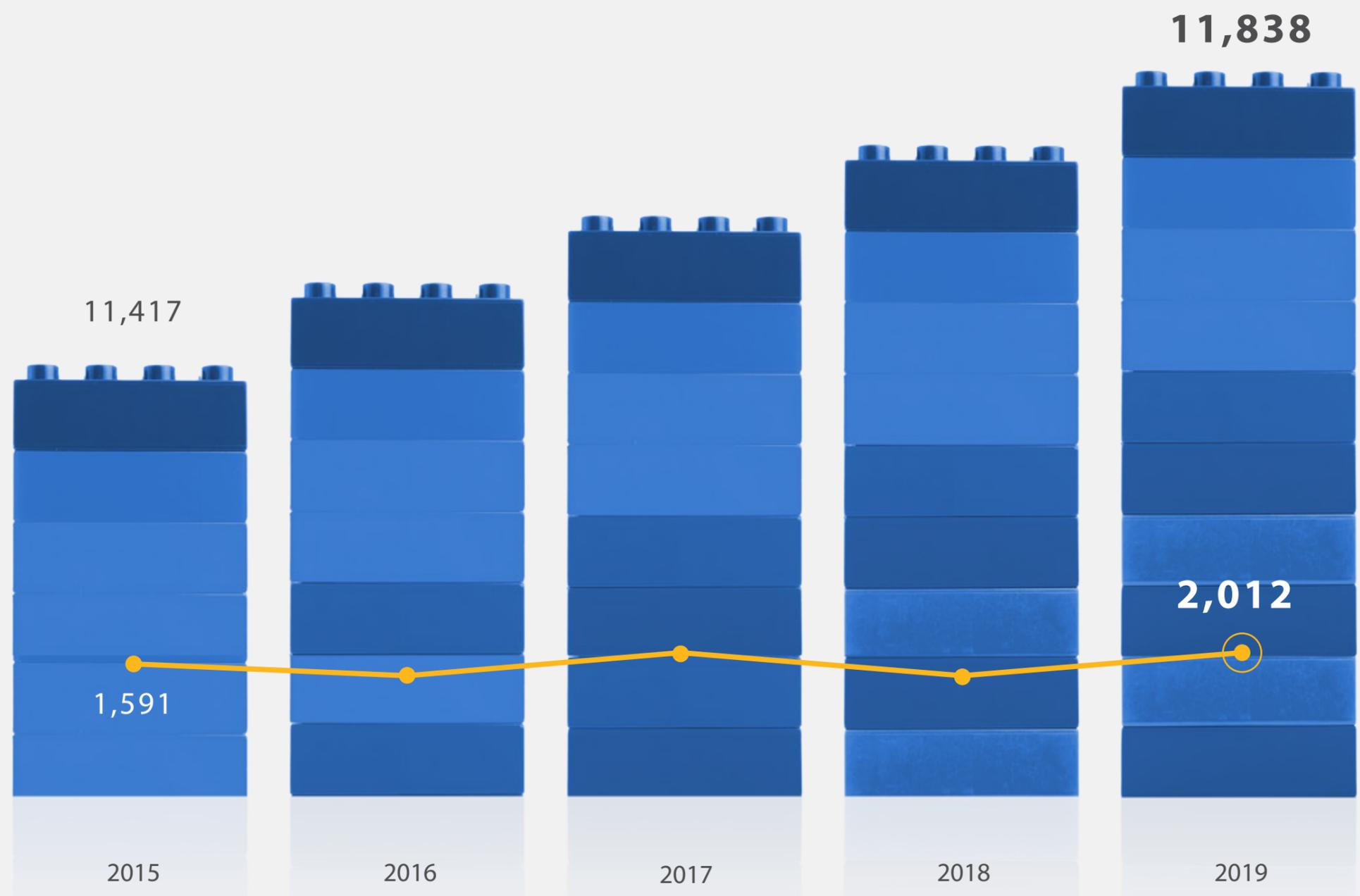
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In 2019, our Scope 1 and 2 emissions increased 17% compared to 2015, because of an unusual refrigerants consumption.

GRI 305-4

We reduced our emissions while maintaining our expansion rate

■ Thousand m² total box —●— Tons CO₂ eq



* **170 ton/m²**
GHG emissions intensity

Scope 1, 2, and 3 emission source

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

Scope 1 emissions come mostly from refrigerant leaks and to a lesser extent from stationary combustion in furnaces. Our Scope 3 emissions result primarily from the production of goods for sale, transportation of products, and waste generated in our operations. We use the GHG Protocol's Corporate Value Chain methodology (Scope 3) to determine our reporting category.

Because of their relevance to our business and the amount of emissions, we consider the following categories:

- Products or services purchased
- Capital goods
- Transportation, and distribution between our DC and stores
- Waste generated in our operation
- Business travels
- Associate travel in company-owned cars
- Transportation used for home delivery.

Although relevant, we have not yet calculated the emissions associated with categories corresponding to product treatment after useful life and sold product processing.

2,012,204 ton CO₂eq total

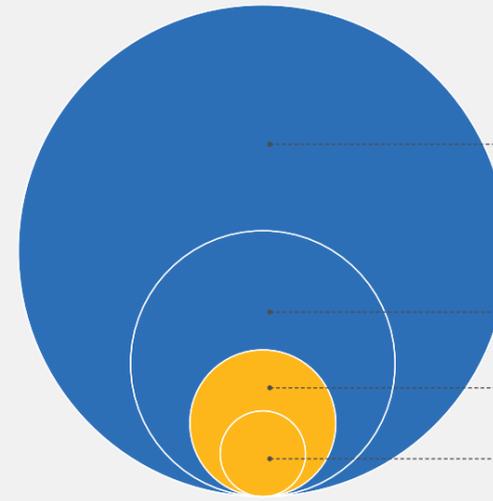
Scope 1, 2, and 3 emission source:

■ Mexico ■ Central America



Scope 1

117,567 ton CO₂eq

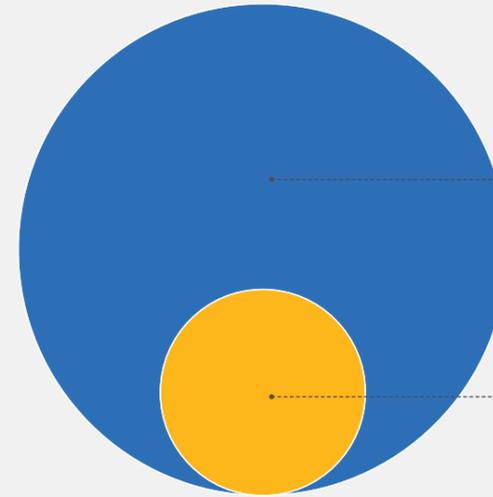


Category	Percentage
Fuels	82.27%
Refrigerants	12.04%
	4.32%
	1.37%



Scope 2

14,851 ton CO₂eq

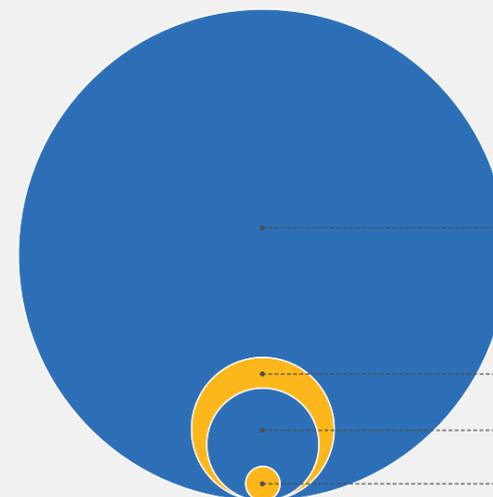


Category	Percentage
Electricity	86.20%
	13.8%



Scope 3

379,854 ton CO₂eq



Category	Percentage
Transportation	85.99%
Business Travel	7.21%
	6.33%
	0.47%



Energy consumption

GRI 302: 103-1, 103-2, 103-3, 302-1, 302-2, 302-4

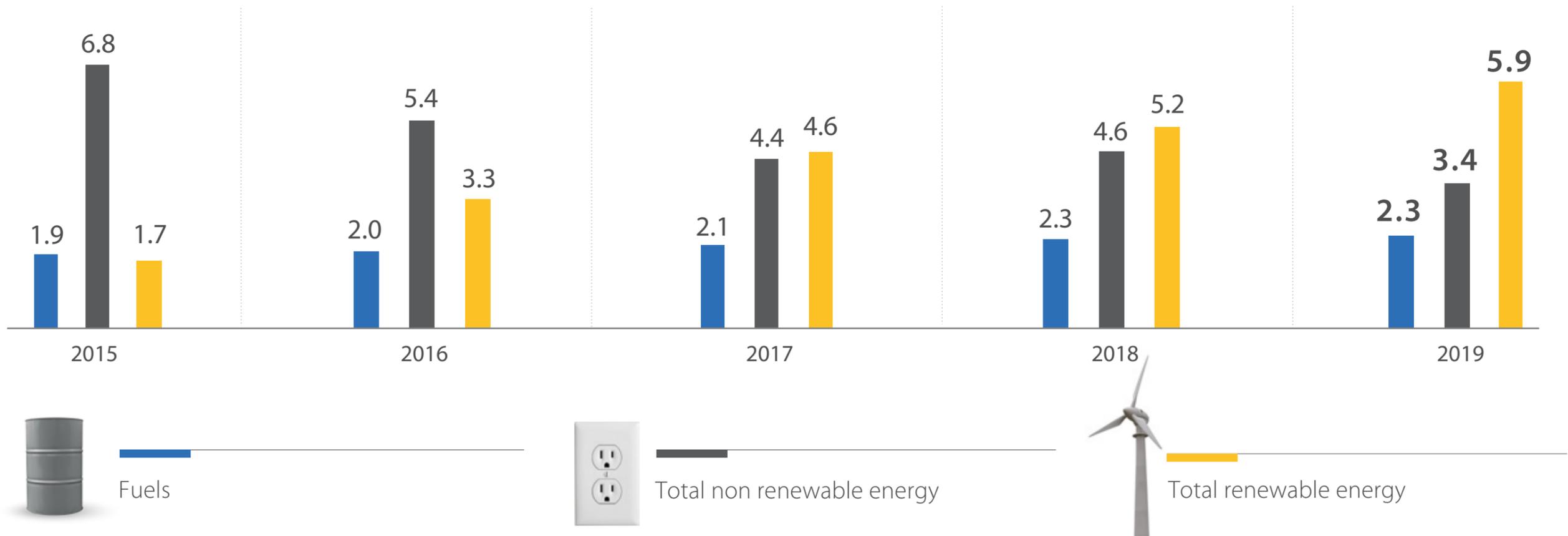
In addition to supplying renewable energy to six wind farms and two hydroelectric plants, in 2019 we began a program to install photovoltaic panels on the roofs of our stores. In 2019 we installed solar panels in 14 stores.

We continue working to improve energy efficiency in stores and distribution centers. We are working with an artificial intelligence system to monitor energy consumption in real time, which will help us to respond in less time to deviations in energy consumption. Additionally, there is a comprehensive program to reduce energy losses by improving thermal insulation of

equipment and stores. Regarding our goal of reducing energy efficiency by 26% per square meter, we achieved 28.2% reduction. We invested \$126.53 million pesos in LED lighting and photovoltaic cells. In Central America we implemented the Monitoring Center for 597 stores. Through it, parameters are standardized, schedules are programmed and lighting, refrigeration, ventilation, and air conditioning systems are permanently controlled remotely, through a digital platform.

We saved 190,345 GJ of energy vs 2018
11,639,388 GJ of total energy consumed

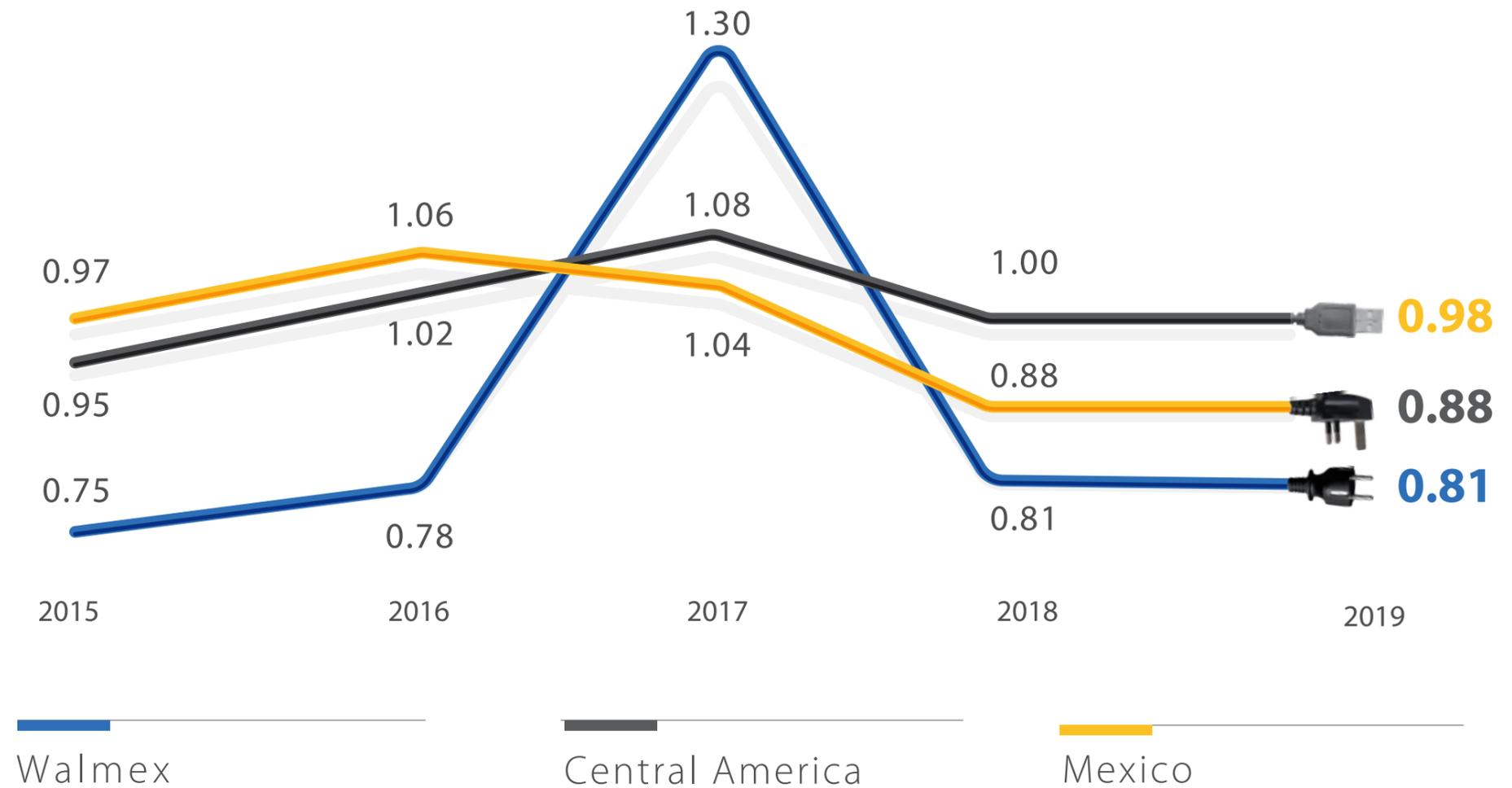
Total energy consumption
millions of GJ



In 2019, we increased our electricity consumption from renewable sources by 2.68%. Of the total energy consumption in our operations, 63% comes from renewable sources and 88% of our stores are regularly supplied with renewable energy from six wind farms and two hydroelectric plants.

Energy intensity

 GJ/m²



Emission reductions from logistics initiatives

Backhaul and Reverse Logistics initiatives continue growing and contribute to avoid emissions in our supply chain by using freight transport more efficiently and reducing empty trips.

✦ **43,774,464 km**
not travelled

✦ **23,829,479 liters**
of fuel saved

✦ **63,460 ton CO₂eq**
emissions avoided

✦ **351,028 ton CO₂eq**
per product distribution



CDP Supply Chain Program

✦ **A-** qualification
on CDP Climate Change disclosure

✦ **56% of suppliers**
implemented initiatives to reduce emission levels

✦ **36% of suppliers**
consume renewable energy

✦ **251 suppliers**
answered the quiz

Project Gigaton

We launched Project Gigaton in Mexico. The project is a global initiative by Walmart Inc. to work with its suppliers on preventing the generation of one billion tons of CO2 emissions in their global value chains by 2030.

By joining to Project Gigaton, our suppliers set goals and define initiatives to prevent emissions in any of these six areas:

- 

Energy use
- 

Sustainable agriculture
- 

Waste
- 

Product use
- 

Deforestation
- 

Packaging



Walmart established an external review process to ensure continuous improvement of accounting methodologies for prevented emissions. A guiding committee with sub-committees of experts, technicians from non-governmental organizations such as CDP and WWF, lead the review process.

Currently in Mexico, 29 suppliers have joined, reporting a reduction of 782 tons of CO2

emissions, due to initiatives in the areas of packaging, waste, energy, and conservation of natural areas.

Suppliers who report their emissions by answering the CDP Supply Chain Program quiz may integrate their report into Project Gigaton to avoid duplicating information.

Risks related to climate change

GRI 102-11, 102-15, 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.

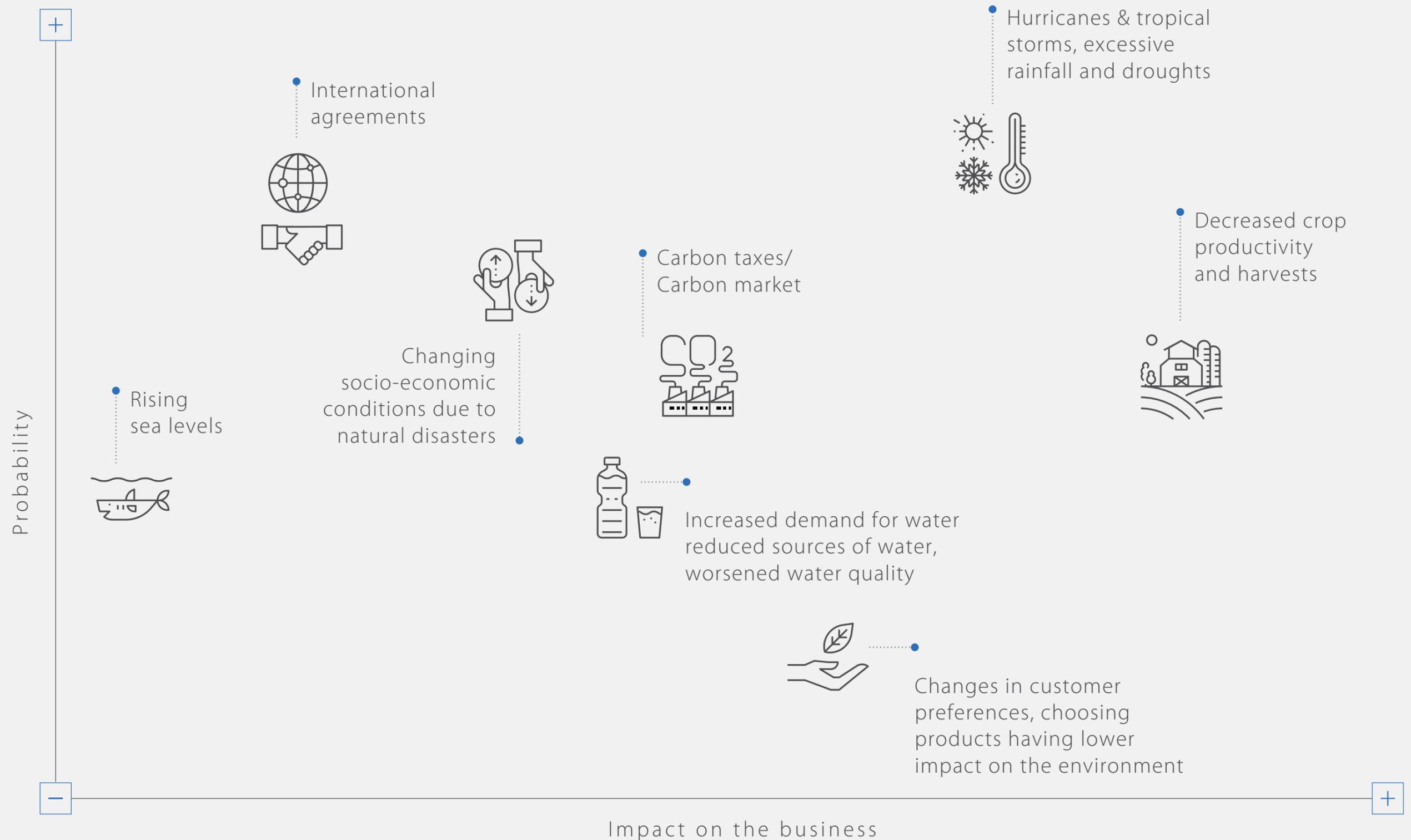


We assess climate change risks and opportunities for the company as a whole. A wide array of risks and opportunities are evaluated based on the scope of the impact they may cause, such as overall regulatory risks that may affect company or market operations, specific regulatory and physical risks that 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.

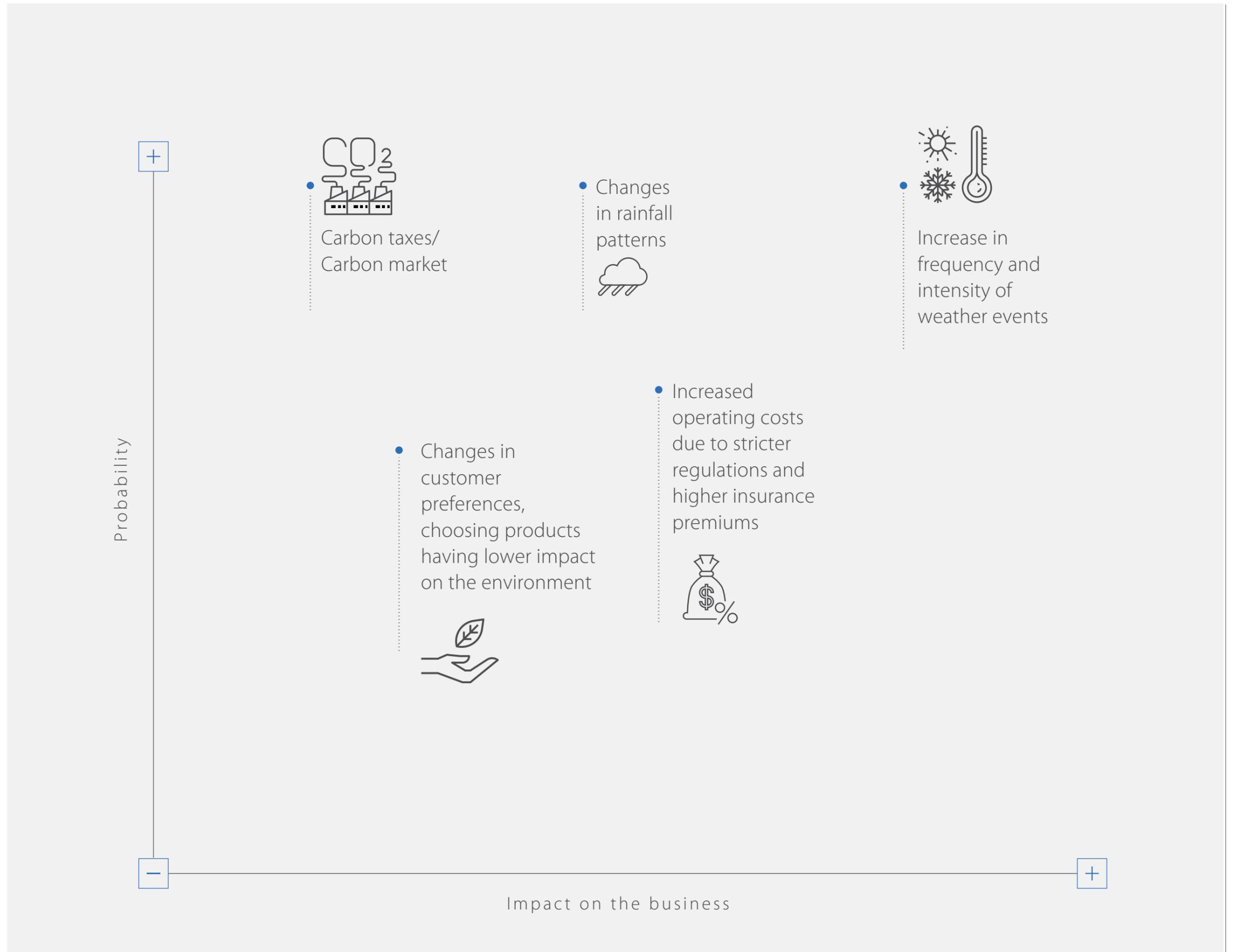
Climate change risks



Climate change related risks in our supply chain

During 2019, 251 suppliers completed the PDC Supply Chain program's climate change quiz.

64% of these companies carry out a risk analysis associated with climate change and integrate it into their business procedures, with a higher proportion in their direct operations, and to a lesser extent, in their supply chain.





Contributing to the creation of a **circular economy**

GRI 301: 103-1, 103-2, 103-3, 302-1, 302-1, 306: 103-1, 103-2, 103-3, 308: 103-1, 103-2, 103-3



6.3, 6.4 12.3

Our ambition is to contribute to generate a circular economy and separate the growth of our business from waste generation. We aim to avoid sending any waste from our operation to landfill sites by 2025. In 2019, we diverted from landfill 70% of the waste generated in our operations.

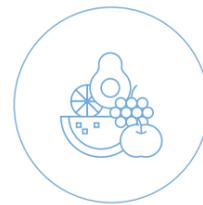
Just as we work to reduce waste in our store and distribution center operations, we work with our suppliers and customers to reduce waste from product and packaging design, but also at the end of their life.

Goal progress Zero waste 2025

* **74% Mexico**

* **50% Central America**

We have two priorities:



Reducing food waste



Plastic waste

Our ambition is to help generate a circular economy and separate our business growth from waste generation.



Food waste

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



We contribute to target 12.3 of SDGs 12 to reduce 50% food waste. We continue improving our inventory management and keeping our promise of freshness. We integrate technology that helps us maintain the integrity of the cold chain from the distribution center to the stores. Associates are trained to properly handle these products and reduce physical damage.

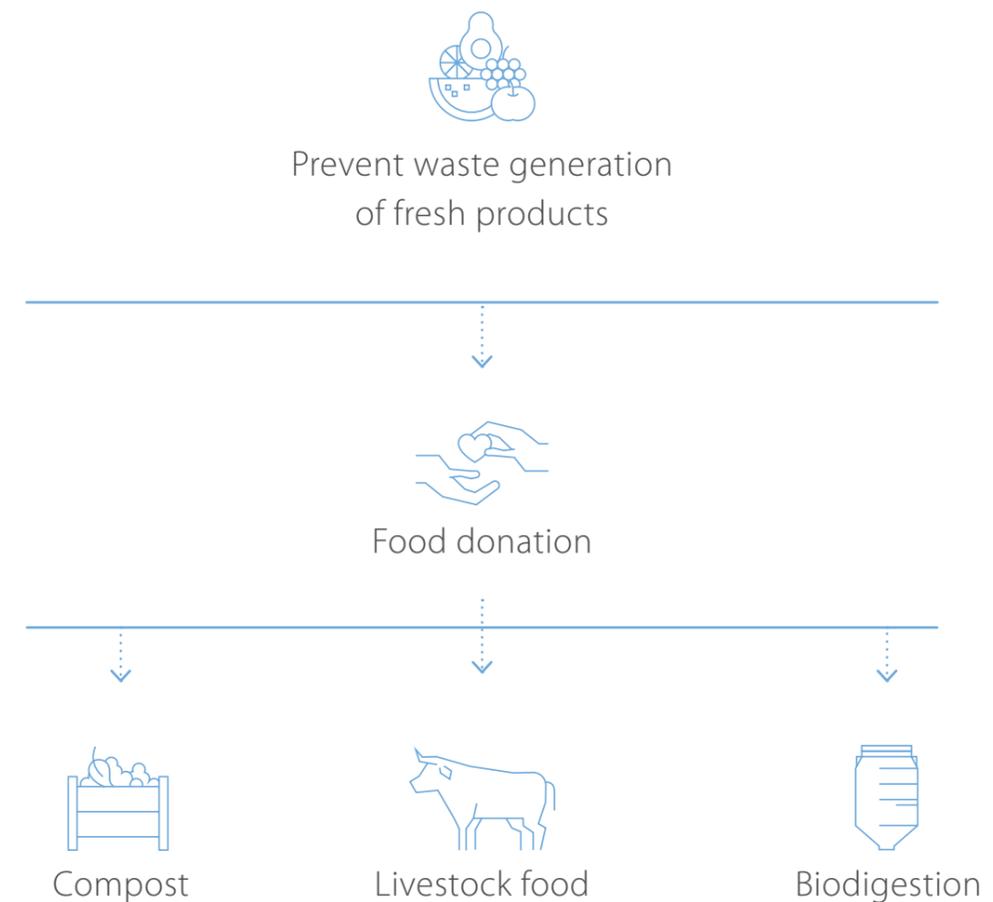
When food cannot be sold, we seek to ensure that it can be consumed by people. In 2019, we implemented a program at Bodega Aurrera to reduce the price of certain products with expiration dates close to the date of purchase, informing customers that consumption must take place in the same day. We also expanded the program “Fruta para asociados”, which aims to offer store associates fruit to complete their breakfast.

We continue to strengthen the donation to food banks, increasing the donation by 8.65% compared to the previous year.

Additionally, when products are not suitable for human consumption, we seek to convert them into compost or for animal feed. In 2019, we prevented 39736 metric tons of food from being sent to landfills.

In Central America, in order to divert more organic waste from landfills, two aerobic biodigesters are in operation at a Supercenter in Guatemala and another in Costa Rica. More than 48,740 metric tons of organic waste were processed and diverted from landfills in 2019. With this initiative we reduced trash hauling expenses, but also biological contamination risks from decomposition, smells, and lixiviated liquids were eliminated.

Our strategy to reduce food waste



In the Valuable Waste Collection Program through Reverse Logistics, the trucks that delivered products to the stores pick up recyclable material and take them back to our distribution centers.

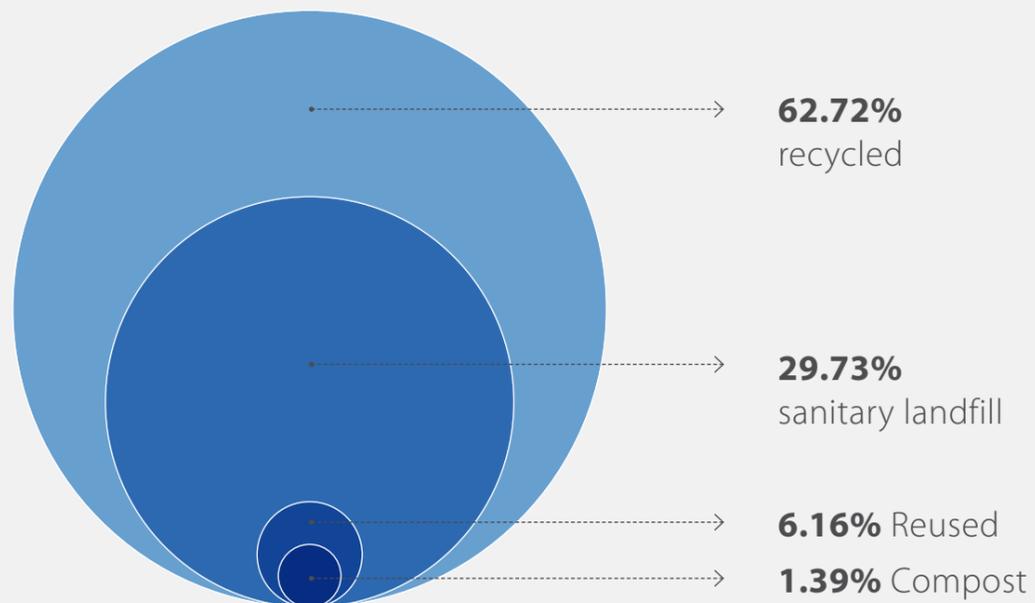
This program takes place in all stores. During 2019, we collected 369,785 metric tons, an increase 10.23% compared to previous year. Most of the recyclable waste is cardboard and plastic for packaging, other materials such as paper, PET bottles, aluminum, rigid plastic, hooks, and renderings are also collected.

* **526,024 tons**
of waste generated

Intensity of food waste generation (kg/m²)



Generated waste



* **525,117 tons**
of non-hazardous waste generated
of which: GRI 306-2

* **369,785 tons**
were recycled

* **907 tons**
of hazardous waste generated

* **155,523 tons**
sent to landfill



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In 2019, we joined the National Agreement for the New Economy of Plastics in Mexico.



22,633 tons

of recycled plastic materials used in 2019

Plastics

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

Our ambition is to achieve zero plastic waste in our store and distribution center operations. We are taking steps all over our business to use less plastic, recycle more, and develop innovations that help us better manage plastic materials and reduce waste.

Our priority is to avoid the waste generation. When possible, we look for the reusability of packaging and containers. When this is not possible, we recycle as much plastic waste as possible. In 2019 we recycled 20,718 tons of flexible plastics and 1,915 tons of rigid plastics.

We are also pushing for a higher recycled content for in-store consumer products, like bags and other packaging materials. In 2019, we used 187,374 tons of recycled materials, 84% more than in 2018.

In Mexico and Central America, the #SinBolsaPorFavor campaign was implemented to discourage the use of single-use plastic bags. A reduction of 39.61% equivalent 236.77 million plastic bags.

We work with our suppliers to reduce unnecessary plastic packaging, increase the recyclability of packaging, and increase the content of recycled material. For our Private Brands products,

we have committed by 2025 to:

- 100% recyclable, reusable, or compostable packaging.
- 20% post-consumer recycled material in packaging.
- Eliminate non-recyclable packaging material.
- Reduce plastic packaging and containers where possible.

We also mapped out the types of plastic packaging and containers used in our Private Brands products, this will allow us to define priority packaging we should work on to accelerate towards our 100% recyclable packaging goal.

We also signed an Agreement with the Government of Mexico City for the disposal of plastic and single-use bags. This initiative aims to eliminate the use of these materials, as well as provide alternatives that promote responsible consumption for the conservation of natural resources and environmental services to improve people's quality of life and generate a better future for everyone.



Refillable station

In order to reduce plastic waste, the Sedal shampoo refill station was launched at the end of 2019, in collaboration with Unilever.

Customers can buy an aluminum bottle to be filled with a liter of shampoo. The containers in which the product is supplied are also reused.

The program started in 10 stores with a very positive response from customers.



* **3,076 plastic bottles**
unused equivalent to 126 kg of plastic

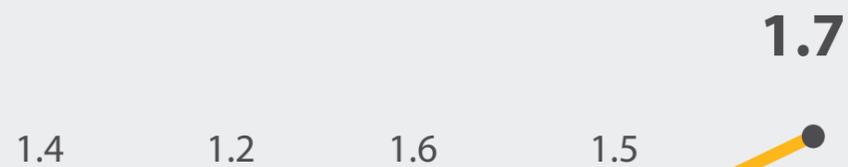
Reusable bag

* **7.6 millions**
of pieces

* **30% shopping**
increment vs 2016



Bags per customer



2015 2016 2017 2018 2019

* **24,101 tons**
materials with recycled content
GRI 301-2



* **1.5%**
Recycled paper



* **85.4%**
Recycled toilet
paper



* **47.6%**
Plastics



* **28%**
Plastic Bags

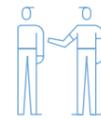
Customer programs

It is very important in our sustainability strategy to involve our customers in actions to care for the environment and natural resources. That is why, with several of our suppliers, we have implemented programs for the collection and recycling of post-consumer waste. We continue to operate programs for the collection of PET containers like “Reciclando por tu comunidad”, where the material collected is recycled to make park benches or desks that are donated to communities; “Recicla la lata”, in collaboration with Grupo Herdez, to recycle steel cans. The collection of expired medicines in alliance with SINGREM; the collection of natural trees to compost them, in collaboration with the Mexico City Government and “Reciclar para Ganar”, in alliance with AIEn del Norte for PET, high-density polyethylene, and aluminum container recycling in the city of Monterrey.

In addition to these programs, in 2019 we launched “Reciclamanía”. The purpose of this initiative is to foster a culture of waste separation and recycling among our customers, through two actions:



1. Sharing information on the types of waste materials commonly generated in homes and the products in which they can be recycled.



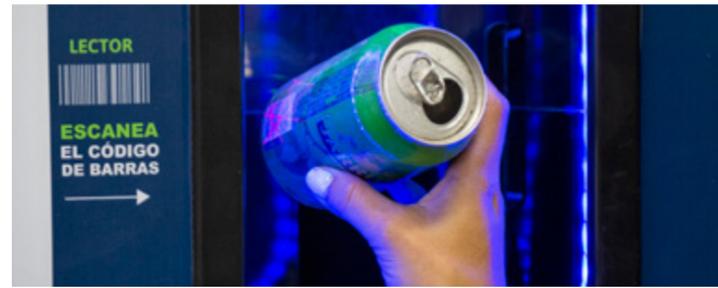
2. Inviting customers to a recreational activity in our stores to bring their waste and learn how to separate it. Two events were held in 20 stores in Mexico City, Nuevo León, and Querétaro, collecting 3.72 tons of materials. A waste collection point is kept after each event so that customers can continue bringing their waste.





30,421 kg

Program: Recycling for your community
PET and aluminum cans



2,950 kg

Program: Recycle the can
Cans

The initiative is an alliance with suppliers, allies, and recycling companies such as:

Grupo AEn, Colgate Palmolive, Grupo Bimbo, Grupo Lala, Grupo Modelo, Nestlé, L’Oreal, Mustela, Unilever, Ecolana, Dow, Tetra Pak, BioBox, Biopappel, among others.



3,723 kg

Program: Reciclamanía
Glass, PET, high and low density polyethylene, and polypropylene



24,376 kg

Program: Make your city green
Christmas trees



37,817 kg

Program: Recycle to win
PET, high-density polyethylene, and aluminum cans



35,957 kg

Program: Singrem
Expired medications



4,824 bottles

Program: Biobox
PET

Sustainable water management

GRI 303: 103-1, 103-2, 103-3, 303-1, 303-3, 303-4, 303-5

Total water consumption

12,764,019
m³

1.83%
well supply

76.28%
municipal supply

4.71%
piping supply

22.2%
recycled water

Treatment plants

1,174
Total

GRI 306-1

805
Mexico

369
Central America

Water consumption intensity

L/m³



Water consumption and reuse

GRI 303-3, 303-5

Total consumption

Reuse (m³)



Water-related risks in our operation

GRI 102-15



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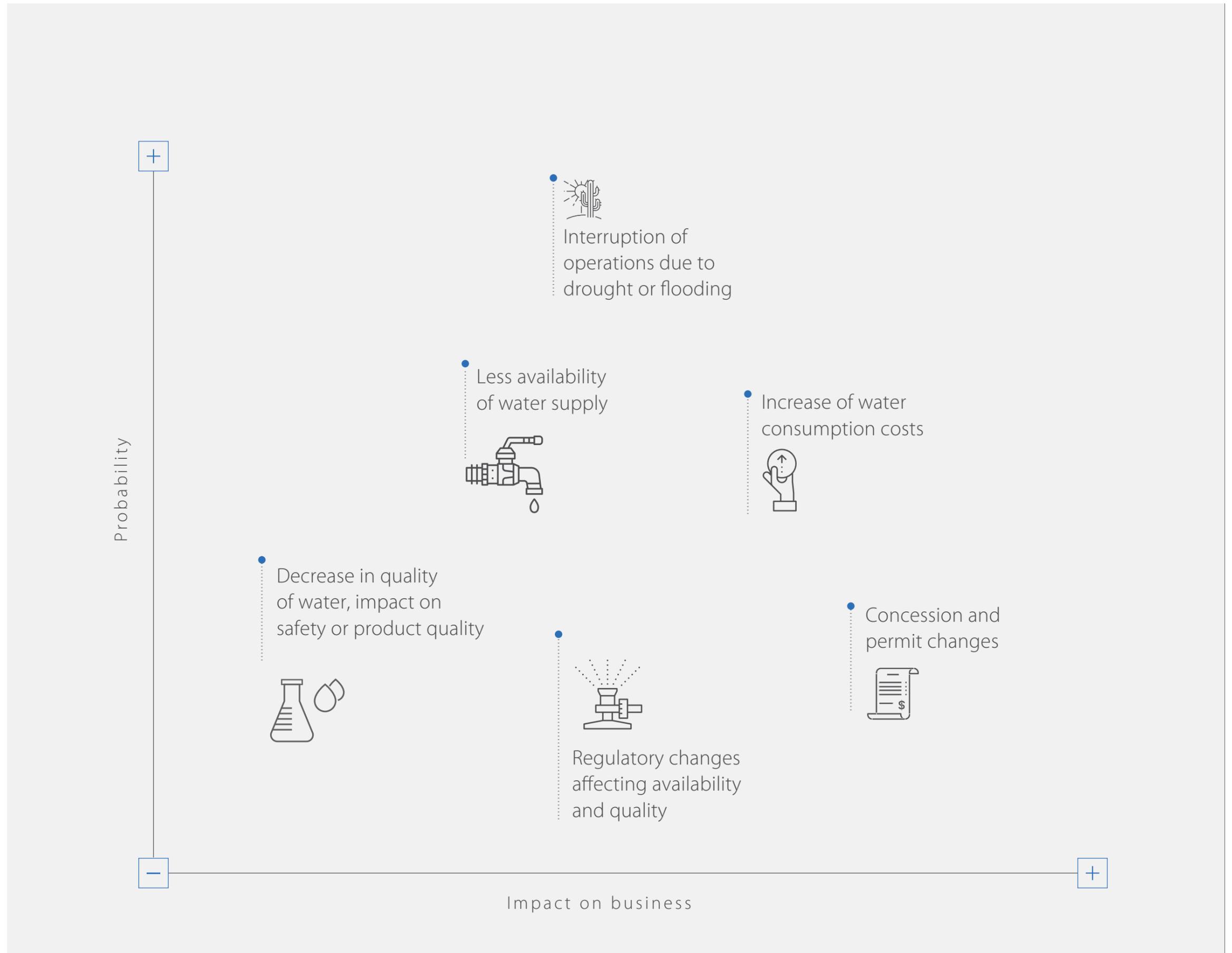
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Water-related risks in our supply chain

During 2019, 152 suppliers finished the water safety quiz of CDP's Supply Chain program.

68% of these companies conduct a risk analysis associated with water and integrate it into their business procedures, with a higher proportion in their direct operations, and to a lesser extent, in their supply chain.





Sustainable sourcing

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



We believe that customers should not have to choose between an affordable product and one that is good for the environment. That's why we work with our suppliers to develop responsible and sustainable sourcing that reduces the environmental impact of products in the life cycle phases where it is most significant.



The organic product offer grew 36.2% and represents 2.7% of the category in Superama stores



Free range egg sales increased 93.1% at Superama and Walmart and accounting 2.6% of the category



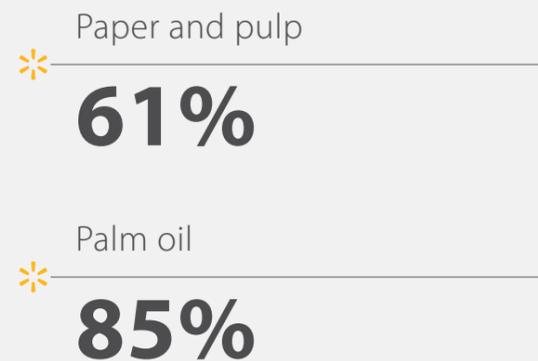
100% of our pork meat suppliers have adopted the five freedoms of animal welfare in their farms or those of their suppliers



Zero deforestation

GRI 308-2

We are committed to achieve zero deforestation in the palm oil and pulp & paper supply chain for our Private Brand products, therefore 100% of our raw materials will be supplied from sustainable sources by the end of 2020.



*BAP: Best Aquaculture Practices
**MSC: Marine Stewardship Council

Sustainable seafood products

We have a policy in which we commit to buy and sell fresh and frozen seafood, as well as canned tuna from certified sustainable sources or with a Fishery Improvement Project by the year 2025.



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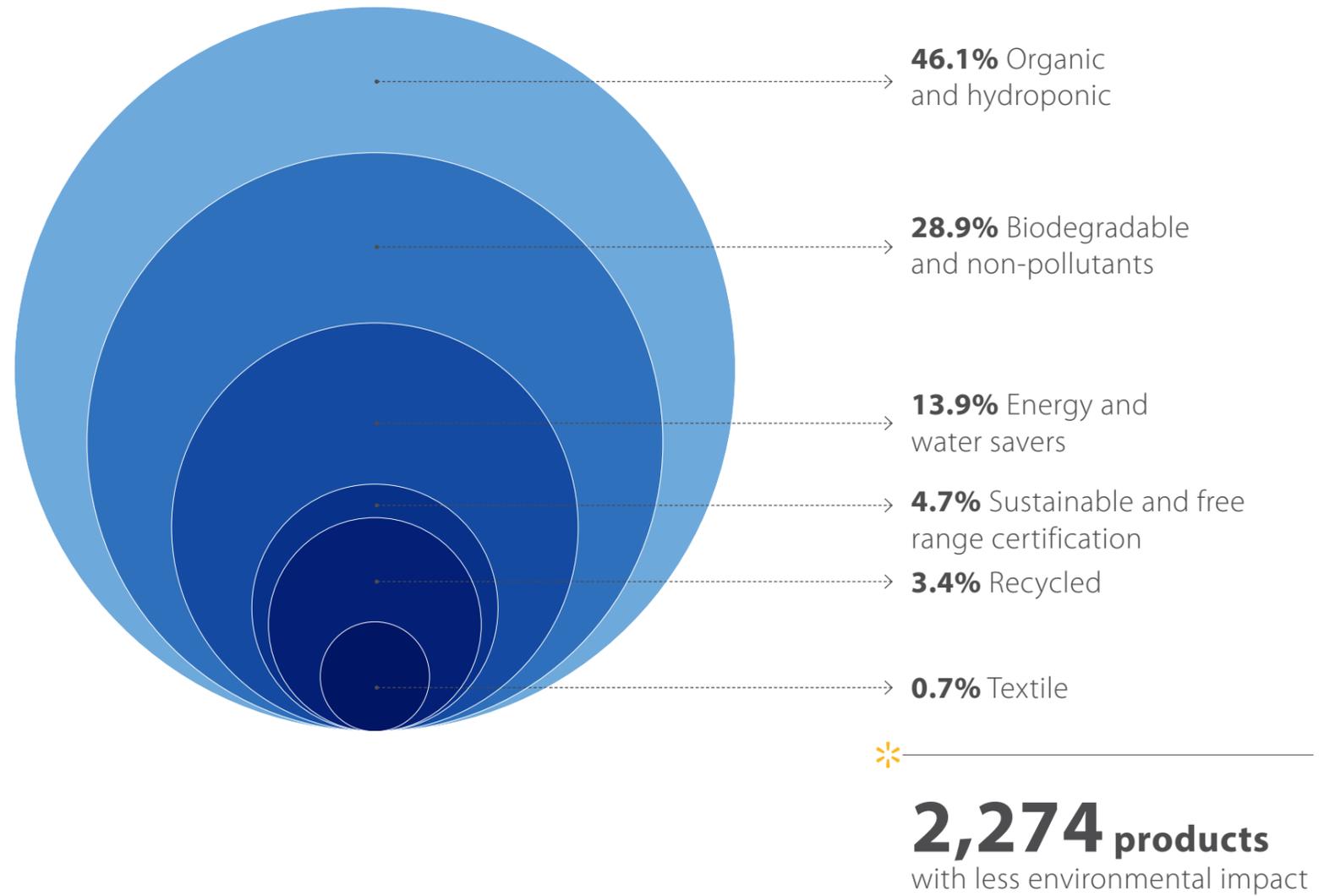
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Financial and Corporate Responsibility Report 2019



% of products with less environmental impact



The number of products decreased compared to last year, as we did not count the products with oxo-biodegradability characteristics, because there was no conclusive evidence of their biodegradability.

Social Value

At Walmart, we aim to promote a more inclusive supplier base that creates economic opportunity for individuals and their families.

We promote local productive innovation and growth in the region, our commitment is to improve the lives of small producers through better access to the market, building skills, and training in commercial vision.

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



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Responsible and Inclusive Chain of Value

GRI 102-9, 204: 103-1, 103-2, 103-3, 204-1

* **42,224 suppliers**
in the region



* **93% of our self-service suppliers** are SMEs in Mexico



* **93% of goods** sold in Mexico are purchased in the country

* **86% of goods** sold in Central America are purchased in the region

Responsible Sourcing

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

Walmart de México y Centroamérica is committed to promoting the dignity of all men and women involved in our supply chains. We collaborate across industries and organizations around the world to help combat forced and underage labor, address unsafe working conditions, and promote the dignity of women. To this end, we monitor and investigate issues in the supply chain, embed responsible sourcing practices into buying decisions, and engage in initiatives to find root cause solutions that can transform entire supply chains.

We are one actor among many, but together –with our suppliers, other companies, governments and nonprofit organizations– we can drive responsibility in our supply chain, and to lead and inspire others to do the same. Responsible sourcing consists of looking at what we purchase beyond the more traditional aspects of cost, quality and delivery time. This is one of the strategic objectives for our supply chain operations, and means we consider ethics, labour rights, and social and environmental issues when sourcing products and services across all purchasing categories and regional clusters.



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Embedding Responsible Buying Practices in the Business

One of the bases of our program is integration with the business. Our Responsible Sourcing Business Enablement teams are integrated with our retail sourcing offices and sourcing centers to help incorporate responsible sourcing practices into merchants' strategies, processes, systems, and decisions, from supplier selection to new product development. Responsible Sourcing associates participate in merchant-supplier meetings to help set expectations in advance.

Our associates also participate in training to understand how their decisions can potentially influence supply chain conditions and how they can reinforce positive facility working practices

with suppliers. New associates receive training in this area, and participate in workshops and educational sessions, which often include information on forced labor, health and safety, and category-specific training. In 2019, we trained more than 250 merchants and associates in the area in their international divisions on responsible sourcing practices.

Our associates have reports that give them visibility into which suppliers and supply chains present the greatest potential risks. Responsible Sourcing associates and merchants use this information to prioritize and push for improvements in the supply chain.





Empowering Suppliers

Our suppliers own the relationship with facilities that produce the products we sell, and Walmart request suppliers to cascade Walmart’s expectations throughout the entire supply chain. There are several ways we help empower suppliers to promote worker dignity.

The [Responsible Sourcing Academy](#) provides suppliers with access to training resources, best practice guidance, and educational materials developed by third parties and by Walmart. The Academy covers topics such as audit guidance – including the Global Compliance Guidance Tool – forced labor, health and safety, and supply chain controls. Many of these resources are offered in multiple languages to facilitate full understanding of all parties. More than 1,000 supplier representatives have completed training courses. We plan to continue adding resources to the Academy for both merchants and suppliers.

In addition, Responsible Sourcing associates conduct training and onboarding sessions with suppliers around the world.

✦ **180** supplier representatives participated in training courses

Assessing Supply Chain Risk

Responsible Sourcing conducts an annual risk assessment to better understand social compliance risks in the supply chain. The results help us design solutions in countries and industries where risk and opportunity converge. The assessment takes into consideration, among others, the following:

➤ Areas of the supply chain where key risks are most likely to occur and where the impact of those risks are bigger

➤ Analysis of country risk based on internal and external data, including the number of issues and rate of issues, as well as relative severity and impact on people, operations, and reputation (in which impact on people has the greatest weight)

➤ Commodity and product-specific risks based on Walmart-proprietary data, local intelligence, expert intelligence, official publications, and media/NGO reports to better understand the locations and supply chains in which issues are particularly acute

The final output of the assessment consists of specific issues in particular product supply chains, countries or both. The results feed into the Responsible Sourcing Strategy design process, which involves identification of root causes, assessment of potential solutions (including existing or emerging initiatives), and proposed measures to address the risks. These measures may include policy or procedure changes, influencing our approved audit programs, changing our supply chain monitoring and escalation process, or implementing new supply chain initiatives.





Our Standards and policies are regularly reviewed by our Governance team to meet the demands of our changing business and potential risk areas.

Governance and Policy

All suppliers of goods for resale are subject to Walmart's [Standards for Suppliers](#). Our Standards for Suppliers require our suppliers – and those who supply to them – to: comply with the law; be transparent; not to use forced or underage labor; maintain a fair process for making employment decisions; comply with all applicable laws and agreements regarding compensation and working hours; recognize freedom of association and collective bargaining; and provide a safe working environment.

Suppliers are expected to cascade these standards throughout their supply chain. We include the Standards for Suppliers in supplier agreements and post them for suppliers in [seven languages](#).



Risk-Based Auditing Approach

GRI 102-15

We take a risk-based approach to auditing suppliers' disclosed facilities, which allocates more resources to facilities located in countries with greater potential risks. If we find that a supplier is producing merchandise in or subcontracting to an unauthorized facility, the supplier may become ineligible to do business with Walmart.

There are 6,909 suppliers with active vendor agreements and facilities associated for the Mexico and Central America markets. According to Factory Audit System, there are 1,632 unique active facilities in Mexico and Central America supplying various Walmart retail markets, including the Mexico and Central America retail markets.

Audits focus on a variety of issues, including worker compensation, voluntary labor practices, working age laws and standards, working hours,

and facility health and safety standards, and environmental laws. We continuously look for ways to improve; our Audit Program Management team collaborates with our approved audit programs to make enhancements and share best practices across the programs for the benefit of the broader industry and global supply chain.

At Walmart, we strive to continually improve our risk-based audit program so we can better allocate our resources to higher-risk facilities and help increase overall compliance. However, we recognize that, despite our efforts, no audit program can guarantee that every facility used by every supplier is in full compliance with our Standards for Suppliers.



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Audit Assessments



Audits are classified as green, yellow, orange, or red according to their level of compliance

Walmart assesses each facility audit report against our Standards for Suppliers to identify higher-risk issues, including forced labor and trafficking, underage labor, and unsafe working conditions. These assessments provide us and our suppliers with important information to help address potential issues and make a positive impact for workers.

Walmart may continue to source from facilities with orange ratings as they work to remediate violations; we believe that staying engaged with suppliers can have a more positive impact on workers than abandoning the supplier relationship.

For example, in 2019, 223 facilities remediated from Orange to Yellow or Green. However, facilities with three consecutive orange ratings or a red rating indicates serious infractions that may result in temporarily or permanently terminating the facility's ability to produce product for Walmart.



Green: represent facilities for which we found general compliance



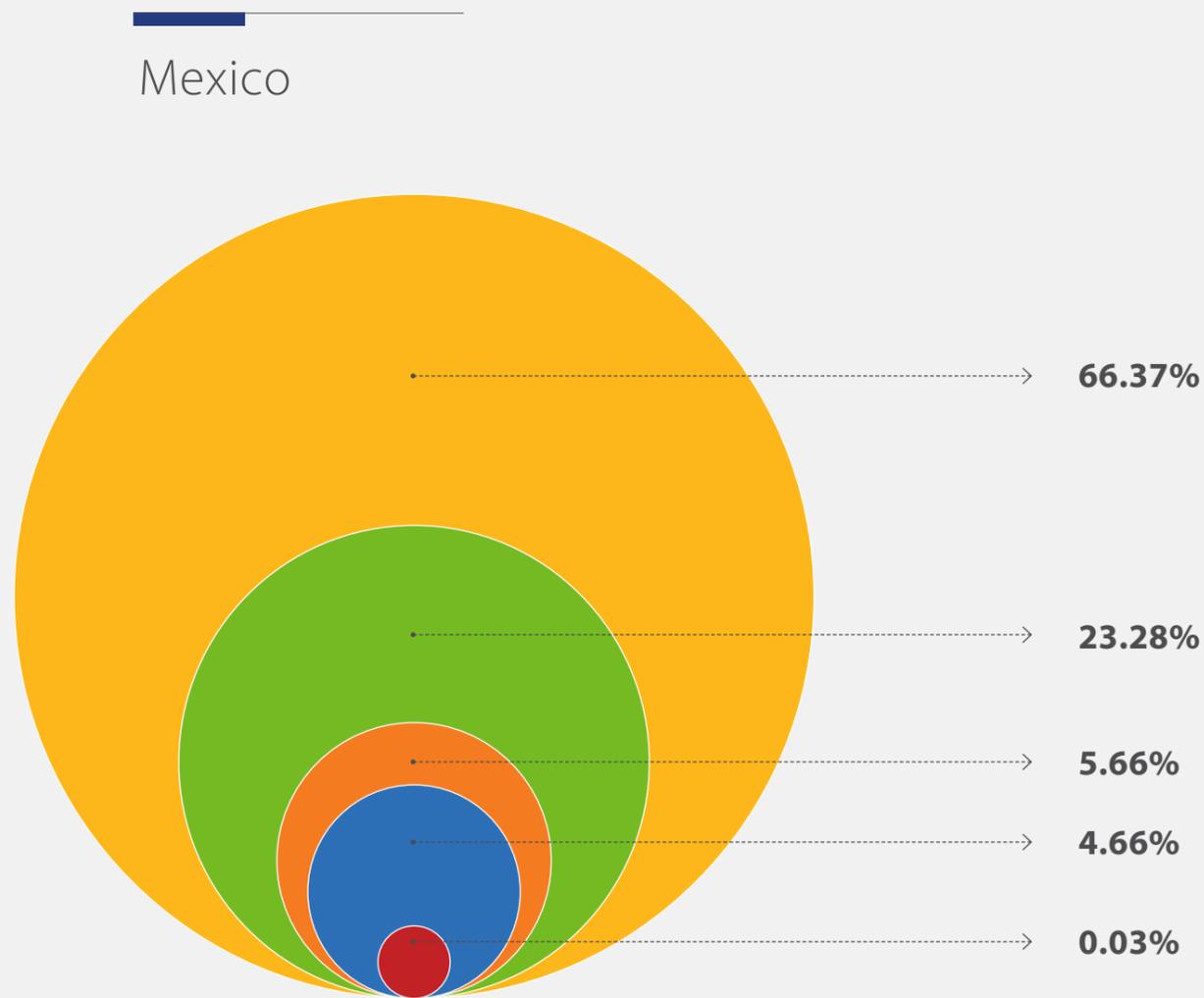
Yellow: identify facilities that audits show to be generally compliant with our Standards but have failed to meet at least one important requirement



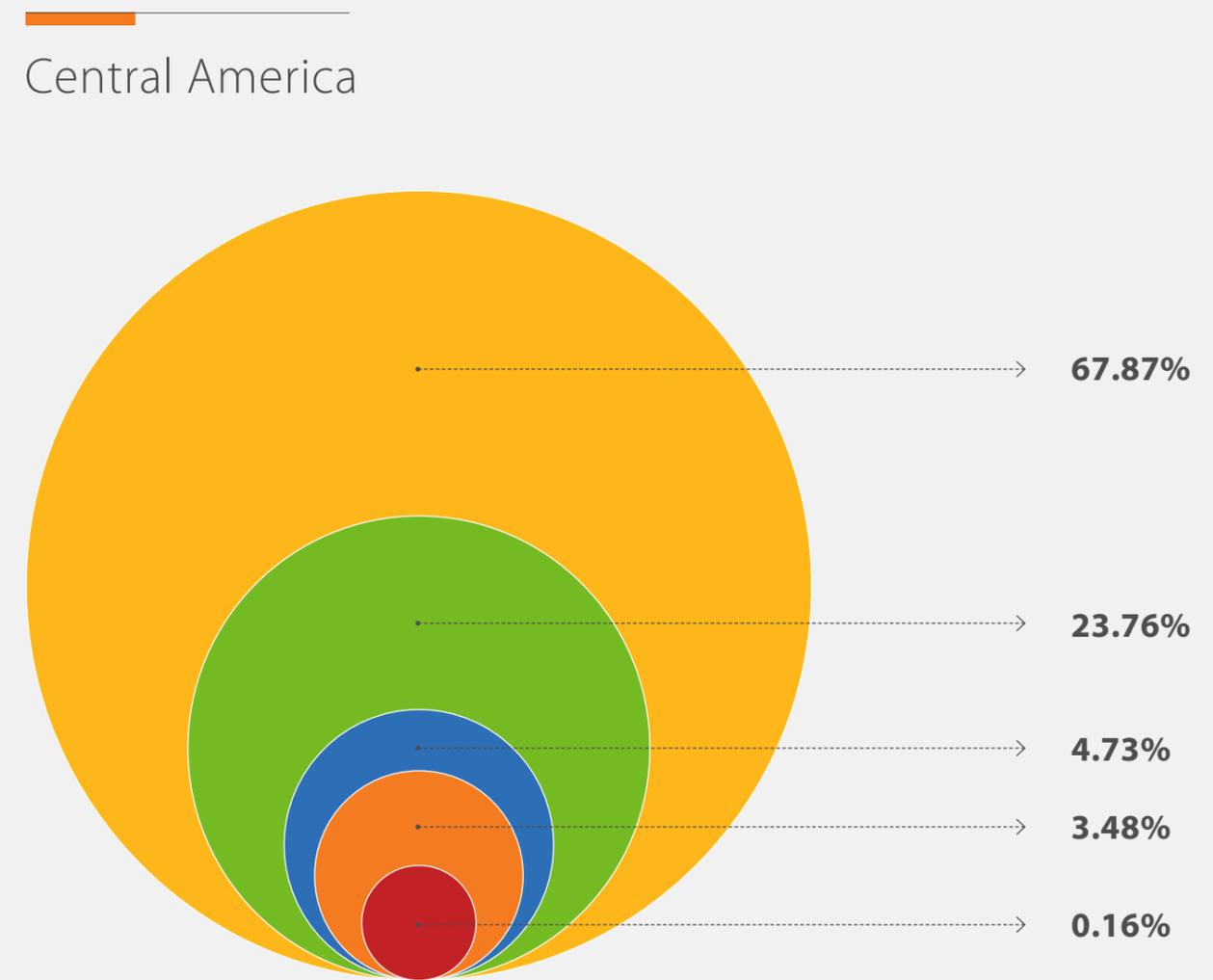
Orange and red: indicate facilities where we have found more serious violations, such as withheld or irregular payment, forced labor, worker intimidation or discrimination, unethical recruitment practices, and excessive working hours

In 2019, according to Factory Audit System, there was 6,005 audits conducted at facilities affiliated with the Mexico or Central America retail markets:

Total number of audits



- Other
- Has found the least severe violations
- Have failed to meet at least one important requirement
- Will continue to be allowed while the violations are remediated*
- May make it appropriate to temporarily or permanently terminate the facility's ability to produce merchandise for sale by Walmart**



* Three consecutive Orange ratings may result in a Red rating, regardless of whether the facility remains in good standing with the audit program chosen.

**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.

Grievance Mechanisms

Walmart provides a variety of mechanisms to raise concerns about violations of our Standards and to seek redress, including our anonymous Ethics hotline. To help inform supply chain workers of our expectations and the availability of reporting channels, we provide a series of [posters](#) that suppliers are required to place in their facilities. The posters focus on issues of higher risk to workers, including forced labor and trafficking risks, unsafe working conditions, working hours and wages, and intimidation and discrimination. The posters offer several channels to report issues of concern, including directly to Walmart, and are available on our corporate website. The posters are available in [24 languages](#) and we plan to continue to add languages next year.

Are you working against your will?

Signs of forced labor and trafficking include

- Valuable possessions, including passports and work permits, are withheld
- Threats or abuse keep you from leaving, or you didn't get the job promised
- You paid to get the job, or work is coerced through debts or pay deductions
- Workers are below the legal age

If so, speak up.

Report if you experience or observe any of these situations

- 1 Talk to a co-worker, supervisor, or authorized worker representative
- 2 Contact Walmart anytime, anywhere—
Email: ethics@wal-mart.com
Visit: walmartethics.com
Call: 800-WM-ETHIC (963-8442) from the US or Canada
- 3 Contact appropriate governmental authorities

Walmart

Do you work more or are you paid less than allowed?

Signs of unlawful pay and excessive work include

- You don't understand the terms of employment or pay
- You don't get time off or you work more than the law allows
- You are provided less than legal wages, benefits, or overtime premiums
- You are not paid regularly

If so, speak up.

Report if you experience or observe any of these situations

- 1 Talk to a co-worker, supervisor, or authorized worker representative
- 2 Contact Walmart anytime, anywhere—
Email: ethics@wal-mart.com
Visit: walmartethics.com
Call: 800-WM-ETHIC (963-8442) from the US or Canada
- 3 Contact appropriate governmental authorities

Walmart

Are you being intimidated or discriminated against?

Signs of unfair labor practices include

- Your employer makes employment decisions based on factors unrelated to the job
- You are prohibited from exercising your rights to associate or to not associate with others
- Your employer engages in harassment, abuse, or physical punishment

If so, speak up.

Report if you experience or observe any of these situations

- 1 Talk to a co-worker, supervisor, or authorized worker representative
- 2 Contact Walmart anytime, anywhere—
Email: ethics@wal-mart.com
Visit: walmartethics.com
Call: 800-WM-ETHIC (963-8442) from the US or Canada
- 3 Contact appropriate governmental authorities

Walmart

Each allegation is reviewed and may be referred to the Responsible Sourcing investigations team or other compliance teams within Walmart.



Investigations and Supplier Engagement

In addition to monitoring suppliers' facilities through audits, Walmart investigates certain alleged violations of our Standards for Suppliers. Each case is reviewed and follow-up may include worker interviews and onsite visits.

However, substantiated findings may result in consequences for suppliers, facilities or both – up to and including termination of business with Walmart and its subsidiaries.

Suppliers have primary responsibility for monitoring compliance throughout their supply chains and correcting non-compliances, including in facilities producing product for Walmart. Walmart takes a risk-based approach to auditing suppliers' facilities, which requires suppliers with higher-risk facilities (facilities located in countries with greater potential risks and supplying direct import merchandise to Walmart) to submit audits to Walmart on a more

frequent basis. Suppliers required to submit an audit must work with an eligible program, follow the program's directions to schedule an audit, and send the completed audit report to Walmart.

Walmart assesses the findings in each facility audit report submitted to Walmart against our Standards for Suppliers. Non-compliances and failure to remediate may result in consequences, up to and including termination of the supplier's business relationship with Walmart and/or a facility's ability to produce goods for sale at Walmart. Walmart reserves the right to audit or inspect a supplier's facility at any time.

To learn more about the initiatives that we work with different industries in the world, visit our website [responsible sourcing](https://www.walmart.com/responsible-sourcing).



Local and Inclusive Supply Chain

We use our purchasing power as a development tool in two ways: to develop suppliers and to support small producers in vulnerable conditions.

The [supplier inclusion statement](#), signed by Walmart Inc. CEO Doug McMillon, highlights our belief that a diverse supply chain allows us to offer better products and a wider assortment to the communities we serve.

For our suppliers, working with Walmart means access to 6 million customers who buy in our stores, clubs and eCommerce sites every day.



For us, the inclusion of suppliers means delivering better products and a more extensive assortment to the communities we serve.



Our Business

Agile Transformation

We Generate value

Commitment to Honesty



Development of our supply chain

GRI 204-1

Direct sourcing from local suppliers of Our Brands

Mexico

72% of Self-service
suppliers are domestic

91% of sales
come from domestic suppliers

Central America

53% of Self-service
suppliers are domestic

70% of sales
come from domestic suppliers

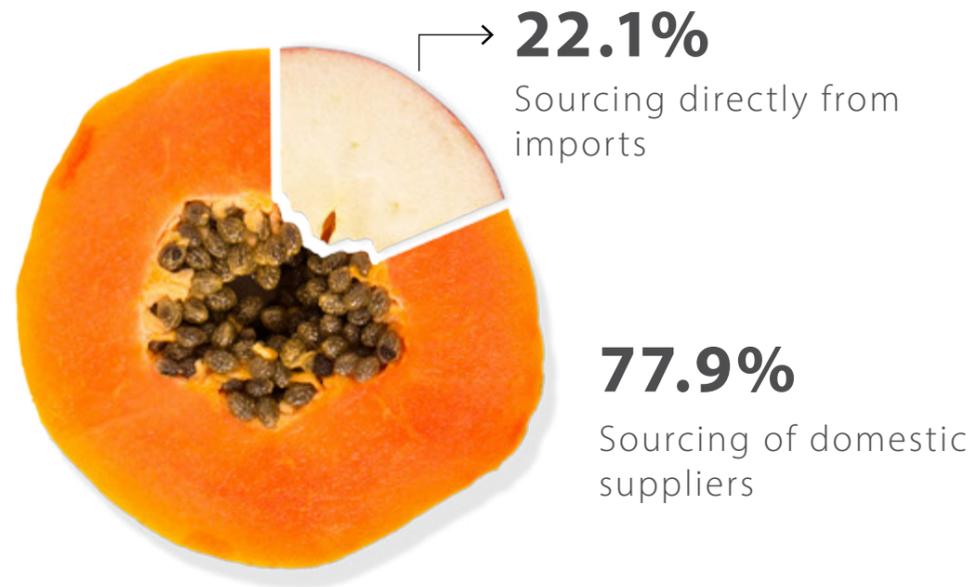
Since one of our greatest strengths is related to our closeness to customers and local presence, we have become a development channel for many suppliers in all the countries where we operate and, consequently, a trigger for sales, income, and employment in the region.



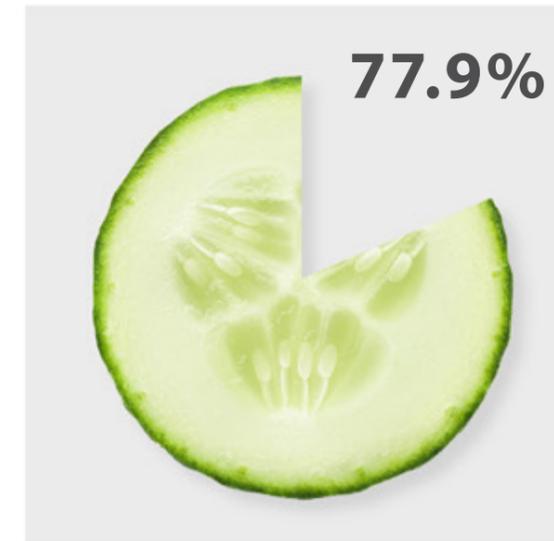
Direct sourcing from fresh local suppliers

Fruits and Vegetables

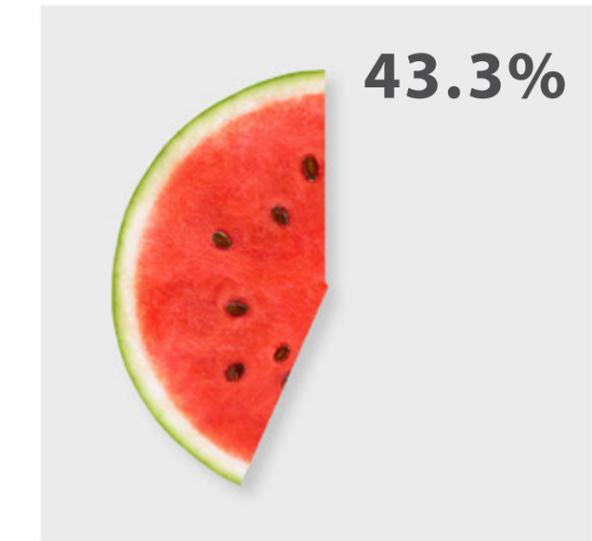
Mexico



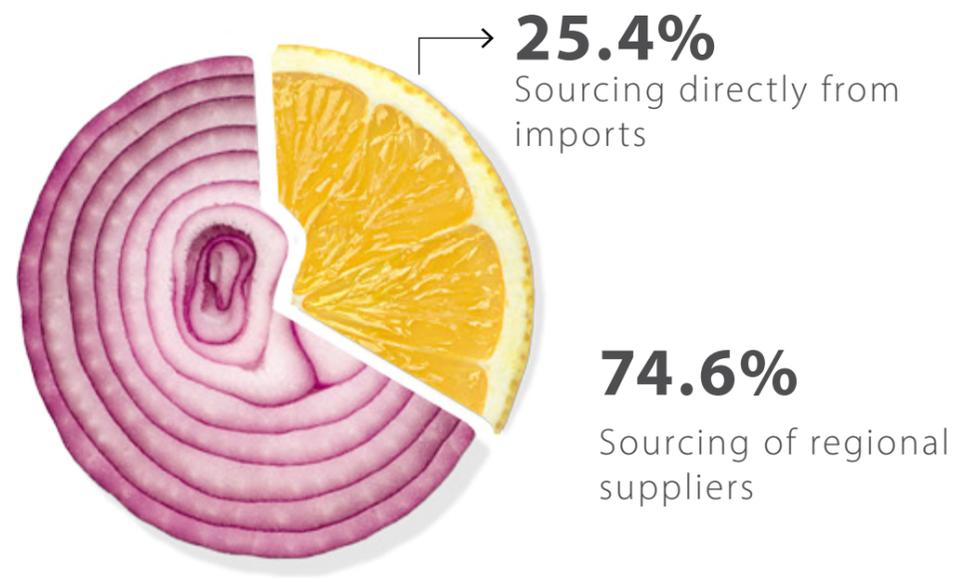
Sourcing of domestic product



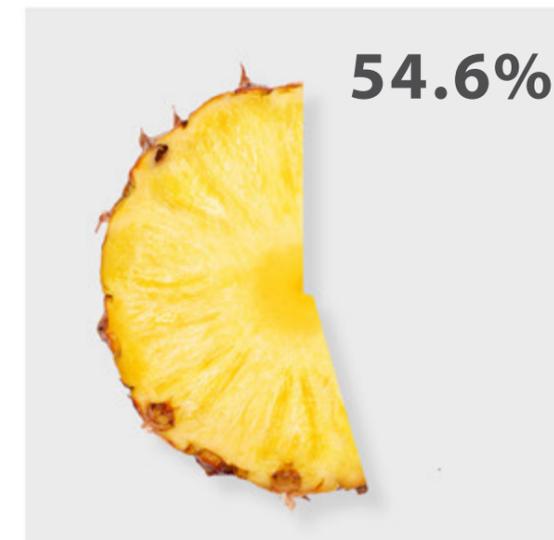
Sourcing directly from local producers



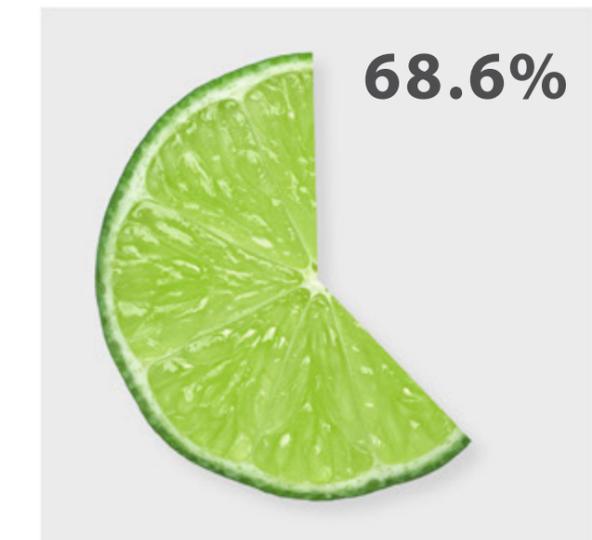
Central America

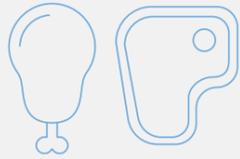


Sourcing of regional product



Sourcing directly from local producers

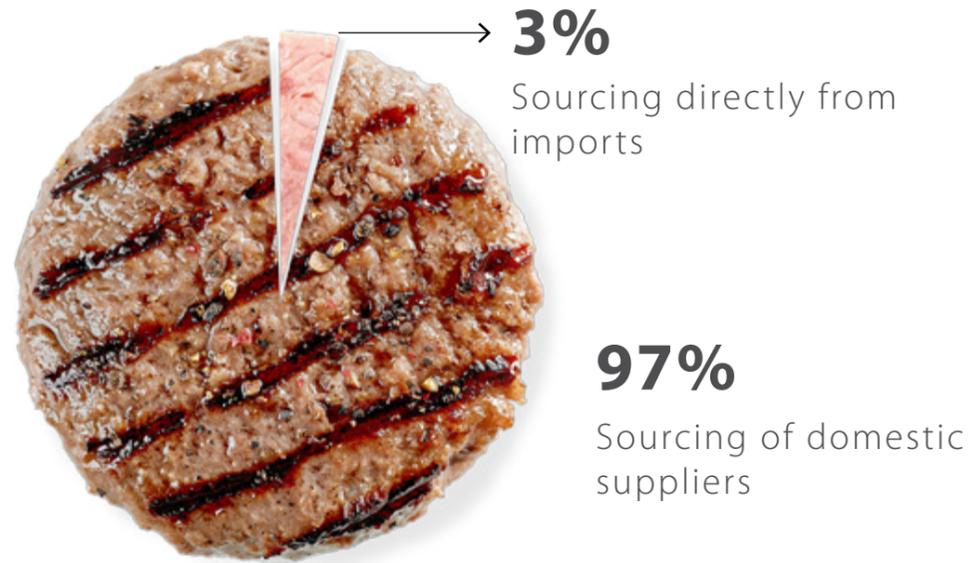




Direct sourcing from fresh local suppliers

Meats

Mexico



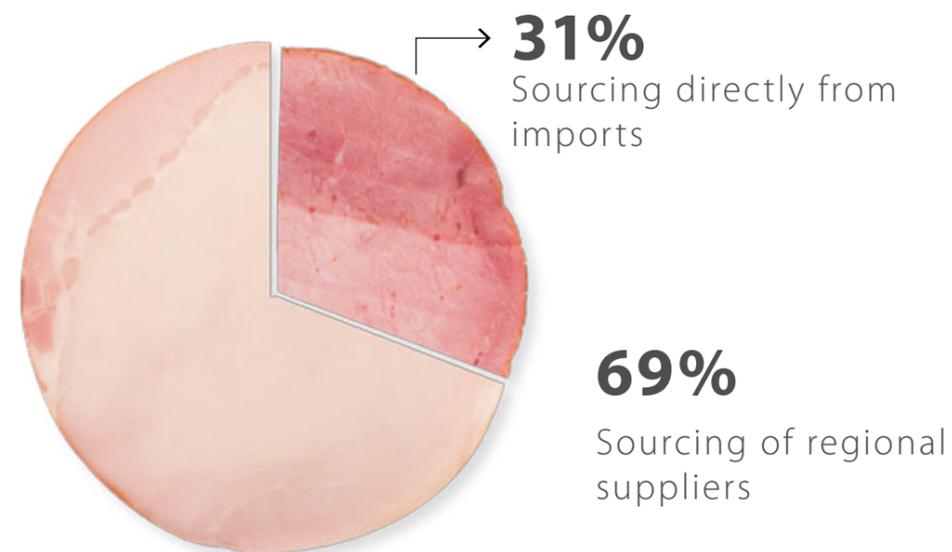
Sourcing of domestic product



Sourcing directly from local producers



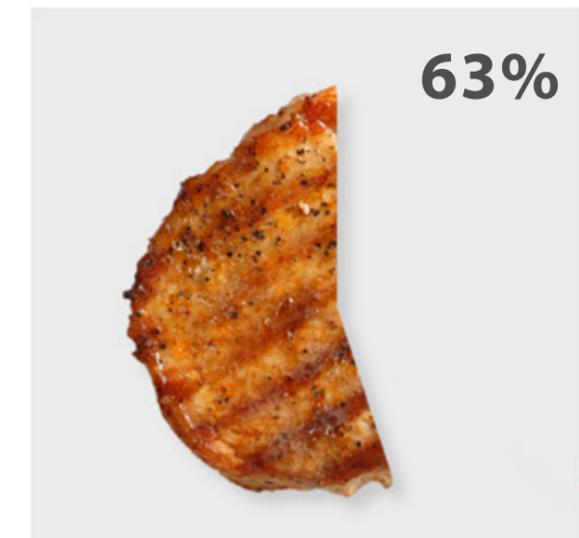
Central America

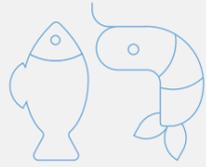


Sourcing of regional product



Sourcing directly from local producers

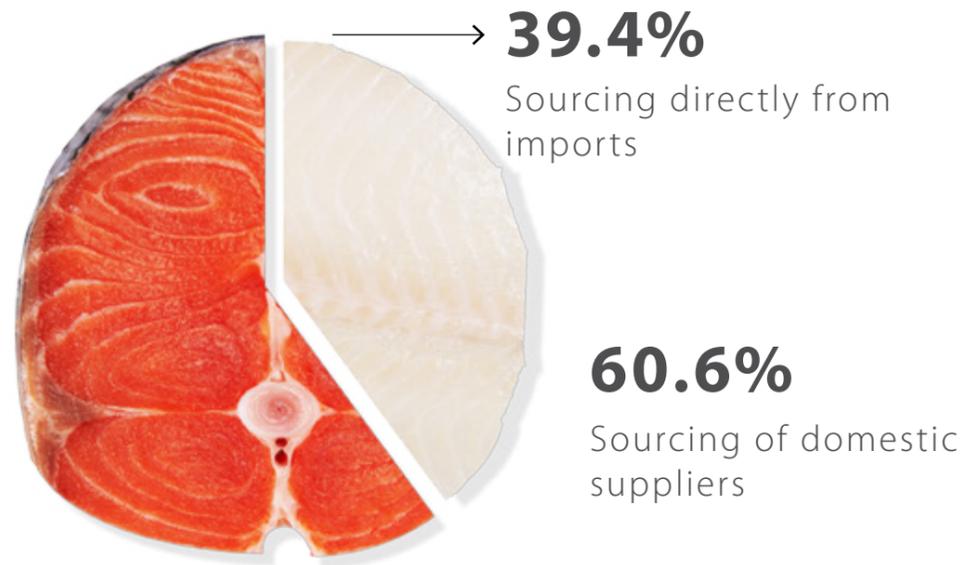




Direct sourcing from fresh local suppliers

fish and seafood

Mexico



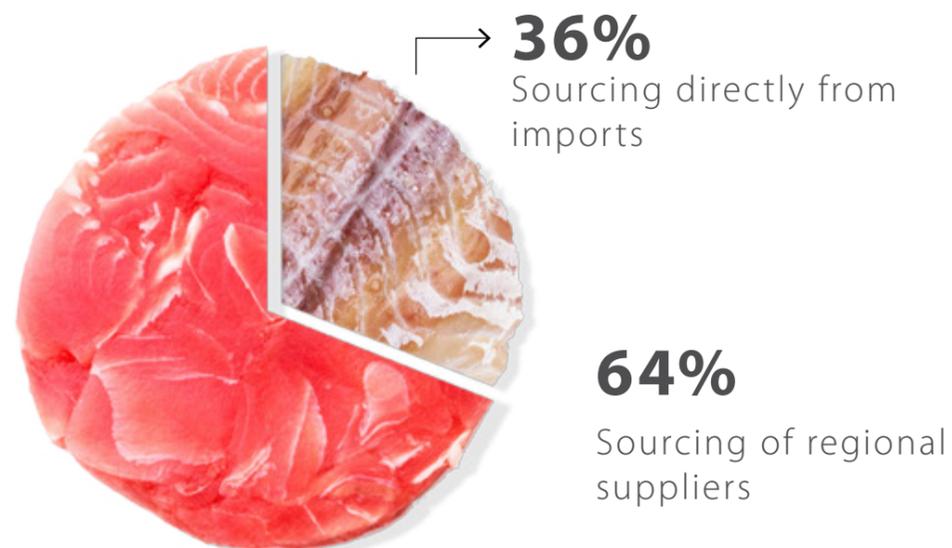
Sourcing of domestic product



Sourcing directly from local producers



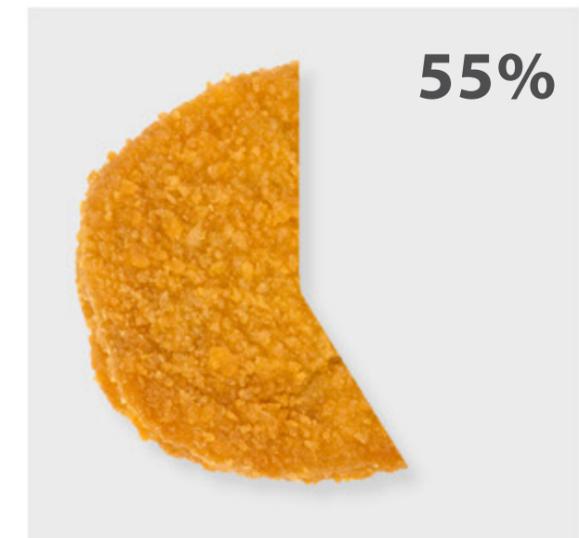
Central America



Sourcing of regional product



Sourcing directly from local producers



Program Adopt an SME



Adopt an SME is a program that supports small and medium sized companies to increase their sales and develop their operational, financial and logistical capabilities. Some of the benefits for suppliers participating in the program are access to shared promotion, training courses on self-service and positioning of their products in the media.

In 2019, we supported 47 suppliers in Mexico who offered 600 products at Bodega Aurrera, Superama, and Walmart nationwide. The objective of this program is to grow at least 50% in sales at the end of the year, with a progress

of 32%. These suppliers joined the almost 400 that have been promoted in the four previous generations and who have generated sales of more than 12 billion pesos.

In Central America, we supported 84 suppliers who generated sales of more than 14 million pesos. Also, our 2019 objective to increase by 15% the sales of our suppliers, achieving 12.5%.

* **+459 million pesos**
sales in Mexico

* **14 million pesos**
sales in Central America



Success Story Leathern

Nowadays, dogs are much more than a pet, they are part of our customers' families. This change in society has developed a growing market for exclusive products and services for pets.

Our supplier, Leathern, is a company from Guanajuato dedicated to manufacturing items for pets, such as collars and leashes. Created in 2008, they began by making leather-based products such as knife cases and badge holders. In 2011, they launched a line dedicated to offering leather products, with incredible designs for pets.



Today, they have a national presence through our stores Bodega Aurrera, Superama, and Walmart. Their expansion began when, in 2018, they participated in "Adopta una PyME", where they received support to develop their operational, financial, and logistical capabilities, raise the positioning of their products, and increase their sales.

They entered this program in 2018, experiencing exponential growth. In addition, the increase in demand has caused them to increase their production capacity, which has generated new jobs.

* **186.7% sales growth**
since they participate in Adopt an SME

Program
Una Mano para Crecer (A Hand to Grow)



This program aims at the growth and sustainable development of suppliers that supply us in Central America with special emphasis on the economic empowerment of women. Currently, the program has 481 SMEs, of which 169 are companies led by women, equivalent to 35%.

The SMEs participating in the program have benefits such as preferential rates in prompt payment, logistic conditions, participation in events such as ExpoWalmart, training, promotion, and accompaniment for the monitoring and follow-up of their business by providing them with personalized attention. An example of the above is the online training provided with the support of FUNDES.

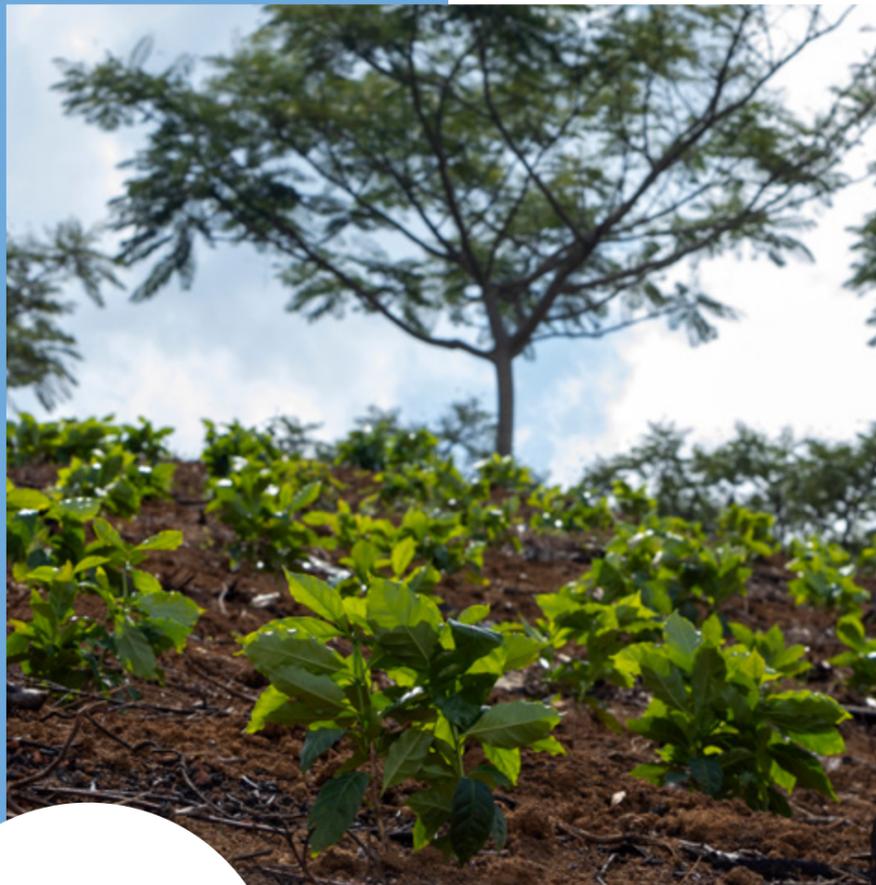
In 2019, we launched the initiative “Llévate a Casa lo Mejor de...” (Take Home the Best of...) in order to encourage and highlight the importance of consuming products manufactured by SMEs in the region, making around 150 local products known.

Our associates have great experience in different areas of self-service, so the knowledge they can transmit to the SMEs is invaluable. This year 180 volunteer associates carried out situational diagnostics and gave professional training talks on specific topics such as commercial, financial, legal, and modular SMEs.

* **481** SMEs
 join the program

* **35%** companies
 are led by women

Program
Tierra Fértil
(Fertile Land)



It is a program aimed at transforming small and medium-sized farmers into agro-entrepreneurs, and seeks to ensure their access to the formal market through direct purchase, training and secure payment, while facilitating their access to technology, best agricultural practices, and guaranteeing the safety and food security of their products. This is achieved through three main efforts:



Direct purchase from the producer: which allows the producer to be an active part of the chain of value, with competitive prices, and to reduce the presence of third party intermediation, which ensures timely payment and greater income to suppliers



Training and technical assistance: with Walmart's expert partners and with the support of external consultants, to provide training and/or technical assistance to our suppliers in different areas of knowledge, such as seed quality, crop rotation, post-harvest management, responsible use of water resources and Good Manufacturing Practices (GMP). We also provide basic agribusiness management skills and financial assistance. By continuously and frequently training producers in Good Agricultural Practices (GAP), during 2019 we trained more than 4,000 people, 25% of them women, in order to reduce our impact on the environment, improve their productivity, guarantee the safety of the products we buy and increase their sales



Facilitating access to technology and knowledge: through direct donation of goods or by implementing projects in collaboration with NGOs to provide tools, equipment, new agricultural technologies, and direct investment resources





Through this program, we have supported with direct purchase to 800 small and medium agricultural producers, benefiting 5,241 Central American families. 137 of these producers are women, who represent 17% of our suppliers of fruits, herbs, and vegetables.

Our total purchases from these producers was 69.3 million pesos and represented 36% of the fruits, vegetables and grains sold by our stores in Central America.

During 2019, we focused on training these growers with the first two training workshops for hydroponic strawberry cultivation, with the participation of 30 producers. With these

workshops we initiated the Fincas Modelo program. The first will be located in Honduras and will have a production area of 2,000 m² and an initial capacity of 160,000 kilograms of strawberries per year.

The support for our suppliers was increased by hiring engineers and agronomists who work as “in house” technical advisors who constantly visit the producers and advise them on clean production, low levels of agrochemicals, disease and pest control, nutrition and care of planting, soil management, and the rational use of resources.



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Program Small Producer



The Walmart Foundation of Mexico has been supporting the development of the Mexican countryside for more than ten years, through monetary donations for productive projects in poor communities and with an intensive development program for agricultural and manufacturing producers, aimed at improving their working conditions, training in different areas of the agricultural, logistical, and business production process and the commercialization of their products in our stores, on preferential terms. This entire program involves monetary resources, sales floor, purchasing capacity, and time and talent of associates from all commercial and logistics areas.

* **9,529** benefited producers

* **114%** increase in revenue

* **2,292** jobs generated

* **223** million pesos of purchases from small producers

Walmart and its partners work to include producers in their supply chain and organizations with whom we develop their capacities to improve their agricultural practices, commercial and business skills, always caring for the environment.

This program allows the generation of an economic flow derived from the increase in productivity, income, employment generation, and the opportunity to create new businesses with a special focus on the inclusion of young people and women.

Building strong communities

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



Our corporate giving and Walmart Foundation's programs complement our business initiatives by seeking to help accelerate social transformation.

In 2019, through a combination of in-kind and cash grants, we gave more than 1,508 million pesos to projects that create opportunity, enhance sustainability and strengthen communities.

Since we believe that collective action is essential to transforming systems, we shape our programs in collaboration with other leaders and stakeholders.



1,508 million pesos

channeled through social impact programs



128 NGOs

working with the company to maximize the impact and scope of social programs



1,859,272 people benefited



Our social strategy is linked to our main business and its potential to generate value. The resources channeled include monetary, in kind, talent of our associates, sales floor, as well as logistics and purchasing capacity, that allows us to generate alliances with our suppliers to increase the capacity and impact of our social programs.

Our community support program is focused on four key areas:



Food security



Volunteering to promote citizenship



Natural disasters relief



Development of small producers

We also launched an annual call for all nonprofit Civil Society Organizations that are authorized donors to submit projects targeting poor populations in rural and urban areas that focus on:



Development of Small Producers to promote the progress and growth of productive projects, to improve people's quality of life and mitigate poverty conditions. We support projects aimed at developing productive skills and commercial capabilities for both manufactured and agricultural products.



Fight against hunger to ensure the food and nutrition of the most needy families in rural and urban areas through self-sustaining projects, such as the creation of orchards and farms, and water systems, toilets and eco-friendly stoves, etc.



A selection committee, made up of experts and volunteer executive associates who review each project, chooses the projects. An example of a supported project is "Asociación de Personas con Parálisis Cerebral", which seeks to improve the nutritional status of children and young people with cerebral palsy, ensuring an adequate diet to avoid deterioration in patients' health, thus decreasing truancy. The parents are also trained, to be aware of specific diets for their children.

We continue transforming ourselves to ensure the benefit of the communities, the opportunity to help our customers, allies, and associates.

Food Security



Our soils, freshwater, oceans, forests and biodiversity are being rapidly degraded. Climate change is putting even more pressure on the resources we depend on, increasing risks associated with disasters, such as droughts and floods. Many rural women and men can no longer make ends meet on their land, forcing them to migrate to cities in search of opportunities. Lack of food security is also causing millions of children to be stunted, or too short for their age, due to severe malnutrition. That is why we are working together to strengthen and expand the food banking system, to improve our mechanisms to rescue tons of food, and channel it to the people who need it most.

Donations from our stores, clubs, offices, and Cedis are given to food banks and NGOs that have the capacity to efficiently distribute the food in the communities, thus increasing the use of food and groceries throughout the country.

The charitable food network is only as strong as its infrastructure. We offer funding for equipment, trucks, and our associates provide the experience and expertise that help institutions expand their reach and impact.

We also financed the construction of family orchards and farms for subsistence feeding in rural areas. This program fosters sustainable nutrition, women's empowerment, increases income, and helps to build a platform for production capabilities development.

Over 34,833 tons of food donated to 104 food banks benefiting over 1,402,000 people in the region.

* **661** backyards

* **142** eco-friendly toilets

* **388** water systems

* **115** eco-friendly stoves

In Central America, we are founding partners and the main donor of Food Banks in Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica. In addition to the donation of products, we support volunteering days in which our associates carry out activities of classification and packaging of food that is delivered to the beneficiaries of the food banks, as well as visits and activities in favor of the banks.

In commemoration of Food Day several regional volunteer days were held during the month of October. The day covered food collection in our stores with the participation of our customers in Honduras, Nicaragua, and Guatemala; thanks to this, we managed to donate 36 tons of food and benefit 121,000 people.

Among other activities, customers in Central America were able to participate in the digital campaign to support the Food Bank, which had the goal to donate 482,500 thousand pesos by obtaining 5,000 likes; this donation was delivered adding 791,300 thousand pesos in food products to each of the five banks in Central America.

* **791,300 pesos**
raised to benefit the Food Bank in Central America



Honoring the Nutrition Day Nutrition Day, several regional volunteer days were held during October.



Disaster response and relief

* **75 tons**
of aid channeled to
support victims

Through our Continuity Operations Center (COC) and Walmart's planning and operational practices, we identify, assess, triage and respond to natural disasters and security events that affect Walmart operations, associates and/or the communities we serve.

The COC operates 24 hours a day; 7 days a week to identify emerging risks, help facilities and associates prepare for disasters, monitor the development of crises, and serve as a triage point for emergencies in our stores or offices. The COC activates cross-functional subject matter teams

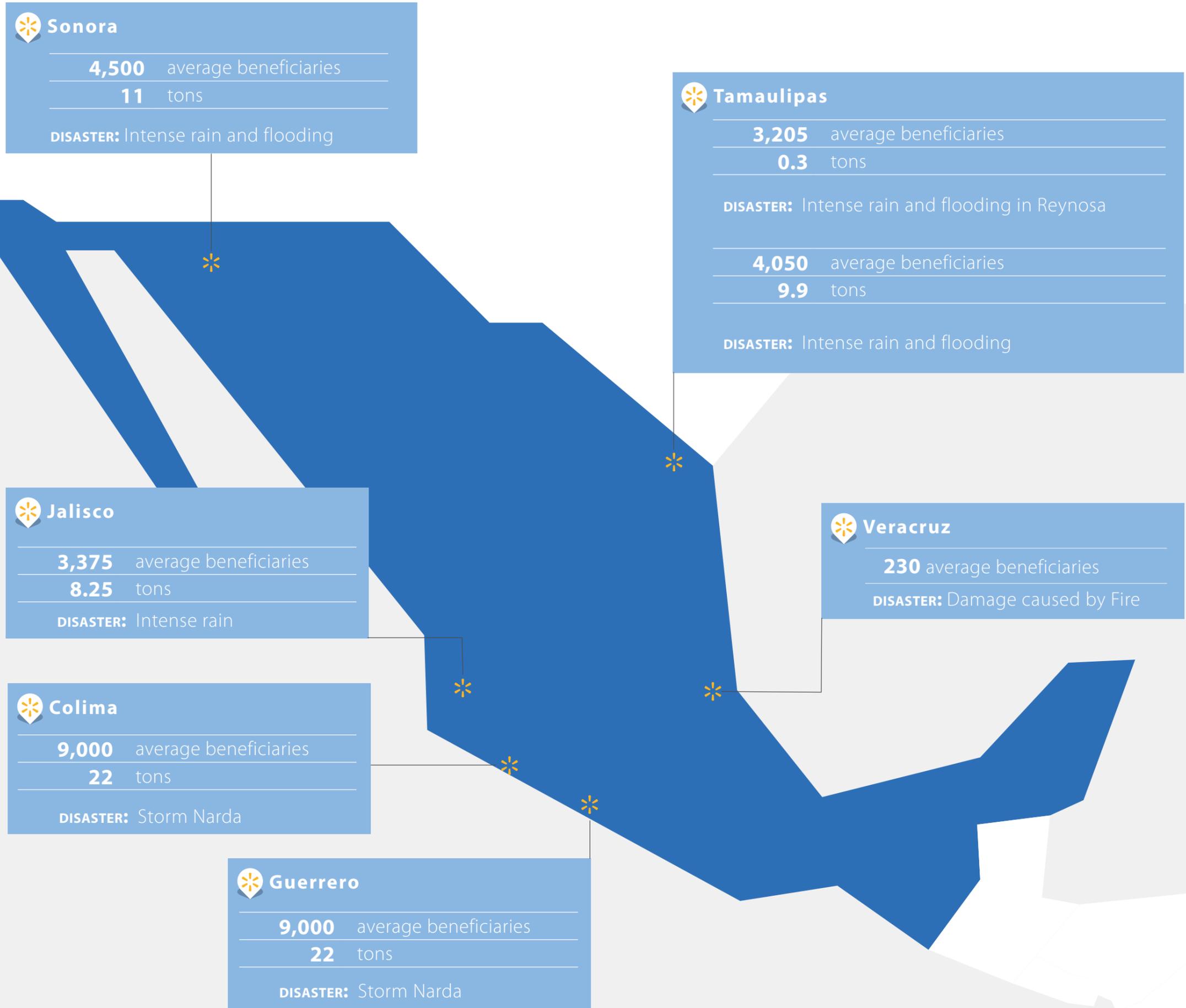
throughout our business to prepare for and respond to disasters quickly and effectively. The COC core team includes experts in emergency management who regularly train associates across the company.

In major disasters, we can deploy an array of internal resources, including mobile generators, fuel resources, trucks and associates who can help to manage our corporate response to the crises on the ground. Through the COC's efforts to coordinate with local, state and federal governmental agencies, as well as nonprofits

and volunteer organizations around the world, we are able to determine how it can help support local communities in the event of disaster.

For example, in Mexico, families who were shopping during the violence in Culiacán, Sinaloa, could not return to their homes, so we invited them to stay inside the stores to stay safe, giving them shelter and food so they could spend the night.

Thanks to our infrastructure, the capacity of the Mexican Red Cross and the revolving humanitarian aid fund, we were able to provide support to affected communities in Mexico, in the first 24 hours after a natural disaster occurred. We donate food, cleaning products and personal hygiene items. We also make available our logistical capacity and facilitates the approach to our supply network. We make monetary donations for the following disasters:





Fortunately, there were no natural disasters in Central America. It should be noted that the program, Manos Amigas, is ready to be activated as soon as is required, setting up collection centers, according to the scope of the emergency, informing customers and suppliers about the initiative and how they can collaborate with it, and motivating them to participate. Subsequently, we help with product transportation from the collection centers to the points set by authorities in emergency situations.

Volunteering

There's no question that volunteering helps to improve the lives of others. This program gives associates the opportunity to participate in community and environmental improvement projects with their time and talent, promoting citizenship and commitment to the community and to others.

* **+103,300** volunteer participations



	Mexico		Central America	
We took part in #RetoVerde, an initiative promoted by the Ministry of the Environment and the Fund for Social Development in Mexico City, to reforest the country.	96,985	← Volunteer participations →	6,317	In Central America, two SME volunteer programs took place, with the participation of 180 SMEs from the Una Mano para Crecer program.
With the participation of more than 160 volunteers, including associates and their families, we planted 1,500 plants at Bosque de Manzanos Park, in Mexico City, to safeguard pollinators such as bees, hummingbirds, butterflies, and some mammals.	84,566	← Associate volunteer participations →	6,238	The volunteer work consisted of situational diagnostics and professional training talks on specific topics within the Modular, Commercial, Finance, and Legal areas. We had the participation of 180 volunteers.
	12,419	← Customer and family volunteer participations →	79	
	2,390	← Activities held to improve public spaces in the communities →	8	

Alliances with suppliers to **strengthen communities**



Clean water for the children

We are aware that water shortage is currently a major challenge in Mexico, which is why we launched, in a global partnership with P&G, the program Agua Limpia para los Niños, which tries to bring clean drinking water to children and families in vulnerable situations. The goal of the initiative was to collect 15 million liters of drinking water, during 2019.

Through this initiative, our customers and company partners in 14 countries contributed to ensuring water supply and sanitation by participating in the “1 compra = 1 litro de agua limpia” campaign, where, for every participating product purchased, P&G donated one liter of clean water.



In 2019, we collected and channeled 21.6 million liters of drinking water to the two million families (4 people) in communities without drinking water throughout the world



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Financial and Corporate Responsibility Report 2019



Behind every decision, are our standards of ethics and transparency

Commitment to honesty

[Ethics and Compliance](#) | [Corporate Governance](#) | [Risk Assessment](#)



106,205 training

hours on our Ethics' Statement



10% reduction

in associate accidents in Mexico and
24% in Central America

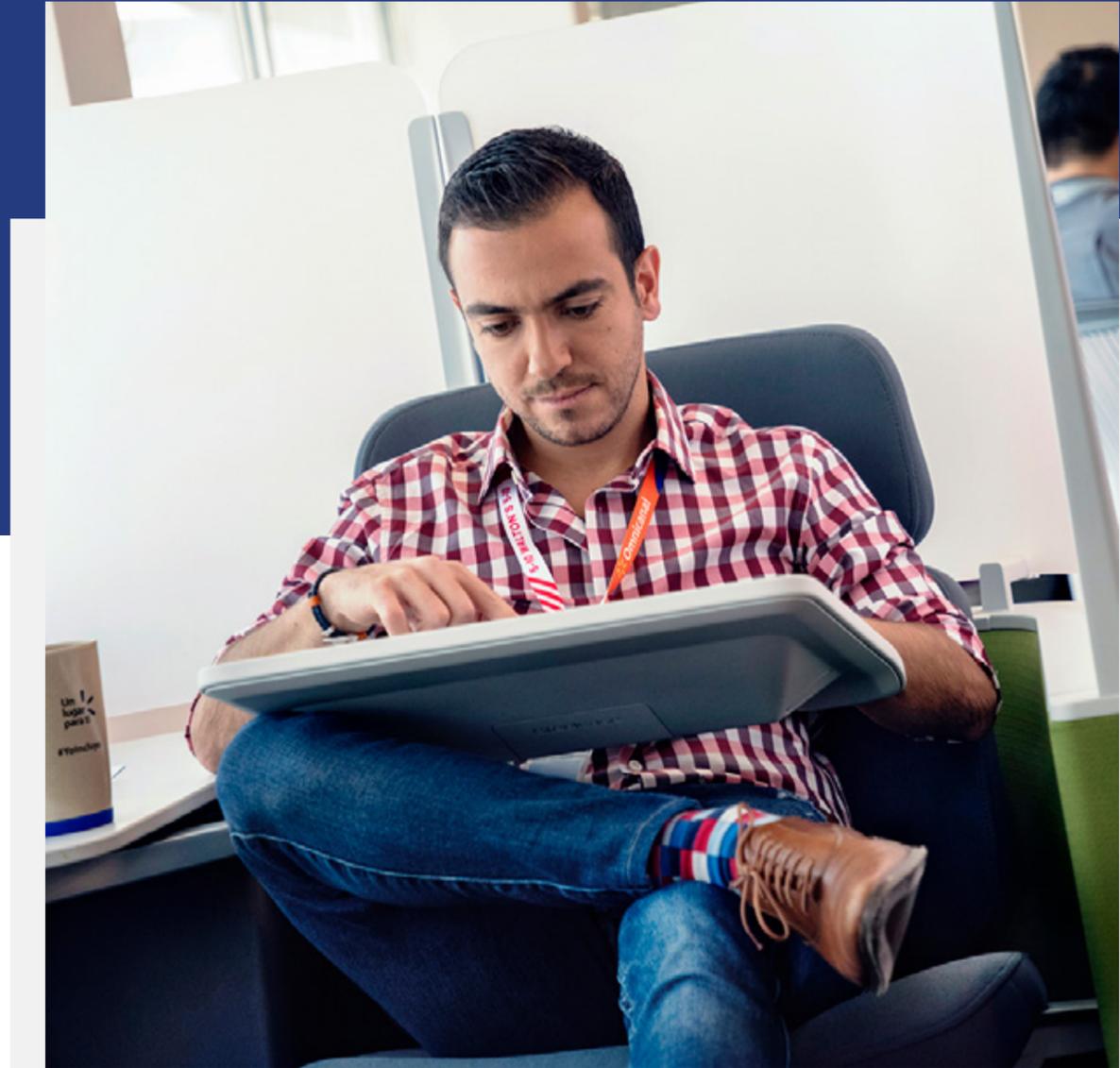


International

certification of three Distribution
Centers in BRC with a score of AA

Ethics and Compliance

At Walmart we are proud that this program has matured to the point where our company is recognized as a leader in Ethics and Compliance.



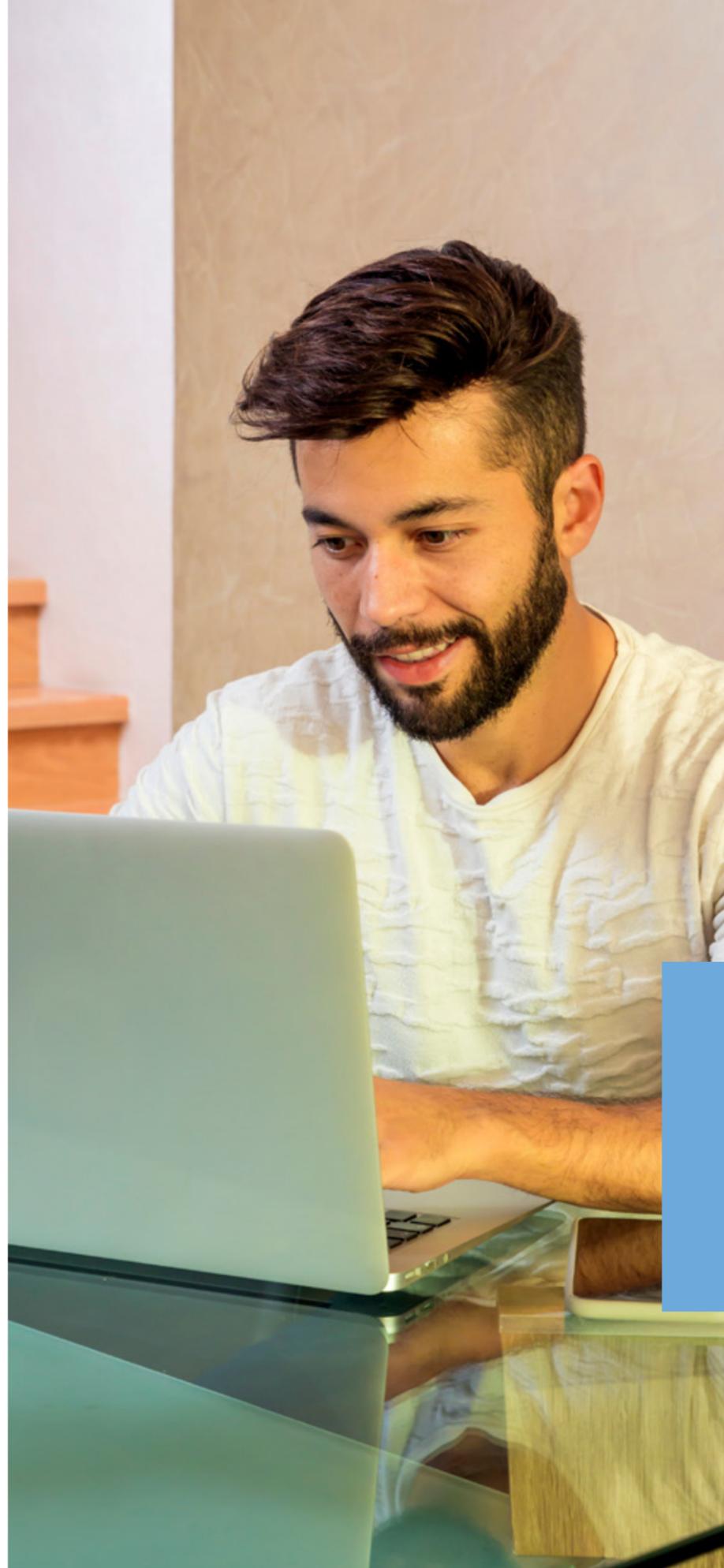
Our Business

Agile Transformation

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Financial and Corporate Responsibility Report 2019



Digital Citizenship

We are rapidly transforming the experiences of our customers and associates. This is why a new global area called Digital Citizenship was created. It will focus on how Walmart uses data and technology in a way that supports our goal of being the most trusted omnichannel retailer.

This Digital Citizenship function will advise the company on issues related to privacy, ethical use of data and data governance, emerging technologies, cyber security, and records management.

They will advise us not only on whether we can legally use data or technology in a particular way, but also on the effects that data use would have on our relationship of trust with our customers and stakeholders.



Ethics and Compliance

GRI 102-17

We have been remodeling the Ethics and Compliance program over the past five years. We established an integrated global structure to improve transparency and accountability. We developed processes, with the help of innovative technological systems, to ensure that acting in the right way is part of the company's culture. And we are taking similar steps to promote integrity with our business partners, particularly those who interact with governments on our behalf.

It is a good time to look back, review what we have learned and make plans for the future.

Our Ethics and Compliance Program is dynamic and effective, and is designed to prevent, detect, and respond to any failure to comply with applicable laws, policies, and internal procedures. This program provides the guidelines that all associates must follow in order to act correctly and in accordance with the company's fundamental values and principles, to contribute to being the most trusted omnichannel retailer for our customers and suppliers.

Since 2014, we appointed a Vice President of Ethics and Compliance in Mexico and Central America, in

charge of a dedicated team, divided into: 14 different areas, ranging from anti-corruption to food safety. In order to provide the necessary knowledge and expertise, we appointed Subject Matter Experts for each of the 14 risk areas by retail market, and designated 14 Global Subject Matter Leaders, who work together to identify and coordinate common standards and procedures, share best practices, and provide training, monitoring, and support on their subjects. These individuals report directly to the Vice President of Ethics and Compliance in each of the business units.

We have a Global Compliance Responsibilities Matrix, which details misconduct that Walmart considers a serious violation of its compliance policies. Disciplinary measures for each violation are determined after carefully reviewing the severity of the offense, relevant circumstances, existing laws, and disciplinary processes. This list is not exhaustive and associates may be disciplined for any reason consistent with applicable laws, policies, or in accordance with each Market's specific list of compliance responsibilities.

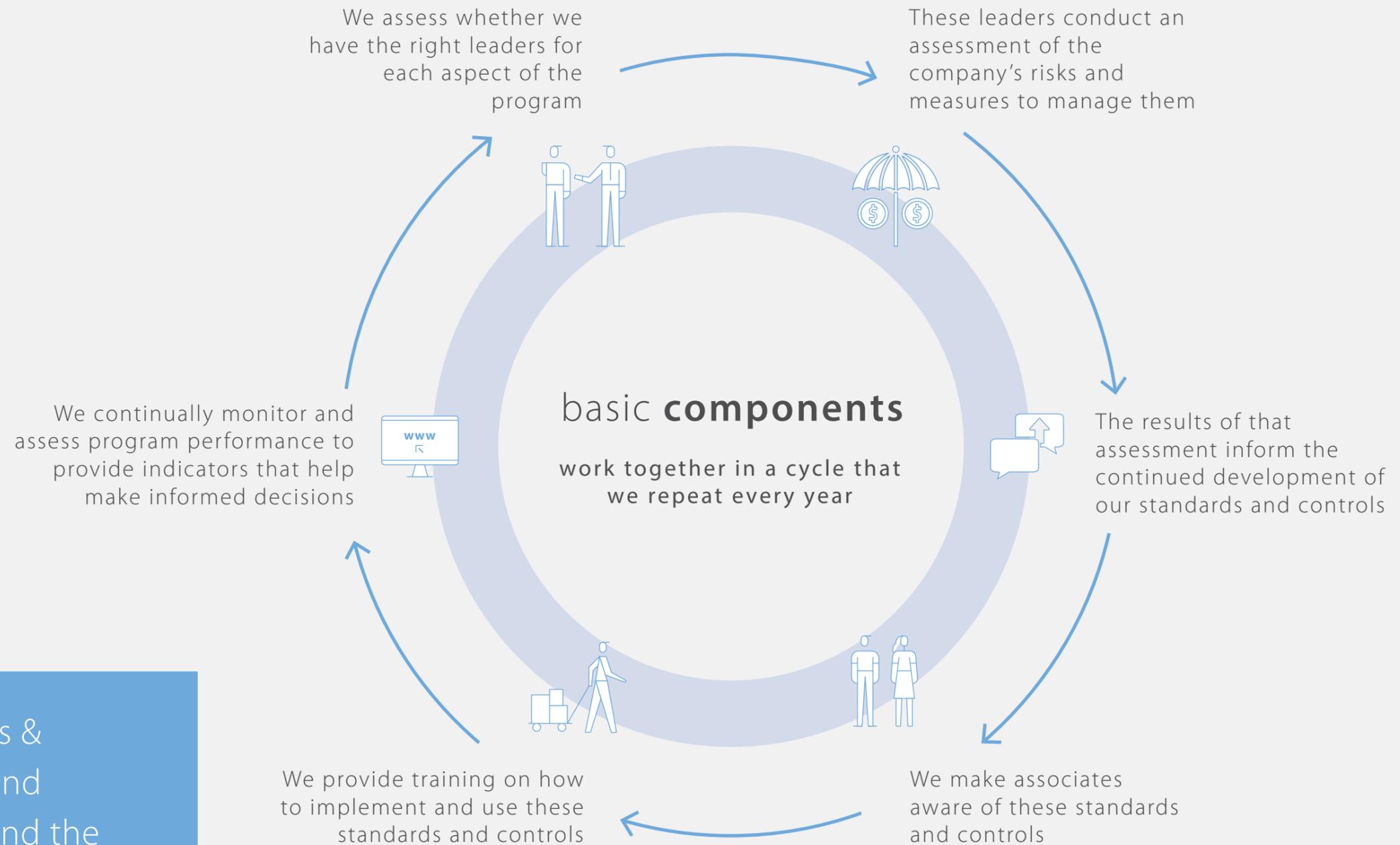


Integrity start with each of us.

Sam Walton

Finally, in response to a variety of guidelines provided by governments and private agencies, we developed six basic building blocks of our program:

- Leadership
- Risk assessment
- Standards and controls
- Awareness
- Training
- Monitoring and response



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



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

The Ethics and Compliance program is made up of the following areas:



Ethics



Health and Safety



Anti-corruption



Food Safety



Privacy



Environmental



Health & Wellness



Anti-money Laundering Prevention



Licenses and Permits



Product Safety



Labor and Employment



Trade



Antitrust



Responsible Sourcing



Consumer protection

The most relevant results from each of the areas of Ethics and compliance:

Ethics

Through our ethical behavior, we maintain the trust of our customers, local communities, and ourselves. Our [Ethics Statement](#) is the guide and daily resource for making honest, fair, and objective decisions when operating in compliance with all laws and our own policies. This Ethics Statement applies to all associates at every level of our organization around the world and all Board and Committee members.

Walmart de México y Centroamérica expects all suppliers, consultants, and contractors to act right and in a consistent way. Our associates receive various resources to help them promote and recognize ethical choices. These resources include:

Annual training to our associates

GRI 410-1, 412-2, 410: 103-1, 103-2, 103-3

In 2019, we provided more than 106 hours of training on our Ethic's Statement to operations associates and staff, covering 93.5% and 99.5% in México and 93% and 95% in Central America.

WalmartEthics.com

Website available in 14 languages and accessible worldwide. It provides a platform where stakeholders can ask questions, read our Ethics' Statement, raise ethical concerns, and follow up on previously reported concerns.

Integrity Awards in Action

Global recognition program for associates who are models of integrity or who encourage others to do so. Associates nominate candidates and Walmart recognizes the award winners at our shareholder meeting.

At Walmart, we are committed to maintaining an environment of integrity and respect in which everyone feels comfortable and free to express their concerns. As a result, associates can communicate their ideas or concerns and even report inappropriate behavior without fear of reprisal.



We have different formal complaint mechanisms:



The Open Door Communication process is the most direct way to express any concerns to a leader through open communication



Global Ethics Hotline We have local telephone numbers available that any person can dial to ask questions or concerns 24/7. This hotline is equipped to serve in the local languages of all the markets where we operate, including Spanish. This line is managed by an independent third party



Web site and e mail. All the mechanisms available in our [Ethics Statement](#)



Health and Safety

GRI 403-1, 403-2, 403-3, 403-4, 403-7, 403-8, 403: 103-1, 103-2, 103-3

Our vision: To be the safest company to buy and work, through the Zero Accidents Mission Initiative

We promote the care of our customers, members, and associates to avoid accidents. The pursuit of excellence to achieve an accident-free Walmart includes being 100% committed to taking care of each other and promoting risk-free productivity.

We ask our associates to remedy any unsafe acts or conditions immediately by notifying the responsible party. Likewise, encouraging and ensuring the use of personal protective equipment in the required positions is indispensable. As well as talking frequently with our associates, about how important security is to our company.

In Mexico, we have had great achievements in recent years, thanks to all the effort and attention of our associates:



By maintaining our commitment and encouraging safe behavior, we will have Zero accidents.



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

At DC, the Safety Training Program was a key element in achieving the 31% accident reduction percentage through:



Communication and awareness campaigns: Ergonomics video, “Yo te cuido, tú me cuidas” video, 10 fundamental capsules



Training courses: Introduction to Safety and Environmental Compliance for DC and Workplace Safety, with the participation of more than 17,000 associates

GRI 403-8

We also implemented a new program for associates and customers called 3x2, it focuses on preventing the three most recurring accidents in the back and waist.

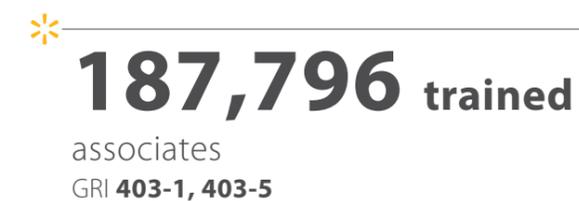
In Central America, we focused on creating a safety culture, so we launched 10 specific safety rules for each business unit. The Behavior-based Safety program for Cedis seeks to generate accident-free environments, based on the observation and correction of unsafe behaviors, focusing mainly on the six main causes of accidents in the region.

As part of the process to generate greater culture and safety awareness, we conducted a review of our current standards, finding opportunities to raise the level of safety, standardization, and their communication throughout the region. As a result, new security procedures were generated for previously uncontrolled risks: Safe unloading, safe use of machines, rules for the use of ladders, improvements in permits for dangerous work, a manual for contractors, etc.

Reduction of customers accidents



Reduction of associates accidents



Contractor Zero Accident Program

Our Zero Accidents policy is not only focused on taking care of our associates and customers, but also our suppliers. This year, we implemented a safety program focused on our contractors:



We work with suppliers to establish remediation plans.

We also have different sanctions to guarantee the safety of all people involved. Construction, remodeling, maintenance, special projects and design contractors have security clauses in their contracts, which details the type of sanction according to the fault and the severity of the accident, which may reach the termination of the contract or suspension of projects assignment for six months.



Anticorruption

GRI 205-2

We are committed to maintaining the highest standards of integrity and compliance, in accordance with the applicable laws of the markets in which we operate with our Global Policy and Global Anti-Corruption Procedures.

We always achieve our objectives with transparency, taking into account that we do not tolerate bribes, acts of corruption or dishonest practices of any kind. It is very important for us that in case our associates have any suspicions, information of violation of the [Global Anticorruption Policy](#) as well as the Company's AC Procedures, or have any information of improper requests (even if they are rejected), is reported immediately to the following Global Ethics contact points.

We provide anti-corruption training to 100% of our associates. It should be noted that AC training is valid for two years. In 2019, we trained 122,629 associates on anticorruption.

This kind of training is offered to the Board of Directors once a year.

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 problem solving. Additionally, the Global Internal Audit team performs periodic, independent audits of our program.

We use a customized electronic system to detect and conduct due diligence on external intermediaries seeking to represent us. Our contracts with external intermediaries require them to commit to our anti-corruption policy. Said process should be renewed at least every two years. Once approved, the supplier receives training on the Anti-corruption Policy to ensure their

awareness and adherence to it throughout the duration of their commercial relationship with Walmart. 595 suppliers completed or renewed their anticorruption training during 2019.

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 they provide. This process allows us to examine the way that third-parties respond to our anti-corruption program and identify areas where we can continue to improve our training and controls.



595 suppliers

completed or renewed their anti-corruption training during 2019

GRI 205-2

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Food Safety

GRI 416-1

We are committed to complying with all applicable food safety laws and regulations in the markets we operate in and to providing safe, high-quality food so that people can save money and live better lives. To do this, the Food Safety team is responsible for overseeing the comprehensive food safety management system. This includes creating and ensuring compliance with policies and procedures that help us buy, store, transport, prepare, and sell food in a manner that meets all regulations, as well as our own strict food safety standards.



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High Five Program

These principles are measured through a system of monthly Assessments in our stores with regular measurements and monitoring.

199 units have the H-Distinctive certification

Clean and healthy
 Wash your hands when necessary
 Not working with food when you are sick
 Never touch ready-to-eat foods without gloves



Avoid cross-contamination

Do not store raw foods over cooked or ready-to-eat foods
 Never prepare ready-to-eat foods on the same surface or with the same utensils used to prepare raw animal protein



It is based on five basic principles for the hygienic handling of food:



Wash, rinse, sanitize

Properly wash, rinse, and sanitize all food utensils and contact equipment
 Properly store all equipment, utensils, and containers in designated locations
 Keep the work area clean



Cook and cool

Cook the food until it reaches a suitable internal temperature
 Quickly cool food to the temperature required by local law



Keep it cold, keep it hot

Keep cold/hot food at the temperature indicated by law

Food Fraud Program

Implemented in the reception area of Distribution centers to identify that the products we sell match the species we have declared in the packaging of our Private Brands products. This program includes a risk matrix by type of product, and and if we identify something not declared, we proceed according to the level of risk.



Analysis with certified external laboratories



154 analysis

for the identification of species in meat raw material and ready-to-eat food



56 analysis

to verify integrity of ingredients in Private Brands products (honey, milk, olive oil, 100% natural juices and coffee)



351 organic products

Certificate validation



149 products

Certificate validation for alcoholic beverages of (tequila/mezcal)

Pest control Program



Our goal is to protect associates and customers visiting Walmart's facilities by keeping pest activity under control. We use different Integrated Pest Management tools. We contribute to health care by acting against incidences of disease-transmitting insects (zika, chikungunya, dengue), as well as reducing the loss of products derived from pest damage or contamination.

We have a monthly-unannounced international audit for pest control risk assessment in all

stores and clubs, and a monthly-unannounced national audit for pest control risk assessment in all Distribution Centers. We also visit all units at least twice a month for inspection and chemical application (if required) to identify and mitigate any pest activity.

GFSI (Global Food Safety Initiative) Program

184 training hours to 27 safe food suppliers at GFSI school

We are members of the GFSI Mexico Local Group and all Private Brands suppliers are required to be certified in this type of system within a reasonable period of time if they do not have their own system certified.

Mexico

* **299 suppliers**

of Private Brands audited by GFSI and Global Markets certifiers

* **339 processing plants**

from certified suppliers, meaning, 95%

* **17 supplier processing plants**

with Global Market Audit

* **5 courses**

to 43 food suppliers

Central America

% GFSI Certificates

- Local private brand
- Import private brand
- Local Da-comanufactor
- Direct import



% Approved Global Market

- Small and developing supplier - pb - manufactor
- Small and developing supplier - pb - Da co-manufactor



In Central America, we developed a Training Plan for suppliers of Private Brands and national brands products of high-risk categories that have not achieved a GFSI or Global Market Intermediate certificate. They received free training and workshops on the topics that need to be reinforced in order to comply with the GFSI requirement requested by Walmart.



Audits

We have an intensive program of audits of our units, suppliers, plants, and Distribution Centers to ensure food safety in each of them:

Private Brands, Food-Mexico

Suppliers	299
Facilities	356
Audits	356
- Good Practices Global Markets	17
- Global Food Safety Initiative Certification (GFSI)	339
% certified facilities	95.2%
Audits of Good Practices in Storage and Distribution to Distribution Centers and deconsolidators of fresh products	34



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Food Safety Program for POS



In Central America, this program allows us to maintain store Sanitary Status by ensuring the best practices for food handling, thus, contributing to our customers' health. Stores are audited under our five basic rules of food safety and Integrated Pest Management, which are implemented by the stores to guarantee safe food.

2019 was a challenging year in which, through teamwork with Operations, we improved our stores indicators and practices by reinforcing daily habits that allow us to perform more effective reviews and cleaning. In 2020 we will launch our "Cuida tu tienda como a tu casa" initiative.



Food Safety at Distribution centers

In 2019, we obtained the BRC international certification for three Distribution Centers, with a score of AA that guarantees the operational processes for food products handling. This was achieved thanks to:



Technical support and training of DCs staff in food handling



Procedure standardization



Reduced complaints and product damage due to cold chain opportunities, quality damage, or safety risks



Compliance with national regulations and internal policies on food safety and quality

This certification consists of:



Pre-assessment tours to comply with BRC standard requirements



Operational process documentation



Personnel training regarding standard requirements and operational process updates



Definition of KPIs and improvement actions



Conducting an audit with an external company to verify compliance with the GFSI BRC standard in food storage and distribution v3.



Privacy

GRI 418-1

We focus on raising awareness about privacy rights and practices, as well as personal data protection. We are committed to taking care of our associates, customers, members, and third parties' information at all times, in compliance with the law and our global policies. One of the keys to achieving this is through trust, which we can earn, strengthen and maintain by being transparent, and using personal information responsibly and ethically.

Without a doubt, new technologies open up a range of possibilities for us to take advantage of our customers' personal information, helping us to understand them better, customizing, and making their experience with us unique. That is why we must be careful in handling this information, to avoid failures that impact our goal.

We are transparent when communicating in our Privacy Notices how we may use and protect our customers', members', associates', and suppliers' personal information.

We have mechanisms in place for owners of personal data to make informed decisions about the use of their data, as well as the means for them to exercise their rights of access, rectification, cancellation, and opposition (ARCO).

We have formal channels for our associates or third parties to report any leaks of personal information, so take action to protect it, as well as protocols for responding quickly and effectively to information leaks, including an Incident Response Committee in place, with representatives from various key areas in the organization.

In 2019, we did not receive complaints about privacy violations or data leaks from our customers.



Our Business

Agile Transformation

We Generate value

Commitment to Honesty



Environmental

The Environmental Compliance area ensures that the company complies with applicable regulatory obligations during all its business activities, from prospecting, design, and construction of new stores to its operation. Implementing controls to comply with obligations relating to environmental impact, generation of non-hazardous and hazardous waste, wastewater quality, and air emissions

As a result, there were no significant fines in the region, namely those over 1 million pesos. Likewise, no water bodies were affected by discharges or runoff from spills. However in Superama Bonampak in Quintana Roo, we had a spill caused by the theft of diesel in the unit's emergency plant. The approximate volume spilled was 4,637 liters, of which a part reached natural soil, having had to remove the amount of 178,640 kg of contaminated soil. It was later refilled with clean soil.

In 2019, we had two projects with protected species:

GRI 304-1, 304-2, 307: 103-1, 103-2, 103-3, 307-1



1. Bodega Aurrera Cabo Miramar (impacted surface 0.012763 km²). It was verified in the Environmental Impact Authorization that it will not cause significant adverse environmental impacts.



2. "Mi Bodega Tanquian de Escobedo" (impacted surface 0.004900 km²). In the Technical Opinion on Environmental Impact, it is determined that construction would not cause a significant environmental impact.

We have a project with a change of forest land use, Bodega Las Palmas. The surface for land use change comprises only vegetation composed of crasicaule scrub, which shows signs of disturbance and is used as a clandestine dumping ground for debris and solid waste, making it a risk or focal point for infection of the surrounding neighborhoods and communities. (surface area 0.013013 km²).



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Financial and Corporate Responsibility Report 2019



Health & Wellness

The purpose of the Health & Wellness area is to guarantee optimal functioning with respect to legal requirements and best market practices of our pharmacies and clinics. Currently, in Mexico we have more than 250 doctor's offices and more than 1,300 pharmacies where nearly 7,500 drugs, supplements, and medical devices are sold. The Health and Wellnes team establishes and implements regulatory controls to be met and works with the Operations team in supervising pharmacies to ensure compliance.

The team also participates in the validation of all products sold in our units to guarantee their quality and correct dispensing. During 2018, the Integral Pharmacy System was developed. The system will, improve medicine control in stores using digital solutions. An external review was to confirm the robustness of the program in relation to applicable legal obligations.



Medimart



31 suppliers



90 facilities



13 audits



95 analysis

with laboratories approved by Cofepris for quality parameters

Store Clinics



437 internal audits



6 external audits

Pharmacies



5,284 internal audits

In store



988 external audits

Cofepris

Medicines



31 suppliers



13 audits



Anti-money Laundering Prevention

At Walmart de México, 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 to prevent and detect acts or operations that involve resources of illegal origin and prevent criminal organizations from using the company to commit this crime..

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

Representatives of different areas are part of an Anti-Money Laundering Committee that meets on a bimonthly basis where visibility is given on the main risks and decisions are made for mitigation.



Licenses and Permits

The GLM (Global License Management System) manages more than 20,000 licenses required to build and operate our stores. This allows us to reduce expiration risks and track licenses throughout their cycle from start to finish, including the request and monitoring payment of fees for procedures.

Within the standard procedures is the accompaniment of this area from the location of a new site, in which an expert assesses the feasibility of licenses before the authorization of a new project, in order to control the risk of low feasibility projects. Also, to begin construction and operation of a new business, a Licensing and Permitting Committee, consisting of experts other than those who manage, analyze all documents and assess whether the project is released or not.



Our Business

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We Generate value

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Financial and Corporate Responsibility Report 2019



Product Safety

Our goal is to comply with 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. A means of verifying compliance with safety and regulatory requirements are the certifications in the current standards delivered by the suppliers of products classified as high risk. It is also possible to verify compliance, through factory audits where, among other requirements, product safety is reviewed with emphasis on our Private Brands.



Textile and shoe inspections

* **17,803 inspections**
to national suppliers at DC

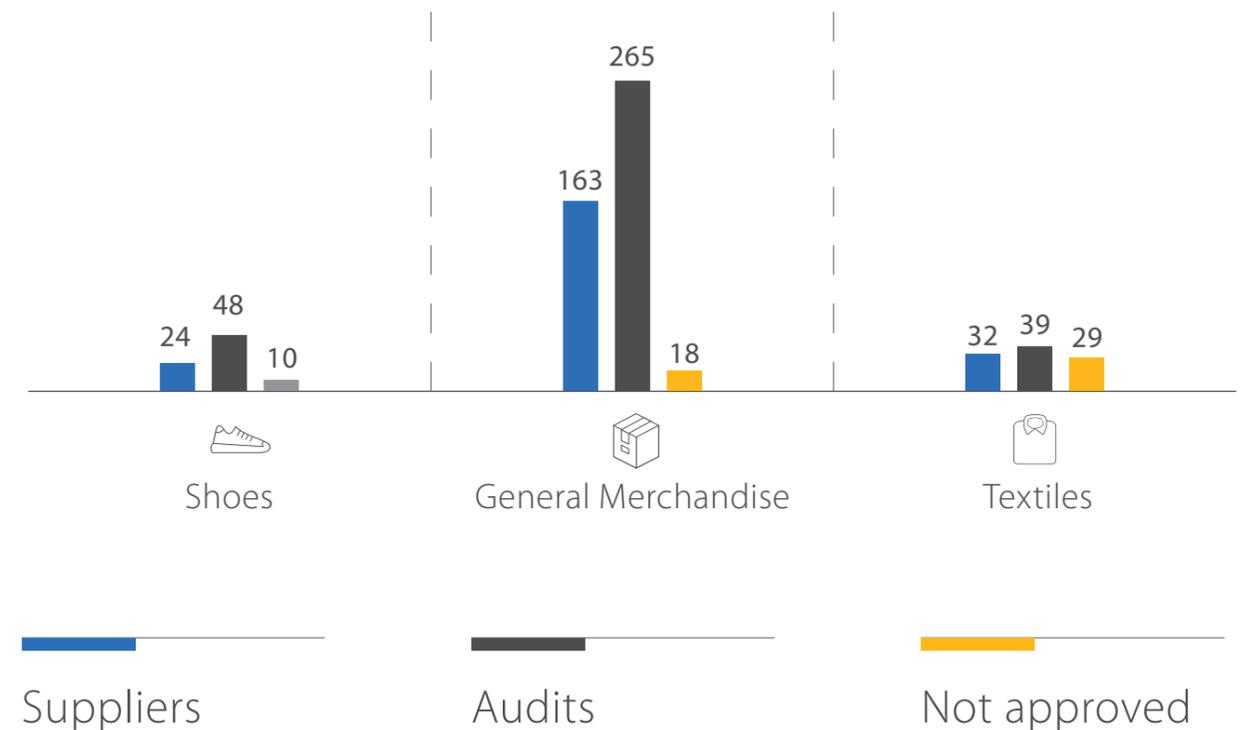
* **2,033 inspections**
to import suppliers at origin

There are also safety, regulatory, and quality review protocols for textile and footwear products through laboratory tests, as well as national and in-origin inspections, reviews in distribution centers or stores, and follow-up and control of complaints. When the case deserves it, we recall products from stores and clubs.

Through these actions, it is possible to design and provide training for suppliers and buyers, on product safety and quality control to establish compliance indicators that measure performance in each delivery and develop improvement plans.

We constantly assess our suppliers

Our Brands' suppliers assessed in Mexico GRI 416-1



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Financial and Corporate Responsibility Report 2019



Labor and Employment

GRI 401: 103-2, 103-3, 402: 103-1, 103-2, 103-3, 402-1

Our goal is to guarantee our associates their rights in accordance with labor regulations regarding salaries and payments, benefits, fair, equal, and inclusive treatment, in order to develop a positive working environment and to have a company that respects the rights of all employees and third parties within our workplaces.

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



Trade

It is a program that aims to ensure compliance with requirements of foreign trade regulations in relation to the import and export of the Company's goods, in order to ensure the obtaining of permits, certifications, as well as payment of appropriate taxes for foreign trade operations.

Furthermore, our program aims to ensure that the company does not do business with or trade in products originating in and coming from countries sanctioned by the Office of Foreign Assets Control (OFAC).

To ensure this, we have a specific program for imports, we make the digital registration of products, which identifies the country of origin and we have a protocol for monitoring exports and customs agents.



Antitrust

It is our obligation to comply with the requirements of the economic competition law, establishing controls to avoid anticompetitive behaviors or practices and thus guarantee the best value offer to our clients and partners.

Within our main controls to achieve this are the guidelines and rules of behavior, as well as campaigns within the purchasing areas, in order to ensure that negotiations and / or contact with suppliers and / or competitors are attached to regulations on the subject of economic competition.



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Corporate Governance

GRI 102-18

Our company is built on the foundations of integrity and the highest standards of ethics, and we always guarantee strict observance to the applicable legislation in all the countries where we operate.



Board of Directors

GRI 102-22

Chairman:	Enrique Ostalé	Member since: 2013
GRI 102-23		
Members:	Adolfo Cerezo*	2012
	Ernesto Cervera*	2014
	Kirsten Evans	2018
	Lori Flees	2016
	Guilherme Loureiro	2016
	Roberto Newell*	2014
	Chris Nicholas	2019
	Eric Pérez-Grovas *	2018
	Blanca Treviño*	2006

Members as December 31, 2019

GRI 405-1

* Independent directors



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, as December 31, 2019, 50% 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 2019 there were seven sessions held. The average attendance at meetings was 81.82%.

Other practices:

- 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.

✦ **30%**
of Directors are women

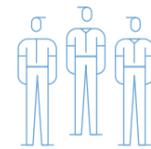
✦ **50%**
of Directors are independent



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.

Primary responsibilities:

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



Choose the President and CEO of the Company



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



Approve information policies and communication with shareholders and the market



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



Our Business

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Enrique Ostalé

Executive Vice President, president and CEO of Walmart Latin America, UK and Africa as well as chairman of the board of directors of Walmart Mexico and Central America, and Walmart Chile.

Commercial Engineering, Major in Business Administration (Adolfo Ibáñez University, Chile) and MSc in Accounting and Finance (London School of Economics (LSE)).

Appointed 24 February 2016.

Enrique Ostalé assumed his expanded role in February 2016 after serving as president and CEO of Walmart Mexico, Central America and Latin America. From 2006 to February 2013, Enrique served as president and CEO of Walmart Chile. His experience in this latter post included his leadership of the successful transition of the D&S chain, acquired by Walmart Stores Inc. in 2009, into today's Walmart Chile. Part of his work involved imprinting the seal of Walmart's corporate culture on the organization, adopting along with his team the mission of "helping people save money so they can live better" and incorporating the promotion of sustainability as one of the operational pillars of the business.

Ostalé joined D&S in 1989, serving initially as manager of its financial division, then of its merchandising division and subsequently as manager of its Lider format before becoming its CFO. In 2000, he left the company to take up a position as CEO of Emol, the online service of the El Mercurio newspaper. Between 2002 and 2006, he was dean of the Business School of the Adolfo Ibáñez University before returning to D&S as its general manager, president and CEO.

In 2012, he received the "Executive of the Year" prize awarded by Ernst & Young and the El Mercurio newspaper.

Adolfo Cerezo

Studied Chemical Engineering at the National Autonomous University of Mexico and holds a Master's degree in Business Administration by the IPADE Business School. He has also studied postgraduate courses at the University of Southern California's Future Research Center and the Harvard Business School.

He worked for TELMEX as Chief Finance Officer since 1991 until August 2011, when he retired. Before holding this position, he held several positions since joining TELMEX in 1978, including Treasurer and Financial Analysis Manager.

He has been a member of Banco Inbursa's Board of Directors, a member of the Executive Committee for all TELMEX subsidiaries, a World Bank's Consultant, Chairman to the Mexican Stock Exchange Issuers' Committee, Teaching Professor at the National Polytechnic Institute's master's courses and a speaker at various finance and telecommunications forums.

Ernesto Cervera

CEO and co-founder of GEA since 1990. Born in Mexico City in 1958. An economist from ITAM (1984), his B.A. dissertation received first place in the Tlacaehel Consulting Award granted by International Consultants, and honors from the Banamex National Economics Award.

In 1986 he received his Master's Degree in Economics and in 1988 advanced to Ph.D. candidacy at UCLA. In 1987-1988 he was awarded the Sloan Fellowship for research on foreign trade.

From January 2006 up to the present he is the CEO of Grupo de Economistas y Asociados (GEA), firm in which he has been partner-consultant since 1990, and where he has participated in more than 200 consulting projects.

Kirsten S. Evans

Executive Vice President, Marketing for Walmart Canada. Kirsten is responsible for leading Walmart Canada's marketing strategy and the Walmart Media Group, along with the Financial Services business unit.

Prior to her international assignment, Kirsten was Senior Vice President, Corporate Marketing in Walmart US where she was responsible for the Walmart brand and media strategies as well as supporting strategic initiatives for Merchandising and omni-channel growth. Kirsten was actively involved in integrating Walmart's enterprise marketing teams to improve customer experience and gain scale in an ever-changing retail environment.

Kirsten was named to Ad Age's 2016 Women to Watch and is an inaugural executive member of the Walmart Entertainment Council, whose charter is to elevate partnerships and opportunities with leading entertainment companies

Lori Flees

Senior Vice President and General Merchandising Manager for Health & Wellness at Sam's Club. In this role, Lori leads the pharmacy, optical and hearing business merchandising and operations within Sam's Club's US locations.

Lori started at Walmart in 2014 as SVP, Corporate Strategy with responsibility for Corporate Strategy, Corporate Financial Planning & Analysis, and Mergers & Acquisitions. Lori also set up the enterprise strategic partnerships organization and framework (including Google and Microsoft) and launched the company's interactive entertainment JV partnership with Israeli start up company, Eko.

Prior to joining Walmart, Lori spent 17 years at Bain & Company where she was a partner in the global strategy consulting firm. Lori started her career in roles at Intel Corporation and General Motors. Lori has a bachelor's degree in management systems from Kettering University (formerly General Motors Institute) and a master's degree in business administration from Harvard Business School.

Guilherme Loureiro

Guilherme Loureiro is Executive President and CEO of Walmart Mexico and Central America since February 2016. He started his career in Walmart in 2012, assuming the role of Executive President and CEO of Walmart Brazil in 2013. He worked for over 20 years for Unilever performing several roles in different markets including Global Head of M&A, CEO México, Global Head of Strategy, Chairman of Unilver Ventures and CFO for Americas.

Guilherme holds a Bachelor degree in Business Administration, a Master Degree and Doctorate in Business Administration by the Universidad Fundação Getulio Vargas in Sao Paulo and has attended the TGMP at Harvard.

Roberto Newell

Vice President and Senior Fellow of the Instituto Mexicano para la Competitividad, A.C., (IMCO), a privately sponsored, independent think-tank located in Mexico City, whose mandate is to analyze and propose policies that will enhance Mexico's competitiveness in the global economy.

During 2003, he served as Deputy Secretary for Agribusiness in Mexico's federal government, having previously served in the same administration as the CEO of the Fideicomiso de las Empresas Expropiadas del Sector Azucarero, a holding company that operated the 27 sugar mills that were taken over by Mexico's government as part of a turn-around program for these failed sugar mills.

Between 1984 and 2001, Mr. Newell worked for McKinsey & Co., Inc., the international consulting firm. He retired as a Director (senior partner) of the Firm. During his years as a consultant, he served clients throughout Latin America, the Caribbean and the United States. His clients included companies in the financial and telecommunications sectors, but Newell also served several national governments on issues of deregulation, privatization and financial sector crisis.

Chris Nicholas

Executive Vice President and Chief Financial Officer of Walmart International. In this complex division of Walmart's operations, Chris leads the International Finance team and has additional commercial responsibilities including International supplier leverage and cost analytics.

Chris joined the company in 2018 as deputy CFO for Walmart International where he partnered with the business to lead key strategic and financial initiatives.

He has more than 17 years of experience in retail and spent the last decade serving in leadership roles with Tesco, The Salling Group; and most recently the Coles Group, where he held a combined position of Finance Director and Merchandise Director, and played a key role in leading the Coles business through unprecedented change within the Australian Supermarket industry.

He graduated from the University of Manchester Institute of Science and Technology with a Bachelor of Science (Hons) in Management Science and is a Chartered accountant (ACMA).

Eric Pérez-Grovas

Co-founder and managing partner of Jaguar Ventures, an investment fund created by Mexican e-commerce entrepreneurs dedicated to investing in Internet-based business models.

He graduated with honors in Industrial Engineering, specializing in Finance at the Technological Institute of Monterrey. He also holds a master's degree in Business Administration and Public Administration from Stanford University. In that university, Eric was elected co-president of the Association of Latin American Students of the School of Business and Vice President of the Association of Mexican Students in Stanford.

Prior to the founding of Jaguar, Eric acquired experience in electronic commerce starting in 1999, when he opened and directed Mercado Libre Mexico. Since then he has served as executive director, investor and adviser in various Internet companies. Currently part of the advice of sites such as Aventones.com, Gaudena.com, Viajamex.com, Yaxi.mx, Conekta.io or Yogome.com. He also provides support to entrepreneurs as a mentor to Endeavor Mexico. Eric Pérez-Grovas worked in the Strategic Consulting department of the companies McKinsey & Co. and Bain & Co. In these firms he collaborated in various strategic planning projects for companies in Mexico, the US and South America. In addition to his consulting experience.

Blanca Treviño

Blanca Treviño is Co-Founder, President and CEO of Softtek, a global company dedicated to helping organizations evolve through digital technology. Under her leadership, Softtek has become the top IT services company in and from Latin America, having earned recognition from Gartner and Forrester Research as the only non-Indian provider to pose serious competition for the U.S. market. Throughout her 30-year career at Softtek, Blanca has gained international recognition as a promoter of the IT services industry in and from emerging countries—and most prominently from Mexico, with the rise of the Nearshore model.

She has spoken at conferences for the World Economic Forum, World Bank, Inter-American Development Bank, Kellogg School of Management, Harvard Business School and Fortune. In 2019, WITI inducted Blanca into the Women in Technology Hall of Fame, and in 2018 she received the “Education Leadership Award” from Educando (formerly, Worldfund), for her contributions and influence towards improving education in Mexico.

Blanca serves as the Vice President of the Mexican Business Council, is a member of the MIT School of Engineering Advisory Council, and board member of Walmart Mexico, the Americas Society and Council of the Americas, the Iberoamerican Council for Productivity and Competitiveness, Grupo Lala, The Mexican Stock Exchange, as well as universities, including her alma mater, Tecnológico de Monterrey (ITESM).

Audit and Corporate Practices Committees

Chairman:	Adolfo Cerezo
Members:	Ernesto Cervera
	Roberto Newell
	Eric Pérez-Grovas
	Blanca Treviño

These committees have four statutory members, all of them independent

Members as December 31, 2019
GRI 405-1



Primary responsibilities:

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

- Selecting the independent auditor for the Company and establishing fees.
- Ensuring the existence of a proper internal control scheme for the Company that meets any and all applicable accounting and legal provisions, and reviewing Company transactions with related parties.
- Reviewing the financial statements and ensuring they are a true and accurate reflection of the financial situation for the Company. They also have a set procedure for receiving, retaining, and responding to claims concerning accounting practices and controls, and any audit issues. Moreover, said committees have the necessary resources for, and are authorized to retain the services of counsel and/or any other outside adviser needed to perform their duties.

- Reducing the risk of conducting operations such that could affect Company worth or could result in the granting of favored conditions to any one group of shareholders.
- Approving policies for the use of properties pertaining to the net worth of the Company.
- Authorizing transactions with related parties, remuneration for the Chief Executive, and remuneration policies regarding relevant company officers.
- Serving as support for the Board of Directors in producing reports on accounting practices.
- Holding private meetings and receiving periodic reports from Internal Audit, Legal, Compliance, and Ethics.
- Calling Shareholders to meetings and ensuring that the order of business includes all points deemed necessary.

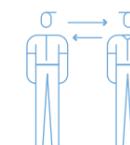
Primary requirements and practices:



All members must be independent Directors, experts in finance



Independent auditors are forbidden from providing consultancy services to the Company



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



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Walmart de México Foundation Board

GRI 102-20, 102-22



Trustees, at December 31, 2019

GRI 405-1

Trustees:	Eduardo de la Garza
	Roberto Delgado Gallart*
	Jorge Familiar Haro*
	Julie Gehrki
	Guilherme Loureiro
	Kathleen McLaughlin
	Alberto Sepúlveda
	Marinela Servitje *
José Luis Torres*	
Alternate:	Mariano Fiscella
	Adriana Velázquez



* Independent directors

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Financial and Corporate Responsibility Report 2019

Risk Assessment

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

Walmart de México y Centroamérica performs a Risk Assessment with the purpose of identify and reduce risks that could affect our operations.



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Financial and Corporate
Responsibility Report 2019

Risk Assessment

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

Every year, the Risk Assessment is performed by the Global Audit Services area following the methodology established by Walmart Inc, adapting it to the Mexico and Central America conditions.

External Risk Factors



Economic

Financial markets, unemployment, mergers & acquisitions



Political

Government/policy changes, laws and regulations



Natural Environment

Natural disasters such as hurricanes, earthquakes, global warming



Technological

Emerging technologies that represent competitive advantage/disadvantage



Social

Shifts in demographics or social behaviors



Competition

Financial condition and market share of competitors, new market entrants

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

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



Regulatory Compliance

Compliance with laws and regulations



Financial Accuracy

Effectiveness of the entity's financial reporting



Customer Trust

Actions or conditions that degrade customer confidence in the Company brand, mission, or community standing



Support Business Operational Impact

interruptions resulting from inadequate or failed internal processes, people and systems within business support functions



Core Business Operational Impact

Loss (including risks to financial performance and condition) resulting from inadequate or failed internal processes, people and systems that support core business functions



Strategic

Relating to high-level goals, aligned with & supporting the entity's mission/vision



Internal Compliance

compliance with company policies and procedures, contracts, ethics and business conduct standards and other voluntary corporate standards



Efficiency and Effectiveness

Optimization of Company resources to support the business mission and reward shareholders

* * * * *
* * * * *
* * * * *
* * * * *

In addition, risk considerations that help to define the magnitude and likelihood of losses resulting from unfavorable events or activities are taken into account. Examples:

Operational Disruption

Events such as natural disasters, terrorism, interruption of key suppliers, faulty process changes, system failures, prolonged adverse weather conditions

Impact on Earnings

Competitive pressures, market economic conditions, financial governance, 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, 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 dependability, the ability to revert to manual alternatives, entity's adoption rate of emerging technology

Customer Insights

Concerns expressed by business and technology leadership

Compliance Requirements

The ability of the entity 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 Process

Maturity of processes within the entity, 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, status of remediation efforts

Other Risk Assessments

Results of assessments conducted by internal and external parties that are relevant to the auditable group or component

GFT Insights

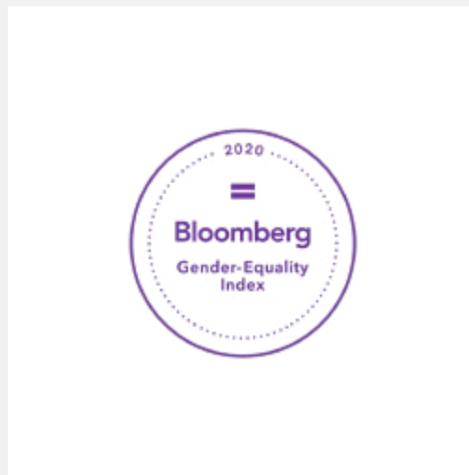
Guidance provided by Global Functional Teams in the form of questionnaires, newsletter, interactive meetings, etc.



Indexes, awards and rankings

As a demonstration of our commitment to doing the right thing and addressing environmental, social, and economic issues, in 2019 we continued to be part of various indexes and were granted multiple awards.

Indexes



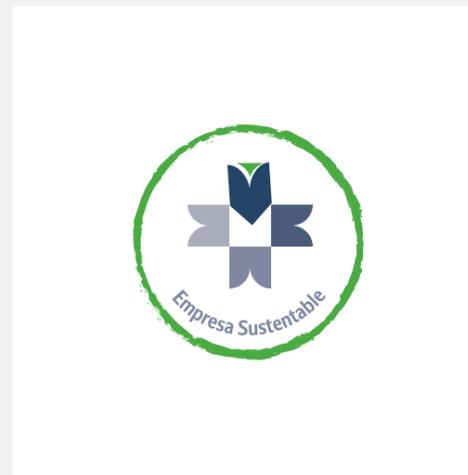
Bloomberg

Member of the Bloomberg Gender Equity Index, for the 3rd consecutive year.



FTSE4Good

Member of FTSE4Good Emerging Index for the 4th consecutive year.



IPC Sustentable

A member of the Mexican Stock Exchange Sustainable IPC for the 8th consecutive year.



Awards Mexico



A



B



C



D



E



F

A Empresa Socialmente Responsable

- Award for Corporate Social Responsibility, granted by Centro Mexicano para la Filantropía, for the 19th consecutive year.

B Merca 2.0

- The 50 Marketing leaders award, granted to Ivonne Montiel, Vice President of Marketing Walmart de México.
- The 50 most influential CMO's for 2020 award, granted to Liliana Iñigo, Vice President of Marketing of Mexico.

C Mundo Ejecutivo

- The 30 best Human Resources directors award, granted to Eduardo de la Garza, Senior Vice President of Human Resources at Walmart de México y Centroamérica.
- The 25 CMOs award, granted to Mauricio Arnábar, CMO of Walmart de México y Centroamérica.
- The 25 best CFOs in Mexico award, granted to Olga González, Senior Vice President and CFO of Walmart de México y Centroamérica.

D Hispanic IT Executive Council (HITEC)

- HITEC 50 award, granted to Alonso Yañez, Systems Vice President of Walmart de México y Centroamérica.

E InformaBTL

- 20 women leaders BTL award, granted to Lilia Jaime, Operations Vice President of Bodega Aurrera, which recognizes women leaders in the industry, their background, and level of importance.

F Tops México

- The best socially responsible companies in Mexico award, a diamond award granted for good practices in social, environmental, and corporate governance matters.

Awards **Mexico**



G **Líderes Mexicanos**

- The 300 most influential leaders in Mexico award, granted to Guilherme Loureiro, Executive President and CEO of Walmart de México y Centroamérica

H **Premio Éñtrale 2019**

- Éñtrale Award 2019, for the creation of inclusive environments.



I **Selecciones, Reader's Digest**

- Trusted Brand Award 2019, granted by Selecciones, Reader's Digest.

J **IT Masters Mag (Netmedia Research)**

- The most innovative companies award, granted by IT Masters Mag (Netmedia Research) magazine.



K **Alto Nivel**

- 31 elite marketers award, granted to Liliana Iñigo, Vice President of Marketing of Walmart de México.

L **2020 Women on Boards y Women Corporate Directors**

- Award for Companies with greater female participation in the Board of Directors, granted by 2020 Women on Boards and Women Corporate Directors.



Our Business

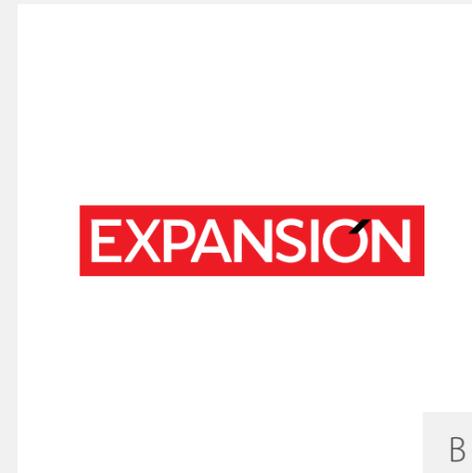
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Rankings Mexico

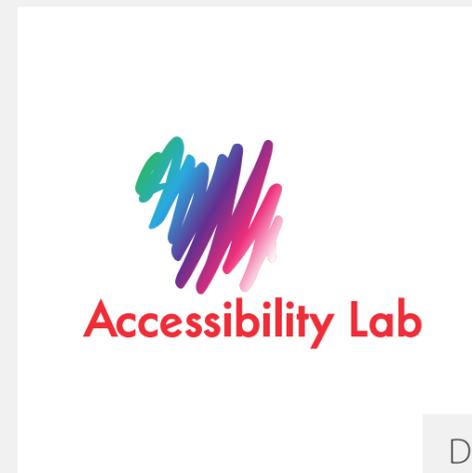
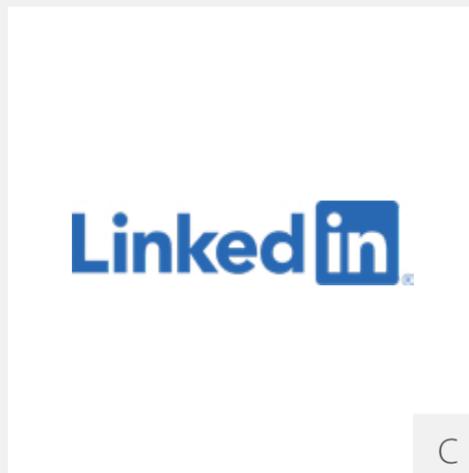


A Merco

- 2nd in the Top 100 Companies with the Best Corporate Reputation in Mexico
- 3rd in the 100 companies with the best Corporate Responsibility and Governance

B Expansión

- 8th in Súper Empresas 2019
- 3rd in The 500 Most Important Companies in Mexico
- Top 10 in the most important companies in the country



C LinkedIn Top Companies

- 2nd in the 25 companies where Mexicans want to work

D Accesibilidad Lab

- 1st in high level of accessibility in the use of web pages



E Mundo Ejecutivo

- 2nd in the country's top 50 employers
- 6th in the 50 most innovative companies

F Nielsen

- 3rd in the Mexican LGBT+ consumer



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Rankings Mexico

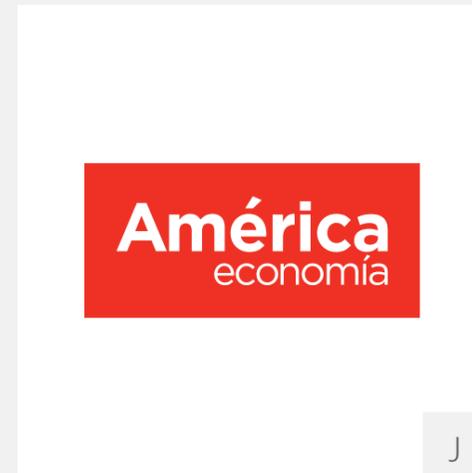


G Merca 2.0

- 6th in the Top 500 Brands in Digital Domain.

H Las Empresas Verdes

- 6th in efficiency and sustainability good practices.



I Capital Finance International

- 1st in best Corporate Responsibility team in Mexico.

J América Economía

- 6th in the Top 500 Companies in Latin America.



K IPSOS

- 8th in the 100 most influential brands



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Awards Central America



A



B

A Ministry of Labor and Centrase

GUATEMALA

- Inclusive Company Recognition, in the category Large Company, granted by the Ministry of Labor and Centrase.

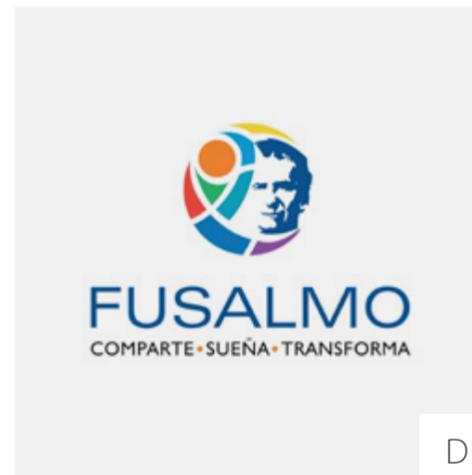
B Fundación Empresarial para la Acción Social, FUNDEMÁS, and Grupo Cerca

EL SALVADOR

- “La Huella RSE” Award for the Women’s Empowerment Program “Mi Primer Empleo en Walmart” granted by Fundación Empresarial para la Acción Social, FUNDEMÁS, and Grupo Cerca



C



D

C Museo de los niños Tin Marín

EL SALVADOR

- Award for 20 years of support to the education of Salvadoran children through the exhibition “El Súper”, granted by Museo de los Niños Tin Marín.

D FUSALMO

EL SALVADOR

- Awarded by FUSALMO for the contribution to the integral education of 5,000 children and young people in El Salvador.



E



F

E El Salvador Food Bank

EL SALVADOR

- Award for the contribution in the construction of facilities of El Salvador Food Bank.

F Honduran Council of Private Enterprise (Cohep), Global Communities, and the Rotary Club of South Tegucigalpa

HONDURAS

- Award “Construyendo un Mundo Mejor”, granted by the Honduran Council of Private Enterprise (Cohep), Global Communities, and the Rotary Club of South Tegucigalpa.

Awards Central America



G



H

G Honduran Foundation for Corporate Social Responsibility (Fundahrse)

HONDURAS

- Seal of Socially Responsible Company for the 12th consecutive year, awarded by the Honduran Foundation for Corporate Social Responsibility FUNDHRSE (Honduras).

H Tecoloco

HONDURAS

- Awarded by Tecoloco as the most appealing company to work in the commerce sector.



I



J

I Nicaraguan Commission to Help Children with Cancer (CONANCA)

NICARAGUA

- Award for the contribution to the 2019 fundraising campaign, for the oncological treatment of children with cancer, granted by the Nicaraguan Commission to Help Children with Cancer.

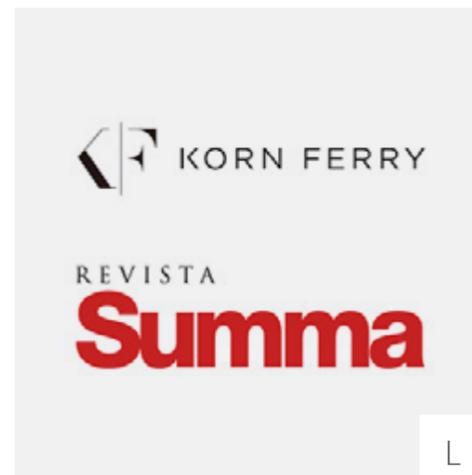
J El Maná Foundation

NICARAGUA

- Award for the collaboration in the First Food Collection Campaign, granted by the El Maná Foundation.
- Recognition for the donation to remodel and establish the headquarters of the Food Bank of Nicaragua Program, granted by the El Maná Foundation.



K



L

K Yo Puedo y Vos Foundation

COSTA RICA

- Awarded by the Yo Puedo y Vos Foundation for commitment shown in the inclusion and insertion processes of people with Down's Syndrome.

L Summa and Korn Ferry

COSTA RICA

- Awarded by Summa and Korn Ferry as a leader in Culture, Learning, and Sustainability in Costa Rica.



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Awards Central America



M



N

M Vida y Éxito Magazine

COSTA RICA

- Award for promoting responsible and sustainable consumption, granted by Vida y Éxito magazine.
- Award for work on issues of inclusion and corporate diversity, granted by Vida y éxito magazine.

N Costa Rica Incluye

COSTA RICA

- Award for Inclusive Contracting, granted by Costa Rica Incluye.
- Community and Inclusion Award, granted by Costa Rica Incluye.



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GRI content index

GRI Standards

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, 2019. GRI content index GRI 102-50, 102-54 "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 Materiality Disclosures Service was performed on the English version of the report."



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GRI Content Index

Contents	Description	Pages	Check	UN Global Compact Principle	SDGs
GRI 101. FOUNDATION 2016					
GRI 102: GENERAL DISCLOSURES 2016					
1. Organizational Profile					
102-1	Name of the organization	Walmart de México y Centroamérica			
102-2	Activities, brands, products, and services	https://www.walmex.mx/quienes-somos/#about-us			
102-3	Activities, brands, products, and services	Ciudad de México, México			
102-4	Location of headquarters	https://www.walmex.mx/quienes-somos/#about-us			
102-5	Location of operations	Pag. 225			
102-6	Ownership and legal form	https://www.walmex.mx/quienes-somos/#about-us			
102-7	Markets served	https://www.walmex.mx/quienes-somos/#about-us Pag. 87			
102-8	Scale of the organization	Pag. 56-81,87			
102-9	Information on employees and other workers	Pag. 19-20,120-141			
102-10	Supply chain	Eventos relevantes			
102-11	Significant changes to the organization and its supply chain	Pag. 103,187-190			
102-12	Precautionary Principle or approach	Pag. 32,142-151			
102-13	External initiatives	https://www.walmartmexico.com/responsabilidad-corporativa/gobierno-corporativo			
2. Strategy					
102-14	Statement from senior decision-maker	Pag. 5-13			7 y 8
102-15	Key impacts, risks, and opportunities	Pag. 23-33,103-105,115,126,187-190			
3. Ethics and Integrity					
102-16	Values, principles, standards, and norms of behavior	https://cdn.corporate.walmart.com/75/10/9ab9790249f9a003a9894835e112/declaracion-de-etica.pdf Pag. 25			
102-17	Mechanisms for advice and concerns about ethics	Pag. 155-176			
4. Governance					
102-18	Governance structure	Pag. 177-186			
102-19	Delegating authority	Pag. 29			
102-20	Executive-level responsibility for economic, environmental, and social topics	Pag. 29,185-186			
102-21	Consulting stakeholders on economic, environmental, and social topics	https://files.walmex.mx/assets/files/Responsabilidad-Social/2018/Walmex_Materiality_2018.pdf			
102-22	Composition of the highest governance body and its committees	Pag. 29,178,185-186			
102-23	Chair of the highest governance body	Pag.178			
102-24	Nominating and selecting the highest governance body	Pag. 178			
102-25	Conflicts of interest	Pag. 225,241			
102-26	Role of highest governance body in setting purpose, values, and strategy	Pag. 179			
102-27	Collective knowledge of highest governance body	Pag. 179			
102-28	Evaluating the highest governance body's performance	Pag. 178			
102-29	Identifying and managing economic, environmental, and social impacts	Pag. 30, 179			
102-30	Effectiveness of risk management processes	Pag. 30, 187-190			
102-31	Review of economic, environmental, and social topics	Pag. 23-33			
102-32	Highest governance body's role in sustainability reporting	Corporate Responsibility Committee			8, 5, 3. 12 y 13
102-33	Communicating critical concerns	https://www.walmex.mx/en/corporate-governance/board-of-directors-en/			

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102-34	Nature and total number of critical concerns	https://www.walmex.mx/en/corporate-governance/board-of-directors-en/
102-35	Remuneration policies	Pag. 242 Compensations for top officers
102-36	Process for determining remuneration	Pag. 185
102-37	Stakeholders' involvement in remuneration	https://www.walmex.mx/en/corporate-governance/board-of-directors-en/
102-38	Annual total compensation ratio	https://www.walmex.mx/en/corporate-governance/board-of-directors-en/
102-39	Percentage increase in annual total compensation ratio	Compliance with labor law.
5. Stakeholder engagement		
102-40	List of stakeholder groups	Pag. 24
102-41	Collective bargaining agreements	Pag. 70
102-42	Identifying and selecting stakeholders	Pag. 24
102-43	Approach to stakeholder engagement	Pag. 24
102-44	Key topics and concerns raised"	01_Materiality_Analysis.pdf
6. Reporting practice		
102-45	Entities included in the consolidated financial statements	Pag. 92-93
102-46	Defining report content and topic Boundaries	Pag. 27-28
102-47	List of material topics	Pag. 27-28
102-48	Restatements of information	Pag. 92-93
102-49	Changes in reporting	No changes
102-50	Reporting period	Pag. 199
102-51	Date of most recent report	The last report had information about 2018, and was published in 2019.
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, 2019.
102-53	Contact point for questions regarding the report	Pag. 261
102-54	Claims of reporting in accordance with the GRI Standards	Pag. 199
102-55	GRI content index	Pag. 200
102-56	External assurance	Pag. 251
GRI 201: Economic Performance 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 83-90
103-2	The management approach and its components	Pag. 83-90
103-3	Evaluation of the management approach	Pag. 83-90
201-1	Direct economic value generated and distributed	Pag. 83
201-2	Financial implications and other risks and opportunities due to climate change	Pag. 103-105
201-3	Defined benefit plan obligations and other retirement plans	Pag. 71-74
201-4	Financial assistance received from government	Not available
GRI 202: Market Presence 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 55
103-2	The management approach and its components	Pag. 55
103-3	Evaluation of the management approach	Pag. 55
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Pag. 70,81 Our general wage band is 15% higher than the average minimum wage in Mexico.
202-2	Proportion of senior management hired from the local community	In Mexico, 98.8% of top managers are Mexicans, while 99.97% in Central America are Central Americans.

GRI 203: Indirect Economic Impacts 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 23-25
103-2	The management approach and its components	Pag. 23-25
103-3	Evaluation of the management approach	Pag. 23-25
203-1	Infrastructure investments and services supported	Pag. 23-25
203-2	Significant indirect economic impacts	Pag. 23-25, 58, 74
GRI 204: Procurement Practices 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 120-141
103-2	The management approach and its components	Pag. 120-141
103-3	Evaluation of the management approach	Pag. 120-141
204-1	Proportion of spending on local suppliers	Pag. 120-141 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.
GRI 205: Anti-corruption 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 162
103-2	The management approach and its components	Pag. 162
103-3	Evaluation of the management approach	Pag. 162
205-1	Operations assessed for risks related to corruption	Pag. 162
205-2	Communication and training about anti-corruption policies and procedures	Pag. 162
205-3	Confirmed incidents of corruption and actions taken	Pag. 243 Report of Independent Auditors, Note 14, paragraph C Legal proceedings.
GRI 206: Anti-competitive Behavior 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 176
103-2	The management approach and its components	Pag. 176
103-3	Evaluation of the management approach	Pag. 176
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Pag. 176
GRI 301: Materials 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 106-109
103-2	The management approach and its components	Pag. 106-109
103-3	Evaluation of the management approach	Pag. 106-109

Principle 10

2, 6 y 12

		Total materials use (kg)		Mexico	Central America
		Non-renewable (kg)			
		Diesel	4,928,419	1,059,033	
		LP Gas	30,639,289	2,084,487	
		Chemicals (litres)	3,945,423	529,182	
		Plastic (bags, shrink wrap, sacks, canvasses, boxes, trays, etc)	415,929,789	3,309,677	
		Renewable (kg)			
		Bond paper	7,617,162	235,223	
		Toilet paper	1,802,000	444,958	
		Wood	272,644		
		Paperboard	17,471,780		
301-1	Materials used by weight or volume				
301-2	Recycled input materials used	Pag. 111			
301-3	Reclaimed products and their packaging materials	Pag. 109			
GRI 302: Energy 2016					
GRI 103: Management Approach 2016					
103-1	Explanation of the material topic and its Boundary	Pag. 99-100			
103-2	The management approach and its components	Pag. 99-100			7 y 9
103-3	Evaluation of the management approach	Pag. 99-100			
302-1	Energy consumption within the organization	Pag. 99-100 Electricity consumption information is taken from the monthly reports sent by the Power Commission of the region and the renewable energy concessionaires, while that of fuel consumption is taken from the amounts invoiced that are charged through SAP and divided among the current monthly price of fuel in each state. The conversion ratio from kWh to GJ is 0.0036 GJ/kWh.			
302-2	Energy consumption outside of the organization	Pag. 99-100			
302-3	Energy intensity	Pag. 99-100			
302-4	Reduction of energy consumption	Pag. 99-100 Electrical energy is included. Electricity consumption information is taken from the monthly reports sent by the Power Commission of the region and the renewable energy concessionaires, while that of fuel consumption is taken from the amounts invoiced that are charged through SAP and divided among the current monthly price of fuel in each state. The conversion ratio from kWh to GJ is 0.0036 GJ/kWh.			
302-5	Reductions in energy requirements of products and services	Not applicable, because the company does not manufacture products.			
GRI 303: Water 2016					
GRI 103: Management Approach 2016					
103-1	Explanation of the material topic and its Boundary	Pag. 114-116			
103-2	The management approach and its components	Pag. 114-116			Principle 8 y 9
103-3	Evaluation of the management approach	Pag. 114-116			
303-1	Water withdrawal by source	Pag. 114 The methodology used to calculate water consumption is based on a specific consumption factor per format, which considers the actual water consumption (in m ³) in the stores and the surface 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 patterns. 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.			

303-2	Water sources significantly affected by withdrawal of water	In accordance to applicable criteria, our regional consumption is not significant, and consequently, water sources are not impacted from catchment procedures.		
303-3	Water recycled and reused	Pag. 114		
303-4	Water discharge	Pag. 114		
303-5	Water consumption	Pag. 114		
GRI 304: Biodiversity 2016				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	Pag. 172		
103-2	The management approach and its components	Pag. 172		
103-3	Evaluation of the management approach	Pag. 172		Principle 8 y 9
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Pag. 172		
		Pag. 172		
		a) Projects in natural protected areas: No projects were implemented in natural protected areas.		
		b) Projects with protected species		
		• Impacted area Bodega Cabo Miramar (0.012763 km ²)		
		- Impacts on site preparation and construction stage. No significant adverse impacts were estimated, since according to the General Law of Ecological Equilibrium and Environmental Protection, when the surface is within the Ordinance Programs no Unified Technical Report from SEMARNAT is required. However, during the execution of the project, outbreaks of 14 protected biznaga individuals were found, which were preserved on the property.		
304-2	Significant impacts of activities, products, and services on biodiversity	• Impacted area Mi Bodega Tanquian de Escobedo (0.004900 km ²)		
		- Impacts on site preparation and construction stage. No significantly adverse impacts were estimated. We found 9 individuals of white cedar that are part of the project.		
		c) Projects with change of forest land use:		
		• Impacted surface Bodega Las Palmas (0.013013 km ²)		
		- The surface for land use change comprises only vegetation composed of crasicaule scrub, which shows signs of disturbance and is used as a clandestine dumping ground for debris and solid waste, making it a risk or focal point for infection of the surrounding neighborhoods and communities.		
		As part of its environmental preservation and care policies, the company is considering the construction, installation, and operation of a wastewater treatment plant that will treat 100% of the facility's wastewater. The effluent will be used to irrigate green areas and to feed the store's restrooms, thus contributing to optimize the use of this natural resource. In this way, discharges to the municipal drainage collector will only be surplus.		
304-3	Habitats protected or restored	Not available		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not available		
GRI 305: Emissions 2016				
GRI 103: Management Approach 2016				
103-1	Explanation of the material topic and its Boundary	Pag. 94-96		
103-2	The management approach and its components	Pag. 94-96		
103-3	Evaluation of the management approach	Pag. 94-96		7, 9 y 13
305-1	Direct (Scope 1) GHG emissions	Pag. 98		
305-2	Energy indirect (Scope 2) GHG emissions	Pag. 98		
305-3	Other indirect (Scope 3) GHG emissions	Pag. 98		
		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		
305-4	GHG emissions intensity	Pag. 97		
305-5	Reduction of GHG emissions	Pag. 96		
305-6	Emissions of ozone-depleting substances (ODS)			
		R-22 coolant (kg)	Mexico	Central America
			6,378	260.36
				Total
				6638.36

			Mexico	Central America	Total
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	NOx	24,774.2	17.137	24,791.3
		SOx	647.7	1.128	648.8
		PM particles	1,415.5	0.355	1,415.8
		COP	1.97	0	2.0
		CAP	0.30	0	0.30
		VOC	0.9	0	0.9

GRI 306: Effluents and Waste 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 106-108			
103-2	The management approach and its components	Pag. 106-108			
103-3	Evaluation of the management approach	Pag. 106-108			
306-1	Water discharge by quality and destination	Pag. 114			
306-2	Waste by type and disposal method	Pag. 108			Principle 8 y 9 2, 6, 14 y 15
306-3	Significant spills	There were no significant spills to report to authorities.			
306-4	Transport of hazardous waste	907 tons			
306-5	Water bodies affected by water discharges and/or runoff	In Mexico there was no significant affectation due to spills or runoff due to spills.			

GRI 307: Environmental compliance 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 172			
103-2	The management approach and its components	Pag. 172			
103-3	Evaluation of the management approach	Pag. 172			
307-1	Non-compliance with environmental laws and regulations	Pag. 172			

GRI 308: Supplier Environmental Assessment 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 117, 121-130			
103-2	The management approach and its components	Pag. 117, 121-130			
103-3	Evaluation of the management approach	Pag. 117, 121-130			
308-1	New suppliers that were screened using environmental criteria	Pag. 117, 121-130			
308-2	Negative environmental impacts in the supply chain and actions taken	Pag. 117, 121-130			

GRI 401: Employment 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 57			
103-2	The management approach and its components	Pag. 57, 176			
			Mexico	Central America	Total
		Total new labor lawsuits	8,474	58	8,532
		From suppliers	1,103	2	1,105
		From associates	7,371	56	7,427
		Total lawsuits settled in 2019 and previous years	7,931	61	7,992
From suppliers	650	1	651		
From associates	7,281	60	7,341		
103-3	Evaluation of the management approach	Pag. 57, 176			
401-1	New employee hires and employee turnover	Pag. 58-62			

401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pag. 72			
401-3	Parental leave	Pag. 74 All of our associates have the right to parental leave of absence, and 100% of associates in Mexico and 82% in Central America that used this right went back to work afterwards.			
GRI 402: Labor/Management Relations 2016					
GRI 103: Management Approach 2016					
103-1	Explanation of the material topic and its Boundary	Pag. 176			
103-2	The management approach and its components	Pag. 176			
103-3	Evaluation of the management approach	Pag. 176			
402-1	Minimum notice periods regarding operational changes	Compliance with labor law.			
GRI 403: Occupational Health and Safety 2018					
GRI 103: Management Approach 2016					
103-1	Explanation of the material topic and its Boundary	Pag. 159-160			
103-2	The management approach and its components	Pag. 159-160			
103-3	Evaluation of the management approach	Pag. 159-160			
403-1	Workers representation in formal joint management-worker health and safety committees	Pag. 159-161	Mexico	Central America	
		5% associates represented in H&S committees. 5% associates represented in H&S commissions.		6.44% associates represented in H&S committees. 6.44% associates represented in H&S commissions.	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Pag. 159-161			
403-3	Workers with high incidence or high risk of diseases related to their occupation	go to GRI 403-9 to see answer			
403-4	Health and safety topics covered in formal agreements with trade unions	Pag. 159-161 Compliance with labor law.			
403-5	Training of workers in occupational health and safety	Pag. 160			
403-6	Promotion of the health of the worker	Pag. 71-74			3
403-7	Prevention and mitigation of occupational health and safety impacts linked to commercial relations	Pag. 159-161			
403-8	Workers covered by a health and safety management system	Pag. 159-161			
403-9	Work-related Injuries	In Mexico, the three most accident-prone jobs are as follows: "General merchandise salesperson Checkout associate Asset protection assistant" The analysis is broken down by type of accident, region of the body affected, and department. 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.			
403-10	Work-Related Poor Health	Confidential information			
GRI 404: Training and Education 2016					
GRI 103: Management Approach 2016					
103-1	Explanation of the material topic and its Boundary	Pag. 63-70			
103-2	The management approach and its components	Pag. 63-70			
103-3	Evaluation of the management approach	Pag. 63-70			
404-1	Average hours of training per year per employee	Pag. 63-70 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.			4
404-2	Programs for upgrading employee skills and transition assistance programs	Pag. 63-70			
404-3	Percentage of employees receiving regular performance and career development reviews	All of our associates are periodically assessed on their performance. In 2019, 115,621 associates were assessed.			

GRI 405: Diversity and Equal Opportunity 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 75-81					
103-2	The management approach and its components	Pag. 75-81					
103-3	Evaluation of the management approach	Pag. 75-81				5 y 10	
		Associates by age	Mexico	Central America	Total		Percentage
		<25	53,541	11,288	64,829		27%
		26-30	33,632	10,021	43,653		18%
		31-35	25,979	7,131	33,110		14%
	36-40	22,079	4,592	26,671	11%		
	>41	64,976	5,733	70,709	30%		
405-1	Diversity of governance bodies and employees	Pag. 29,75-81,178,185-186					
405-2	Ratio of basic salary and remuneration of women to men	Pag. 70, 81 This disclosure was verified, but decided not to include it in this report.					

GRI 406: Non-discrimination 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 75-81				
103-2	The management approach and its components	Pag. 75-81				
103-3	Evaluation of the management approach	Pag. 75-81			Principle 3 y 6	5 y 10
406-1	Incidents of discrimination and corrective actions taken	In Mexico, there was a 14% increase in incident reports to the ethics line.				

GRI 407: Freedom of Association and Collective Bargaining 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 70, 121-130				5, 8 y 10
103-2	The management approach and its components	Pag. 70, 121-130				
103-3	Evaluation of the management approach	Pag. 70, 121-130				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Pag. 70, 121-130				

GRI 408: Child Labor 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 121-130				
103-2	The management approach and its components	Pag. 121-130				
103-3	Evaluation of the management approach	Pag. 121-130			Principle 5	5 y 10
408-1	Operations and suppliers at significant risk for incidents of child labor	Pag. 121-130				

GRI 409: Forced of Compulsory Labor 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 121-130				
103-2	The management approach and its components	Pag. 121-130				
103-3	Evaluation of the management approach	Pag. 121-130			Principle 4	5 y 10
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Pag. 121-130				

GRI 410: Security Practices 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 157				
103-2	The management approach and its components	Pag. 157				
103-3	Evaluation of the management approach	Pag. 157				
410-1	Security personnel trained in human rights policies or procedures	Pag. 157				



GRI 411: Rights of indigenous peoples 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	https://informes.walmart.com/2018/documents/en/WMI19_ENG_Be_the_most_trusted_omnichannel_chain.pdf Pag. 182
103-2	The management approach and its components	https://informes.walmart.com/2018/documents/en/WMI19_ENG_Be_the_most_trusted_omnichannel_chain.pdf Pag. 182
103-3	Evaluation of the management approach	https://informes.walmart.com/2018/documents/en/WMI19_ENG_Be_the_most_trusted_omnichannel_chain.pdf Pag. 182
411-1	Incidents of violations involving rights of indigenous peoples	Zero
GRI 412: Human Rights Assessment 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 121-130, 157
103-2	The management approach and its components	Pag. 121-130, 157
103-3	Evaluation of the management approach	Pag. 121-130, 157
412-1	Operations that have been subject to human rights reviews or impact assessments	Pag. 121-130, 157
412-2	Employee training on human rights policies or procedures	Pag. 157
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Pag. 121-130, 157
		Principle 1 y 2
GRI 413: Local Communities 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 142-151
103-2	The management approach and its components	Pag. 142-151
103-3	Evaluation of the management approach	Pag. 142-151
413-1	Operations with local community engagement, impact assessments, and development programs	Pag. 142-151 All of our operations include community development programs.
413-2	Operations with significant actual and potential negative impacts on local communities	In Mexico, there were 403 claims regarding social impact, addressed by the Community Support area.
		1, 2, 8 y 17
GRI 414: Supplier Social Assessment 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 121-130
103-2	The management approach and its components	Pag. 121-130
103-3	Evaluation of the management approach	Pag. 121-130
414-1	New suppliers that were screened using social criteria	Pag. 121-130
414-2	Negative social impacts in the supply chain and actions taken	Pag. 121-130 Political contributions are totally prohibited by Walmart's Anti-corruption Policy.
GRI 415: Public Policy 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	http://generadoresstudio.com/proyectos/walmart2020/descargas/rs/eng/09_Global_Anticorruption_Policy.pdf
103-2	The management approach and its components	http://generadoresstudio.com/proyectos/walmart2020/descargas/rs/eng/09_Global_Anticorruption_Policy.pdf
103-3	Evaluation of the management approach	http://generadoresstudio.com/proyectos/walmart2020/descargas/rs/eng/09_Global_Anticorruption_Policy.pdf
415-1	Political contributions	Political contributions are totally prohibited by Walmart's Anti-corruption Policy.
GRI 416: Customer Health and Safety 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pag. 163-170, 175
103-2	The management approach and its components	Pag. 163-170, 175
103-3	Evaluation of the management approach	Pag. 163-170, 175
416-1	Assessment of the health and safety impacts of product and service categories	Pag. 163-167

Incidents from health and consumer protection authorities	Mexico	Central America	Total
Total	930	17	947
Resulting in fines and penalties	300		300
Warnings	4		4
Visits from health and consumer protection authorities	3,823	39	3862
Recalls	36	6	42

GRI 417: Marketing and Labeling 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 48			
103-2	The management approach and its components	Pag. 48			
103-3	Evaluation of the management approach	Pag. 48			
417-1	Requirements for product and service information and labeling	Pag. 49			
417-2	Incidents of non-compliance concerning product and service information and labeling	Pag. 49			
417-3	Incidents of non-compliance concerning marketing communications	Pag. 50			

GRI 418: Customer Privacy 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 171			
103-2	The management approach and its components	Pag. 171			
103-3	Evaluation of the management approach	Pag. 171			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Pag. 171			

GRI 419: Socioeconomic Compliance 2016

GRI 103: Management Approach 2016

103-1	Explanation of the material topic and its Boundary	Pag. 49			
103-2	The management approach and its components	Pag. 49			
103-3	Evaluation of the management approach	Pag. 49			
419-1	Non-compliance with laws and regulations in the social and economic area	Pag. 49			

Walmart indicator. This has been included as additional information and was not identified as material.

GRI 103: Management Approach 2016

In Mexico, there was a 14% increase in incident reports to the Ethics Hotline. In case of confirming an incident, the measures to be taken can range from a disciplinary sanction to the termination of the labor relationship.

Recycled cardboard
Recycled plastic wrap

Management's Discussion and Analysis



2019 was a challenging year. We dealt with adverse and uncertain socio-economic conditions across the region, nevertheless, we were able to deliver and create shared value for our customers, associates, shareholders, communities and suppliers.

This past year has been a year of transformation and investment. We are very proud of our associate's hard work and progress. Executing our strategic priorities and making the right investments, we are building a stronger and even more customer-centric business that is positioned for sustainable long-term value creation.

Overall Business information

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

As of December 31, 2019, we operate 3,407 units, throughout 6 countries (Costa Rica, Guatemala, Honduras, El Salvador, Mexico, and Nicaragua), including self-service stores and membership clubs.

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

Operations results

Note: Figures referred to Central America are on a constant currency basis.

For the full year 2019, Mexico grew total revenue by 5.7% and Central America by 3.4%, which resulted in 4.9% consolidated revenue growth.

Same-store sales continue to be our main growth driver. For the full year, Mexico delivered an 11.1% two-year stack growth and Central America 2.5%.

In Mexico, all regions and formats delivered a positive performance. The North and South regions had the highest same-store sales growth, followed by the Center and Metro regions, which delivered softer growth due to the competitive dynamics and macro conditions in those regions.

Performance by format

Sam's has been the format with the highest same-store sales growth for the last 4 years. In Sam's we are focused on improving our members experience, so during the year we had another edition of the Socio Fest event, where we offered our members high quality merchandise with great value, especially on Fresh items. During the event, we also reinforced our value proposition for Plus members by offering exclusive items and prices, which resulted on the sign-up of thousands of new members.

We are very pleased with the progress we've made with Walmart in terms of omnichannel. We have taken their leadership in seasonal events to the online world, and successfully executed events such as El Fin Irresistible. We also leveraged our stores network to serve customers in a seamless way and expanded the on-demand service to about 60% of our stores, covering 59 cities. We will continue to deepen our digital relationship with our customers to strengthen their loyalty to Walmart even further.



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

Financial and Corporate Responsibility Report 2019



At Superama, during the holiday season we were able to surprise our customers with special products and exhibitions, primarily focused on Fresh categories. We are also enabling our stores with technology, such as electronic pricing tags and self checkouts, to improve the shopping experience and productivity. Another example of progress in technology is the launch of the new Superama App, which improved conversion and our Net Promoter Score.

In Bodega, we are moving forward in terms of store expansion and omnichannel. In the last quarter, we opened 69 new stores and closed the year with 2,035 stores, reinforcing Bodega's position as the leading retailer in Mexico. We also stepped up our efforts in omnichannel, we opened more than 300 kiosks during the year, taking our omnichannel offer to the most price sensitive families, with great results. Among our formats, Bodega suffered the greatest impact from the change in disbursement of government support programs, especially in the Center and Metro regions. The team is focused on reinforcing even further our price positioning and on operating more efficiently to keep the productivity loop turning.

Performance by merchandise division and country

Food and Consumables division was our main growth driver, followed by General Merchandise and Apparel. Apparel sales were impacted by operational difficulties that stemmed from the issues we experienced with the merchandise imports at the beginning of the year. This has taken us to accelerate the execution of markdowns in order to maintain healthy inventories and resume growth.

Our merchandising team is already capitalizing the benefits of the adoption of an end-to-end and more customer-centric way of working. We coordinate a Walmex exclusive omnichannel event called El Fin Irresistible, which included one more day of sales, in record time. During the event, our customers found amazing merchandise at unbeatable prices across all our formats. We drove double-digit sales growth, despite a challenging base, and eCommerce sales represented 8% of total sales during the event.

The team is also doing a great effort to improve even further our pricing position. During the year, we widened our price gap by 20 basis points to support our most price sensitive customers in these challenging economic times.



Our Business

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In Central America, Nicaragua delivered the highest same-store sales growth, followed by Honduras, El Salvador and Guatemala. Sales performance in Costa Rica suffered the greatest impact from the unfavorable macroeconomic dynamics in the country.

We are committed to continue investing in Central America, not just to reinforce our prices to better serve our customers, but also to enable key assets in the region to continue to win in the future.

Omnichannel

We know the world is changing, customers are shopping in different ways and we want to be there for them and meet their demands.

We believe that in order to scale our omnichannel business and improve profitability, we need to leverage our strengths: our stores, our merchant DNA and our service culture. In line with this, we have been working to bring the best of the online and offline worlds to better serve our customers.

We are offering same-day delivery of thousands of everyday needs and about 12,000 general merchandise items through our on-demand service in over 256 Walmart and Superama stores.

We are expanding our reach to new customers through an extended catalogue, composed by a recently reinforced 1P operation plus a marketplace, where we have enrolled almost 1,300 sellers. Our customers can find this extended offering on our online platforms and across the 894 kiosks operating in our Bodega and Walmart stores.

We truly believe our physical footprint is a key competitive advantage, and to benefit from it, we have now 1,115 pickup locations operating across our formats, where customers can pick up their Grocery and General Merchandise orders with no additional cost.

¹ eCommerce GMV's growth mentioned above excludes call center sales.

During the year, eCommerce sales grew 52%, accelerating from the 40% growth achieved in 2018, and GMV grew 61%¹, driven by Grocery. eCommerce now represents 1.5% of total Mexico sales and contributed 50 basis points to total sales growth.

We still have a lot of work to do, but we are pleased that our results demonstrated solid progress against our plan.

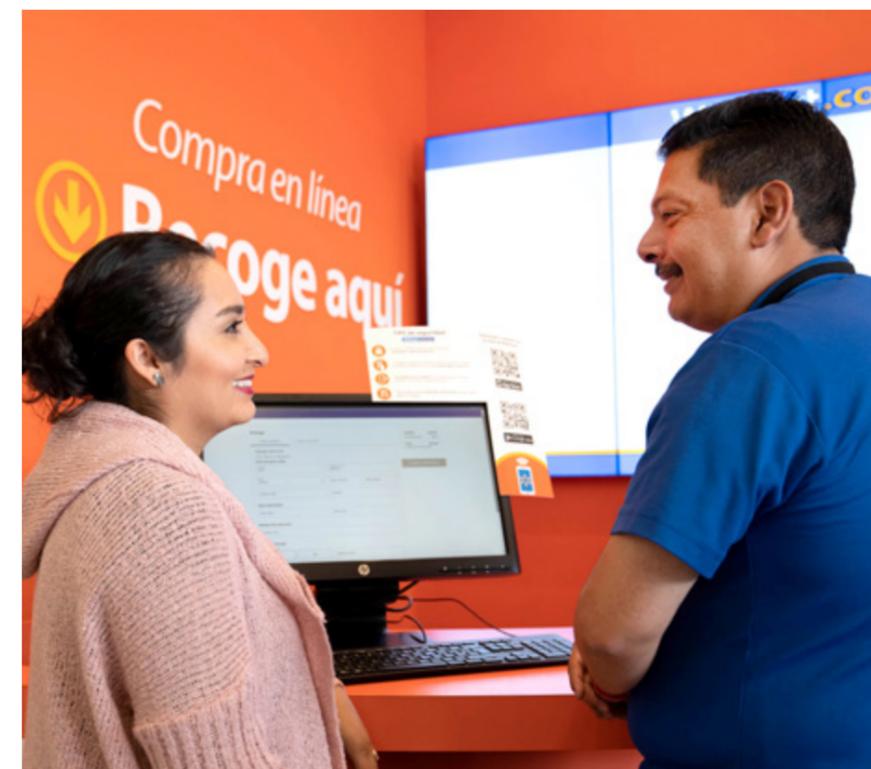
Performance vs. the market

In 2019, we outpaced the self-service and clubs market measured by ANTAD by 90 basis points. This marks five years growing faster than the competition, on every consecutive quarter. We have been able to capitalize on market situations and more importantly, to keep the share gains by winning our customers' loyalty with a consistent delivery of our value proposition.

New stores

During the last 2019 quarter, we opened 81 new stores: 72 in Mexico and 9 in Central America, this compares to 57 stores opened in 4Q18. We continue to invest in the region despite an uncertain environment. In the year, we opened 161 stores, which represent the largest number of new store openings in more than 5 years.

In 2019, new stores contributed 1.7% to total growth, slightly below the guidance, as 50% of the new stores opened during the fourth quarter and sales contribution from store openings in Central America was lower, given the market situation we are facing.





Logistics network redesign

This has been a year of investment, we opened two new distribution centers dedicated to eCommerce in Guadalajara and Monterrey, and we expanded Coyoil distribution center in Costa Rica. With the expansion, this distribution center has become the greatest one in Central America.

Currently, three more distribution centers are under construction. One dedicated to eCommerce in Mexico City and two omnichannel DC in Mérida and Chihuahua. We expect to open the three of them in the first half of 2020.

Environmental, Social and Corporate Government topics

Regarding environmental, social and corporate government topics, in October, we launched the Gigaton Project with the goal of avoiding the emission of 1 billion tons of greenhouse effect gases in our value chain by 2030. Our suppliers are key for the success of this initiative; all of them are invited to be part of this effort.

We also launched the second edition of Reciclamanía, an event focused on creating a culture of recycling among our customers.

We are working to make trust a competitive advantage: building trust for low prices, with our associates and for the way we engage with the communities we serve. We believe leading on social and environmental issues is good for our business, for our shareholders, and for the countries in which we operate, and we will continue to focus on these issues going forward.

We are building the right foundations to better serve our customers and to strengthen our business.

We know in the upcoming year, we will face ongoing economic challenges. We will remain focused on our strategic priorities, especially on growth and productivity, while getting all the ingredients in place for a stronger omnichannel business.

Full year results

Note: In order to provide a better view of the underlying performance of our business, we are including a retroactive estimation of the effect the adoption of the IFRS 16 would have had on the 2018 financial results. These pro-forma 2018 figures are not audited, but are based on the 2018 audited reported results and adjusted with our best estimates to show the effects related to the IFRS 16 adoption. Please note that all the references regarding 2018 results are based on the 2018 pro-forma figures.

Mexico

We are facing a soft growth environment and more challenging competition; nevertheless, we have been able to generate savings and apply them to improve our price position and maintain healthy inventory levels, while outpacing the market and growing operating income faster than revenues.

Sales growth in 2019 was 5.7%. During the year, SG&A grew 3.5%, 220 basis points below total revenue growth, reflecting our productivity efforts and expense management. Gross profit grew 5.3% and gross profit margin decreased by 10 basis points to 22.6%. As a result, operating income increased 8.3% and 8.6% in EBITDA, resulting in an 11.4% EBITDA margin.



Central America

Note: Figures referred to Central America are on a constant currency basis.

Total revenues increased 3.4%. Gross profit margin remained stable at 24.2% as the team was able to reinforce our price leadership without reducing profitability.

On November, we reached a new agreement between our subsidiaries in Central America and Walmart Inc., for the payment of intellectual property royalties. This agreement is effective beginning in 2019, but the charge was registered in the fourth quarter, affecting last quarter expenses in 1.6 billion pesos.

However, the underlying performance of the business remains healthy. Excluding this impact, SG&A would've grown 2.6%, achieving 10 basis points leverage as a result of a higher operational discipline performed by the region.

Operating income represented 5.8% of revenue, without royalties' effect would've been 7.1%, a 20 basis points increase and a 7.1% growth compared to 2018. EBITDA margin was 9.1% of revenue, without royalties' effect would've been 10.5%, a 50 basis points

increase and a 7.8% growth compared to 2018. Starting 2020, royalties will be registered as expenses in a quarterly basis.

Consolidated

In both regions, the team made good progress on cost controls and we were able to maintain expense growth below total revenues growth. This allowed us to invest in prices to keep winning our customers' loyalty and to further improve our competitive position.

Consolidated revenues increased 4.9%. Gross profit increased 4.5% with a 22.9% margin, we keep building on our financial strategy. Without royalties' effect in Central America, we leveraged SG&A by 20 basis points in order to made strategic investments in price, salaries, logistics, eCommerce and new stores. Operating income represented an 8.3% of revenue, excluding royalties' effect, it would've been 8.6%, a 20 basis points increase and a 7.8% growth compared to 2018. EBITDA reached 11.0% of revenue, excluding royalties' effect, it would've been 11.2%, with a 30 basis points increase and an 8.1% growth compared to 2018.

Financial situation, liquidity and capital resources

Capital allocation is aligned with the long-term strategy. During 2019, we made strategic investments to better position our business, while continuing to generate returns.

In line with the guidance we gave at the beginning of the year, we invested 20.6 billion pesos, 14.7% more than in 2018, 40% of the investment was allocated to the remodeling and maintenance of existing stores, 28% to the opening of new stores, 20% to the logistics network redesign, 11% to technology and eCommerce and 1% to Fresh upstreaming projects.

In addition, we are reducing our base expenses by implementing technology to operate more efficiently and becoming more productive in our remodels and new stores investments, thereby freeing capital to build strong foundations.

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 closed the year with a cash position of 30.9 billion pesos, 20.5% less than last year, given that the dividend paid in 2019 was 41% larger than the one paid in 2018.

Inventories increased 6.6%, primarily impacted by the opening of 81 new stores during the fourth quarter, 24 new stores more than in 4Q18. Cash generation increased 5.4%, ahead of total revenues growth, reaching 63.7 billion pesos. After investing 20.6 billion pesos in higher return projects, we returned 36.0 billion pesos to our shareholders in the form of dividends. We are committed to delivering consistent returns to shareholders, while investing for the future.

On February 13th, the Walmex Board of Directors agreed to recommend a proposal to shareholders for total dividends payment of 1.79 pesos per share, which is made of one ordinary dividend of 0.87 pesos per share and one extraordinary dividend of 0.92 pesos per share.

We expect the annual shareholders meeting to be held on March 24, 2020 to vote on the proposal.

The proposed schedule for dividend payment is as follows: Ordinary dividends will be paid in three installments: the first one of 0.27 pesos per share in June and the second and third ones of 0.30 pesos per share in November and December 2020. Extraordinary dividends will be paid on two installments: the first one of 0.45 pesos per share on November 2020, and the second one of 0.47 pesos per share on December 2020.

To summarize the highlights of 2019:

- Despite a challenging environment, our operational standards and clear value proposition have allowed us to continue to grow ahead of the market
- We are driving profitability improvements while transforming our company to position it for the future
- We remain confident that the investments we are making in our business are key to balance short and long-term results
- We know 2020 will present new challenges, and all of us at Walmex are committed to delivering for our customers and shareholders. Throughout the years, we have built a resilient business, capable of adapting to changing economic conditions



Report by the **Audit 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, 2019.

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, as well as the reports presented by the principal officers of the Company as requested by us, such as the following:

I. Corporate Practices, we were kept informed by the management of the Company, with no observations made, on the following:

- a)** Evaluation processes for relevant officers.
- b)** 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.

- c)** The compensation plan update for 2019, which contemplates the Society new stock plan for subsidiaries employees and its related parties.
- d)** 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.
- e)** During fiscal year 2019, the Company's management told us they were informed by their majority shareholder, Walmart Inc., that the latter had reached a global agreement with the U.S. Department of Justice and the U.S. Securities and Exchange Commission, ending a seven-year investigation into the Foreign Corrupt Practices Act, as explained in detail in note 14(c) to the Company's financial statements and in the note to its shareholders and to the public on June 20th, 2019.

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.
- b)** As well of the primary aspects requiring improvement and follow-up on the preventive and corrective measures implemented by Management. Therefore, it is our opinion that the effectiveness required for the Company to function with an appropriate level of control is being accomplished.
- c)** We evaluated the performance of the independent auditors, who are responsible for issuing an opinion on the reasonability of the Company financial statements and their adherence to International Financial Information Standards. With regards to the same, we consider that the partners at Mancera, S.C. (a member of EY Global) comply with all necessary requirements regarding the professional

quality. Additionally, and prior to starting the services, we evaluated the independence requirements of intellectual and economic action necessary, so we recommended the appointment to examine and issue the report on the financial statements of the Company.

- d)** We were informed of the additional or complementary services that the above-mentioned auditors provided to the Company in 2019, considering that the provision of these services did not detract from their independence and were not substantial.
- e)** Se revisaron los estados financieros trimestrales y anual de la Sociedad y recomendamos, en su momento, la aprobación de los mismos por parte del Consejo de Administración, para su posterior publicación.
- f)** Fuimos informados sobre las políticas contables aprobadas y aplicadas durante el ejercicio 2019 y sus modificaciones, destacando la información relacionada con los impactos estimados a los estados financieros por la aplicación, a partir del 1º de enero de 2019, de la norma "IFRS 16" Arrendamientos.
- g)** 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.
- h)** Follow-up was also given to all agreements made by shareholders and members of the board of directors for the Company.
- i)** Information was provided on the progress made regarding investment plans and the financial impact of the energy contracts currently entered into by the Company.

- j)** 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.
- k)** We were informed about the progress regarding cyber security.
- l)** 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, 2019, to the General Annual Shareholders Assembly for their approval.

Sincerely,



Ing. Adolfo Cerezo.

Chairman of the Audit and Corporate Practices Committees.

Mexico City, February 13, 2020.

WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Financial Statements

Years Ended December 31, 2019 and 2018

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Financial and Corporate
Responsibility Report 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 2019, 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 2019 and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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.

Leases

Why the matter was determined to be a key audit matter

We have considered the accounting for real estate leases as a key audit matter, since some of the related agreements include specific or complex terms that have a significant impact on the assessment performed by the Company’s management for its initial recognition and subsequent measurement in the consolidated financial statements, in accordance with IFRS 16 “Leases” (effective as of 1 January 2019).

The policies and criteria applied by the Company’s management in its evaluation, initial recognition and subsequent measurement of its lease agreements, including real estate leases, are described in Note 3k. to the consolidated financial statements. The effects of the adoption of IFRS 16 are described in Note 2 a).

How we responded to this key audit matter

We evaluated the internal control established by the Company for initial recognition and subsequent measurement of its leases, including real estate leases, and based on our selected sample, we analyzed the Company's real estate lease agreements. We also analyzed the reasonableness of the assumptions used by management to determine the lease terms. We received assistance from our specialists in the evaluation of the key assumptions considered in the calculation of the discount rates used to recognize the lease liabilities. We assessed the disclosures related to leases and the adoption of IFRS 16 in the consolidated financial statements as at 31 December 2019.

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 2019. 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:



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- 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
- 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



C.P.C. Carlos Carrillo Contreras
Mexico City, February 13, 2020



Consolidated Statements of **Comprehensive Income**

(Amounts in thousands of Mexican pesos)

	For the years ended December 31	
	2019	2018
Net sales	\$ 641,824,646	\$ 612,186,302
Other revenues (Note 19)	5,021,788	4,724,030
Total revenues	646,846,434	616,910,332
Cost of sales	(498,795,631)	(475,263,047)
Gross profit	148,050,803	141,647,285
General expenses (Note 20)	(94,426,416)	(92,658,463)
Income before other income and expenses	53,624,387	48,988,822
Other income	1,113,372	891,793
Other expenses	(735,073)	(690,827)
Operating income	54,002,686	49,189,788
Financial income (Note 21)	2,260,056	2,329,577
Financial expenses (Note 21)	(7,060,623)	(2,659,629)
Income before income taxes	49,202,119	48,859,736
Income taxes (Note 16)	(11,304,347)	(12,107,123)
Consolidated net income	\$ 37,897,772	\$ 36,752,613

Other comprehensive income items:

Items that do not reclassify to profit or loss of the year:

Actuarial results on employee benefits,
net of income taxes

	For the years ended December 31	
	2019	2018
Actuarial results on employee benefits, net of income taxes	\$ (496,214)	\$ 39,412
Cumulative translation adjustment	(281,475)	(4,132,164)
Other comprehensive (loss) income	(777,689)	(4,092,752)
Comprehensive income	\$ 37,120,083	\$ 32,659,861
Basic earnings per share (in pesos)	\$ 2.170	\$ 2.105

Items that may be reclassified subsequently to profit or loss:

Cumulative translation adjustment

Other comprehensive (loss) income

Comprehensive income

Basic earnings per share (in pesos)

The accompanying notes are an integral part of these financial statements.



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Consolidated Statements of **Financial Position**

(Amounts in thousands of Mexican pesos)

	December 31	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents (Note 5)	\$ 30,857,090	\$ 38,829,598
Accounts receivable, net (Note 6 and 12)	13,716,962	12,035,029
Inventories (Note 7)	67,553,214	63,344,265
Prepaid expenses and other	1,777,900	1,405,924
Total current assets	113,905,166	115,614,816
Non-current assets:		
Property and equipment, net (Note 8)	132,119,505	126,643,278
Right-of-use asset (Note 9)	49,675,185	-
Finance leases, net (Note 9)	-	12,724,731
Investment properties, net (Note 10)	6,644,218	4,853,970
Intangible assets, net (Note 11)	37,083,590	36,997,739
Deferred tax assets (Note 16)	7,908,566	7,467,622
Other non-current assets	1,836,039	2,226,677
Total assets	\$ 349,172,269	\$ 306,528,833

Liabilities and equity

Current liabilities:

Accounts payable	\$ 87,115,823	\$ 85,327,000
Short-term lease liability	3,044,328	308,352
Other accounts payable (Notes 12 and 13)	21,117,370	27,261,024
Income taxes payable	2,221,427	1,269,116
Total current liabilities	113,498,948	114,165,492

Long-term liabilities:

Leases and other long-term liabilities (Note 15)	58,698,700	20,019,308
Deferred tax liabilities (Note 16)	6,741,568	5,786,932
Employee benefits (Note 17)	2,088,286	1,643,027
Total liabilities	181,027,502	141,614,759

Equity (Note 18):

Capital stock	45,468,428	45,468,428
Retained earnings	108,860,208	104,638,687
Other comprehensive income items	15,140,757	15,918,446
Premium on sale of shares	4,318,104	4,014,804
Employee stock option plan fund	(5,642,730)	(5,126,291)
Total equity	168,144,767	164,914,074
Total liabilities and equity	\$ 349,172,269	\$ 306,528,833

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of **Changes in Equity**

For the years ended December 31, 2019 and 2018

(Amounts in thousands of Mexican pesos)

	Retained earnings			Other comprehensive income items	Premium on sale of shares	Employee stock option plan fund	Total equity
	Capital stock	Legal reserve	Retained earnings				
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
Movements in employee stock option plan fund					303,300	(516,439)	(213,139)
Adoption effect IFRS 16			(1,604,117)				(1,604,117)
Adoption effect IFRIC 23			(1,822,120)				(1,822,120)
Dividends declared			(30,250,014)				(30,250,014)
Comprehensive income			37,897,772	(777,689)			37,120,083
Balance at December 31, 2019	\$ 45,468,428	\$ 9,104,745	\$ 99,755,463	\$ 15,140,757	\$ 4,318,104	\$ (5,642,730)	\$ 168,144,767

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

(Amounts in thousands of Mexican pesos))

	For the years ended December 31	
	2019	2018
Operating activities		
Income before income taxes	\$ 49,202,119	\$ 48,859,736
Items related to investing activities:		
Depreciation and amortization	17,002,507	12,557,588
Loss from disposal of property and equipment and impairment	126,777	101,230
Stock option compensation expense	330,777	307,379
Interest earned	(1,218,688)	(1,268,122)
Items related to financing activities:		
Interest on lease liabilities	6,209,972	-
Interest paid under finance leases	-	1,553,237
Cash flow from operating activities	71,653,464	62,111,048
Variations in:		
Accounts receivable	(2,074,361)	(641,255)
Inventories	(4,385,071)	(4,476,889)
Prepaid expenses and other	(131,814)	(502,572)
Accounts payable	2,153,058	6,107,659
Other accounts payable	(753,402)	167,266
Income tax paid	(9,450,296)	(15,325,302)
Employee benefits	(384,459)	94,815
Net cash flow from operating activities	56,627,119	47,534,770

Investing activities

Long-lived assets	\$ (20,574,830)	\$ (17,932,578)
Interest collected	1,218,688	1,268,122
Proceeds from sale of property and equipment	218,959	255,904
Employee stock option plan fund	(543,916)	940,518
Net cash flow used in investing activities	(19,681,099)	(15,468,034)

Financing activities

Dividends paid	(35,957,290)	(25,581,976)
Payment of finance leases	-	(1,557,334)
Rent payments by leases	(8,076,297)	-
Net cash flow used in investing activities	(44,033,587)	(27,139,310)
Effect of changes in the value of cash	(884,941)	(1,693,945)
Net (decrease) increase in cash and cash equivalents	(7,972,508)	3,233,481
Cash and cash equivalents at beginning of year	38,829,598	35,596,117
Cash and cash equivalents at end of year	\$ 30,857,090	\$ 38,829,598
Non-cash transactions:		
Finance leases	\$ -	\$ 1,205,197

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

At December 31, 2019 and 2018

(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 2,035 Bodega Aurrerá discount stores, 280 Walmart hypermarkets 93 Superama supermarkets, and 163 Sam’s Club membership self-service wholesale stores in 2019.
Import companies	Import of goods for sale.
Real estate	Property developments and management of real estate companies.
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 549 discount stores (Despensa Familiar and Palí), 99 supermarkets (Paiz, La Despensa de Don Juan, La Unión and Más x Menos), 155 Bodegas, Maxi Bodega and Maxi Palí), and 33 Walmart hypermarkets in 2019. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

2. New accounting pronouncements

a) International Financial Reporting Standards (“IFRS”) new and revised effective as of January 1, 2019

Adoption of IFRS 16, Leases

IFRS 16, “Leases” – 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 which lease terms end within 12 months from the date of the initial adoption and lease agreements for which the underlying asset value is low.

Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17.



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The impacts in the condensed consolidated statements of financial position are as follows:

	December 31, 2018	NIIF 16 adoption	January 1, 2019
Assets			
Total current assets	\$ 115,614,816	\$ (19,545)	\$ 115,595,271
Non-current assets:			
Long lived assets – net (except intangibles)	144,221,979	32,450,127	176,672,106
Intangible assets-net	36,997,739	-	36,997,739
Deferred tax assets	7,467,622	747,285	8,214,907
Other non-current assets	2,226,677	(24,706)	2,201,971
Total assets	<u>\$ 306,528,833</u>	<u>\$ 33,153,161</u>	<u>\$ 339,681,994</u>
Liabilities and Shareholders' Equity			
Total short term liabilities	\$ 114,165,492	\$ 265,090	\$ 114,430,582
Long term liabilities:			
Other long term liabilities	20,019,308	34,484,632	54,503,940
Deferred tax liabilities	5,786,932	7,556	5,794,488
Employee benefits	1,643,027	-	1,643,027
Total liabilities	<u>141,614,759</u>	<u>34,757,278</u>	<u>176,372,037</u>
Shareholders' Equity:			
Equity	45,468,428	-	45,468,428
Retained earnings	104,638,687	(1,604,117)	103,034,570
Other	14,806,959	-	14,806,959
Total Shareholders' equity	<u>164,914,074</u>	<u>(1,604,117)</u>	<u>163,309,957</u>
Total liabilities and shareholders' equity	<u>\$ 306,528,833</u>	<u>\$ 33,153,161</u>	<u>\$ 339,681,994</u>

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the statement of financial position at the date of initial application was 11.4%.

The reconciliation between the discounted operating lease commitments disclosed applying IAS 17 as of December 31, 2018 and the lease liabilities recognized in the statements of financial position at the date of initial application is as follows:

	January 1, 2019
Discounted operating lease commitments disclosed applying IAS 17 (guaranteed term)	\$ 15,129,620
Less – Renewable energy supply service agreements with contingent rent	(12,388,539)
Plus – Present value of the lease minimum payments for the period after the guaranteed term and until the end of the contract	32,008,641
Lease liabilities recognized in the statement of financial position at the date of initial application	<u>\$ 34,749,722</u>

Adoption of IFRIC 23, Uncertainty in relation to tax treatment of profits

IFRIC 23 is effective January 1, 2019 and clarifies the application of the recognition and measurement criteria defined by 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 current tax laws.

The interpretation will be applied to the determination of the tax income (tax loss), the fiscal bases, the unused tax losses, the unused tax credits and the tax rates, when there is uncertainty about the treatments of the income tax according to IAS 12. The IFRIC considers that an entity should assume that a tax authority with the right to examine any amount reported to it will examine these amounts and will have full knowledge of all relevant information in doing so. It should also consider whether the relevant authority is likely to accept each tax treatment, or group of tax treatments, that were used or plan to use in your income tax return.

If the entity concludes that a particular tax treatment is likely to be accepted, the entity has to determine the tax income (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistent with the tax treatment included in the tax return. If the entity concludes that a particular tax treatment is not likely to be accepted, the entity must use the most probable amount or the expected value of the tax treatment when determining the income tax (tax loss), tax bases, unused tax losses, unused tax credits or tax rates.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019. The impact of the adoption of the interpretation represented a debit to retained earnings of \$ 1,822 million pesos and an increase in deferred tax liability for the same amount.

Amendments to IFRS 9, Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' and the instrument is held within the appropriate business model for that classification. These amendments to IFRS 9 had no impact on the consolidated financial statements of the Company.

Amendments to IAS 19, Plan Amendment, Curtailment or Settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The modifications also clarify that an entity first determines any past service cost, or a gain or loss on liquidation, without considering the effect of the asset ceiling. This amount is recognized in results. An entity determines the effect of the asset ceiling after the modification, reduction or liquidation of the plan. Any change in that effect, excluding the amounts included in net interest, is recognized in the comprehensive income.

The modifications apply to amendments, curtailments or settlements of the plan that occur on or after the beginning of the first annual reporting period that begins on or after January 1, 2019. During the year ended December 31, 2019, **WALMEX** had no amendments, curtailments or settlements of the employee benefits plan.

Amendments to IAS 28, Long-term interests in associates and joint ventures

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests).

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28.

These amendments had no impact on the consolidated financial statements of the Company.

Annual Improvements 2015-2017 Cycle (issued in December 2017) effective on January 1, 2019

IFRS 3, Business Combinations

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

These amendments had no impact on the consolidated financial statements of the Company as there is no transaction where joint control is obtained.

IFRS 11, Joint Arrangements

The amendments set out that the previously held interests in joint operation are not remeasured.

These amendments had no impact on the consolidated financial statements of the Company but could apply in future transactions.

IAS 12, Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognized those past transactions or events.

Since the Company's current practice is in line with these amendments, they had no additional impact on the consolidated financial statements.

IAS 23, Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

These amendments are not applicable to the Company, therefore they had no impact on the consolidated financial statements.

b) IFRS effective as of January 1, 2020 and 2021

Amendments to IFRS 3, Business Combinations

The IASB issued amendments to the definition of a "business" to help entities determine whether an acquired set of activities and assets is a business or not. The modifications must be applied to transactions that are business combinations or asset acquisitions for which the acquisition date is on or after January 1, 2020. Since the modifications apply prospectively to transactions or other events that occur on or after the date of adoption, the Company Administration believes that these modifications will not have a significant impact.

IAS 1, Financial statements presentation and IAS 8, Accounting policies, changes in accounting estimations and errors

The IASB issued amendments to align the definition of 'material' across the standards and to clarify certain aspects of the definition, and is applicable for periods beginning on January 1, 2020; although the modifications are not expected to have a significant impact on the financial statements of WALMEX, the introduction of the term "hidden information" in the definition could impact the way materiality judgments are made in practice by raising the importance of how information is communicated and organized in the consolidated financial statements.

IFRS 17, Insurance Contracts

This IFRS will replace IFRS 4 that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

IFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. The Company's management estimates that these modifications will not have a significant impact on the consolidated financial statements.

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, 2018, except for the corresponding to leases accounting recognition and uncertainty over income tax treatments as are described in IFRS 16 and IFRIC 23, respectively; which were updated in accordance to these new standards that are effective in 2019.

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 impairment of inventory, property and equipment, right of use assets, investment properties, goodwill and the successful probability of legal and tax contingencies.
- Assumptions such as discount rates used to determine leases liabilities; annually, the Company reviews the 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 or investee in which has control, which are grouped as described in Note 1, and prepared considering the same accounting period.

Subsidiaries or investee are consolidated from the date on which control is assumed by **WALMEX**, and until such control is lost. The results of subsidiaries or investee 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.

Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e. the existing rights that give it the current ability to conduct the relevant activities of the investee)
- Exposure to, or rights to, variable returns from your participation in the investee
- The ability to use its power over the investee to affect its returns

Transactions and related party balances are eliminated in the consolidation.

As of March 2019, the Company consolidates in its financial statements the balances and operations of the investees Cargill Protein S. de R.L. de C.V. and Cargill Protein Servicios S. de R.L. de C.V., according to the agreement established with them to provide services for meat processing, through which the Company obtains control solely and exclusively from the accounting point of view and applying accounting principles but not legal ones, through the right to variable returns for its participation in these entities. Net income for the consolidated period considers a remainder attributable to the results of the investees of \$12,797 in 2019 and the statement of financial position contains a remainder attributable to the minority interest of the investees of \$16,289 as of December 31, 2019.

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, capable of participating in the transaction.
- 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 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 Fx-forwards 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 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:

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

Construction in progress mostly consists of investments made by the Company, mainly for the construction of new stores and improvements; they are recognized at cost, and once complete, the Company reclassifies work in process to property and the depreciation begins.

As of December 31, 2018, Properties, plant and equipment acquired under finance leases were 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%	a	5.0%
Facilities and adaptations	5.0%	a	12.5%
Finishes of construction	10.0%	a	25.0%

k) Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercises of judgement about whether it depends on a specified asset, whether the Company obtains substantially all the economics benefits from the use of that asset, and whether the Company has the right to direct the use of the assets.

WALMEX as a lessee

Until December 31, 2018, **WALMEX** considered as finance leases those where substantially all of the risks and rewards of ownership are substantially 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 were treated as operating leases. Payments made under operating leases were recognized in the income statement on a straight-line method 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.

Starting in January 1, 2019, **WALMEX** recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, **WALMEX** incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. As from January 1, 2019 these liabilities are re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if **WALMEX** changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

WALMEX as a lessor

For 2019 and 2018 **WALMEX** obtains rental income from investment properties: the variable rent income is recognized as revenue in the period in which they are earned and such revenues are presented as a part of other revenues line within the consolidated statement of comprehensive income.

l) 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 where the assets are located. These budgets generally cover five years and, in case of a longer period, an expected growth rate is applied.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is increased by the reviewed estimate of the recoverable amount, not exceeding the carrying amount that would have been determined had no impairment loss been recognized in prior years. The reversal of an impairment loss is recognized immediately in the comprehensive income statement.

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 and is not subject to amortization.

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 such translation is recognized in other comprehensive income.

o) 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.

p) 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 in the consolidated balance sheet. 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 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.

The Company offsets tax assets and liabilities only if it has a legally enforceable right to offset tax assets and liabilities and deferred tax assets and liabilities relating to income taxes that pertain to the same authority.

q) 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.

r) Equity

Legal reserve:

At December 31, 2019, the Company's legal reserve amounts to \$9,104,745, which represents 20% of its capital stock, 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:

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.

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%.

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.

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.

s) Revenue recognition

Revenue from merchandise sales, including online sales (“e-Commerce”) is recognized in the consolidated statement of comprehensive income at the time the obligation is satisfied (when “control” of the goods has been 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 net 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.

Revenues from the sale of waste and parking lots are recognized in other revenue line at the time the property is transferred upon delivery of the goods or at the time the services are provided.

t) 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.

The effect on earnings per share, which represents the remainder attributable to the results of the investees in 2019, is \$0.001 pesos per share.

u) 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.

v) 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 and ignoring violations of form and procedure.

b) Financial risk factors:

The Company's activities are exposed to various financial risks such as exchange rate 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, 2019 the exchange rate used to translate assets and liabilities denominated in US dollars was \$18.93 per dollar (\$19.66 in 2018).

Considering the net monetary position in dollars at December 31, 2019, 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 \$186,353.

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, 2019 and 2018, the Company has Fx-forward contracts with a term of no more than four months recorded in other accounts payable, which are shown below:

	2019	2018
Current contracts	292	90
Notional amount (millions of USD)	US\$ 167.30	US\$ 191.96
Fair value (millions of pesos)	\$ (55.90)	\$ (72.74)

Interest rate risk:

The Company has temporary investments in government paper 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 2019 between 3.60% and 9.01%. As of December 31, 2019, the financial income amounted to \$1,218,687 (\$1,268,122 in 2018).

Considering the highly liquid instruments as of December 31, 2019, 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 \$71,292.

5. Cash and cash equivalents

An analysis of cash and cash equivalents as of December 31, 2019 and 2018, is as follows:

	2019	2018
Cash and cash in banks	\$ 19,168,562	\$ 14,625,147
Highly marketable investments	11,688,528	24,204,451
	\$ 30,857,090	\$ 38,829,598

6. Accounts receivable

An analysis of accounts receivable at December 31, 2019 and 2018, is as follows:

	2019	2018
Recoverable taxes	\$ 9,901,836	\$ 7,865,937
Trade receivables	2,307,348	2,745,233
Other accounts receivable	1,611,393	1,495,376
Related parties (Note 12)	95,736	83,000
Provision for impairment of other receivables	(199,351)	(154,517)
	\$ 13,716,962	\$ 12,035,029

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

7. Inventories

An analysis of inventories as of December 31, 2019 and 2018, is as follows:

	2019	2018
Merchandise for sale	\$ 63,951,823	\$ 59,696,445
Agro-industrial development	841,245	914,688
	64,793,068	60,611,133
Merchandise in transit	2,760,146	2,733,132
	\$ 67,553,214	\$ 63,344,265

As of December 31, 2019 and 2018, the effect of inventory impairment is \$1,326,742 and \$1,155,004, respectively, which was included in cost of sales in the consolidated comprehensive income statement.

8. Property and equipment

An analysis of property and equipment at December 31, 2019 and 2018, is as follows:

	December 31, 2017	Additions	Disposals	Transfers	Translation effect	December 31, 2018	Additions	Disposals	Transfers	Translation effect	December 31, 2019
Land	\$ 29,931,705	\$ 161,016	\$ (7,703)	\$ 402,095	\$ (306,839)	\$ 30,180,274	\$ 405,314	\$ (15,251)	\$ 594,790	\$ (32,687)	\$ 31,132,440
Buildings	59,634,168	1,788,325	(653,538)	3,086,509	(767,054)	63,088,410	1,281,157	(814,475)	4,766,994	(208,660)	68,113,426
Facilities and leasehold improvements	43,569,024	977,017	(706,321)	1,268,176	(260,999)	44,846,897	572	(538,637)	4,544,817	(189,483)	48,664,166
Furniture and equipment	68,729,832	5,789,288	(1,052,006)	2,740,692	(833,648)	75,374,158	4,112,212	(2,613,994)	5,283,148	(394,982)	81,760,542
Subtotal	201,864,729	8,715,646	(2,419,568)	7,497,472	(2,168,540)	213,489,739	5,799,255	(3,982,357)	15,189,749	(825,812)	229,670,574
Accumulated depreciation	(84,133,219)	(11,309,228)	2,080,436	(106,245)	661,052	(92,807,204)	(12,309,236)	2,488,305	(305,547)	350,171	(102,583,511)
Construction in progress	4,521,242	8,922,590	3,416	(7,502,528)	16,023	5,960,743	14,461,560	(392,124)	(14,964,314)	(33,423)	5,032,442
Total	\$ 122,252,752	\$ 6,329,008	\$ (335,716)	\$ (111,301)	\$ (1,491,465)	\$ 126,643,278	\$ 7,951,579	\$ (1,886,176)	\$ (80,112)	\$ (509,064)	\$ 132,119,505

Depreciation expense for the years ended December 31, 2019 and 2018, was \$12,038,867, and \$11,154,800, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income. The depreciation included in cost of sales was \$270,369 and \$154,428, respectively.

Property and equipment impairment for the years ended December 31, 2019 and 2018, was \$8,076 and \$216,004, respectively, and is presented in the disposals column. Also, impairment reversal amounted to \$37,564 and \$128,270, respectively.

9. Leases

WALMEX has executed property lease agreements. Leases are usually contracted for a period of 15 years. Some leases include a unilateral renewal option for an additional period. The Company evaluates at the beginning of the lease if it is reasonably certain that it exercises said renewal option.

In addition, the Company has also entered into finance leases for the rental of residual water treatment plants with lease terms of 10 years with purchase option at the end of the agreement; as well as other equipment leases with terms of 3 to 5 years.

WALMEX sub-leases some of its investment properties.

WALMEX right of use assets balance is as follows:

	2019	2018*
Balance at the beginning of the period	\$ 12,724,731	\$ 12,709,974
IFRS 16 initial adoption	33,812,340	-
Additions	2,447,597	1,205,197
Modifications and actualizations	5,670,229	(6,430)
Disposals	(473,459)	(396,980)
Depreciations	(3,844,268)	(687,704)
Transfers	(851,965)	(37,437)
Conversion Effect	189,980	(61,889)
Balance at the end of the period	\$ 49,675,185	\$ 12,724,731

(*) Classified as finance leases as of December 31, 2018.

Lessee liabilities are as follows:

Year	December 31, 2019
2020	\$ 8,273,625
2021	8,069,080
2022	7,671,583
2023	7,355,548
2024	7,104,737
2025 and thereafter	98,907,384
Nominal lease payments	137,381,957
Net present value adjustment	(80,169,338)
Lease liabilities - net	\$ 57,212,619

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.

The amounts recognized in the consolidated statements of income are as follow:

	Year ended December 31, 2019
Depreciation expense for the right of use assets, by type:	
tipo de activo:	
Property	\$ 3,218,362
Equipment	625,906
Interest on lease liabilities	5,752,506
Expenses related to short-term leases	495,219
Expenses related to leases of low-value assets	4,260
Variable lease payments (not included in the measurement of lease liabilities)	2,656,794
Sub lease revenue	(114,085)

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

Amounts recognized in the consolidated statements of cash flow are as follow :

	Year ended December 31, 2019
Rent payments – principal	\$ 2,323,791
Rent payments – interest	\$ 5,752,506
Additions of right of use assets	\$ 2,447,597
Modifications and actualizations	\$ 5,670,229

10. Investment properties

An analysis of investment properties as of December 31, 2019 and 2018 is as follows:

	December 31, 2017			December 31, 2018			December 31, 2019	
		Additions	Disposals		Additions	Disposals	Modifications and updates	Transfers
Land	\$ 2,592,780	\$ -	\$ (39,246)	\$ 2,553,534	\$ 12	\$ (6,669)	\$ -	\$ 3,402
Buildings	2,680,000	39,984	(63,476)	2,656,508	22,730	(184,481)	1,654,160	1,802,852
Facilities and improvements	2,351,195	1,630	15,478	2,368,303	-	(57,028)	-	(658,693)
Subtotal	7,623,975	41,614	(87,244)	7,578,345	22,742	(248,178)	1,654,160	1,147,561
Accumulated depreciation	(2,505,268)	(233,422)	14,315	(2,724,375)	(369,977)	61,997	(126,102)	(351,955)
Total	\$ 5,118,707	\$ (191,808)	\$ (72,929)	\$ 4,853,970	\$ (347,235)	\$ (186,181)	\$ 1,528,058	\$ 795,606

Depreciation expense for the years ended December 31, 2019 and 2018, was \$369,977 and \$233,422, 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, 2019 and 2018 is \$9,238,994 and \$8,028,001, 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, 2019 and 2018, 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).

11. Intangible assets

An analysis of intangible assets at December 31, 2019 and 2018, is as follows:

	December 31, 2017				December 31, 2018				December 31, 2019			
		Additions	Disposals	Transfers	Translation effect		Additions	Disposals	Transfers	Translation effect		
Goodwill	\$ 37,373,196	\$ -	\$ -	\$ -	\$ (2,383,986)	\$ 34,989,210	\$ -	\$ -	\$ -	\$ 156,151	\$ 35,145,361	
Trademarks	914,273	-	-	-	(46,027)	868,246	1,234	-	-	(12,693)	856,787	
Licenses and software	2,622,255	252,728	(4,223)	148,651	(10,594)	3,008,817	290,042	(6,155)	136,142	246	3,429,092	
Customer base	229,790	-	-	-	(14,766)	215,024	-	-	-	4,076	219,100	
Subtotal	41,139,514	252,728	(4,223)	148,651	(2,455,373)	39,081,297	291,276	(6,155)	136,142	147,780	39,650,340	
Accumulated amortization	(1,771,486)	(327,234)	70	500	14,592	(2,083,558)	(479,026)	(177)	329	(4,318)	(2,566,750)	
Total	\$ 39,368,028	\$ (74,506)	\$ (4,153)	\$ 149,151	\$ (2,440,781)	\$ 36,997,739	\$ (187,750)	\$ (6,332)	\$ 136,471	\$ 143,462	\$ 37,083,590	

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, 2019 and 2018.

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, 2019 and 2018, was \$479,026 and \$327,234, respectively, and is included in the general expenses line of the consolidated statement of comprehensive income.

12. Related parties

GRI 102-25

a) Related party balances

As of December 31, 2019 and 2018, the consolidated statement of financial position includes the following balances with related parties:

	2019	2018
Accounts receivable:		
Walmart, Inc.	\$ 95,736	\$ 83,000
Accounts payable:		
C.M.A. - U.S.A., L.L.C.	\$ 695,229	\$ 689,282
Swiss Asia Minor GmbH	101,254	120,005
	\$ 796,483	\$ 809,287
Other accounts payable:		
Walmart Inc.	\$ 1,248,841	\$ 1,143,739

Balances with related parties consist of current accounts that bear no interest, are payable in cash and have no guarantees. Balances with related parties are considered recoverable and consequently, for the years ended December 31, 2019 and 2018, there were no uncollectible related party balances.

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 with CMA USA LLC.
- 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, 2019 and 2018:

	2019	2018
Purchases and commissions related to the import of goods for sale:		
C.M.A. - U.S.A., L.L.C.	\$ 4,432,605	\$ 4,644,211
Swiss Asia Minor GmbH	255,494	247,429
	\$ 4,688,099	\$ 4,891,640
Costs and expenses related to technical assistance, services and royalties:		
Walmart, Inc.	\$ 8,158,541	\$ 4,225,378

c) Remuneration of principal officers

Remuneration to the Company's principal officers and Board of Directors for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Short-term benefits	\$ 1,133,350	\$ 1,238,960
Termination benefits	84,491	60,081
Share-based payments	167,092	126,434
	\$ 1,384,933	\$ 1,425,475

13. Other accounts payable

An analysis of other accounts payable as of December 31, 2019 and 2018, is as follows:

	2019	2018
Accrued liabilities and others	\$ 16,250,914	\$ 17,002,963
Dividends	136,999	5,831,387
Contingencies (Note 14)	2,131,626	1,699,542
Deferred revenue ^(a)	1,348,990	1,583,393
Related parties (Note 12)	1,248,841	1,143,739
	\$ 21,117,370	\$ 27,261,024

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

14. Commitments and contingencies

a) Commitments

As of December 31, 2019, 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
2020	\$ 20,679,381
2021	\$ 1,645,344
2022	\$ 1,712,290
2023	\$ 1,779,233
2024	\$ 1,848,805
2025 and thereafter	\$ 16,153,264

The Company has lease commitments as explained in Note 9.

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 \$2,131,626 as of December 31, 2019 (\$1,699,542 in 2018), 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 \$10,559 million of pesos, which includes taxes, fines and other surcharges.

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.

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.

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 10 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.

On June 20, 2019, **WALMEX** announced that Walmart Inc. has entered into a global settlement with the U.S. Department of Justice (DOJ) and the Securities and Exchange Commission (SEC) that resolves a more than seven-year investigation into the company’s compliance with the U.S. Foreign Corrupt Practices Act (FCPA). Through the settlements, which cover conduct that took place years ago, Walmart has agreed to a combined payment of \$282.7 million dollars. The global resolution ends all FCPA-related investigations or inquiries into Walmart and its subsidiaries by the DOJ and the SEC.

These agreements relate to Walmart’s anti-corruption internal controls in Brazil, Mexico, India and China prior to April 2011. Walmart, under the direction of its Audit Committee, conducted a thorough internal investigation, cooperated with the DOJ and the SEC, and took extensive steps that have established its strong Global Anti-Corruption Compliance Program.

Over the past seven years, WMT spent more than \$900 million dollars on FCPA inquiries and investigations, its Global Compliance Program and organizational enhancements. Walmart’s actions were acknowledged by the DOJ and the SEC in the resolution agreements.

As part of the resolution, WMT entered into a Non-Prosecution Agreement with the DOJ. The DOJ will not prosecute the Company if, for a period of three years, the Company meets its obligations set forth in the agreement. WMT has also agreed to an administrative order with the SEC to resolve SEC findings related to violations of the FCPA’s books and records and internal controls provisions. In addition, WMT Brasilia S.a.r.l., an indirect wholly-owned subsidiary of WMT, has entered into a guilty plea in the U.S. District Court for the Eastern District of Virginia as part of the agreement with the DOJ for causing a books and records violation of the FCPA.

WMT has also agreed with the DOJ to oversight by an independent compliance monitor with a limited scope for a period of two years. Also, Walmart has agreed to report to the SEC on its Anti-Corruption Compliance Program for a period of two years.

WMT has taken extensive steps to strengthen its Global Anti-Corruption Compliance Program through enhancing its anti-corruption compliance policies, procedures, and internal controls in every country in which it operates. WMT was recognized by the New York Stock Exchange Governance Services, a subsidiary of the NYSE, as the 2016 winner of its “Best Governance, Risk, and Compliance Program” for Large-Cap companies.

WMT agreed to pay a total amount of \$282.7 million dollars consisting of the following: a \$137.96 million dollars penalty to the DOJ and \$144.69 million dollars in disgorgement of profits plus interest to the SEC. A \$4.3 million dollars penalty, including forfeiture, against WMT Brasilia S.a.r.l. will be deducted from the amount owed by Walmart under the Non-Prosecution Agreement. In November 2017, Walmart disclosed that it had accrued approximately \$283 million dollars for the DOJ and SEC resolution. As a result, the amount will not materially impact Walmart’s financial results.



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

15. Leases and Other long-term liabilities

In leases and other long-term liabilities as of December 31, 2019 and 2018, include:

	2019	2018
Long-term leases	\$ 54,168,291	\$ 14,167,265
Deferred rental income	4,522,312	4,881,202
Operating leases	-	962,218
Others	8,097	8,623
	\$ 58,698,700	\$ 20,019,308

16. Income taxes

The income tax provision includes taxes payable by WALMEX's subsidiaries in Mexico and abroad, determined in accordance with the tax laws in force in each country. Until December 31, 2019, companies in Mexico determined and paid their income tax under the general tax law.

An analysis of income taxes charged to the income statement for the years ended December 31, 2019 and 2018, is as follows:

	2019	2018
Current year tax	\$ (11,143,214)	\$ (13,034,909)
Deferred tax	(161,133)	927,786
Total	\$ (11,304,347)	\$ (12,107,123)

As of December 31, 2019 and 2018, the Company's effective tax rate is 23.0% and 24.8%, respectively. The difference between the statutory tax rate and Company's effective tax rate is mainly 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, 2019 and 2018, is as follows:

	2019	2018
Deferred tax assets:		
Leases and other long-term liabilities	\$ 3,175,816	\$ 3,729,985
Other accounts payable	2,168,464	1,852,480
Inventories	826,628	750,551
Labor obligations	789,490	553,700
Tax losses carryforward from subsidiaries	908,628	529,079
Provision for impairment of other receivables	39,540	51,827
	\$ 7,908,566	\$ 7,467,622
Deferred tax liabilities:		
Property and equipment	\$ 4,278,470	\$ 5,190,660
Prepaid expenses	988,959	234,830
Other items	221,530	361,442
IFRIC 23 adoption / Other impacts	1,252,609	-
	\$ 6,741,568	\$ 5,786,932

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	\$ 11
2027	368,412
2028	915,291
2029	1,745,045
	\$ 3,028,759

Changes in the assets and liabilities for deferred taxes (net) as of December 31, 2019 and 2018, are shown below:

	2019	2018
Balances as of beginning of the year	\$ 1,680,690	\$ 795,235
Movement net of the year	47,155	1,381,566
Excess of previous years	(219,828)	(453,838)
Other comprehensive income items	191,446	(29,380)
IFRS 16 adoption	739,729	-
IFRIC 23 adoption / Other impacts	(1,252,609)	-
Translation effect	(19,585)	(12,893)
Balance as of end of the year	\$ 1,166,998	\$ 1,680,690

No material impacts are expected for the Group resulting from the tax reform enacted in 2019 and which will be effective in 2020.

17. Employee benefits

As of December 31, 2019 and 2018, an analysis of the Company's assets and liabilities for seniority premiums and retirement benefits is as follows:

	Seniority premiums		Retirement benefits	
	2019	2018	2019	2018
Defined benefit obligations	\$ 1,489,633	\$ 1,015,698	\$ 1,528,323	\$ 1,446,924
Plan assets	(929,670)	(819,595)	-	-
Net projected liability	\$ 559,963	\$ 196,103	\$ 1,528,323	\$ 1,446,924

Changes in the net present value of the defined benefit obligations (DBO) as of December 31, 2019 and 2018, are shown below:

	Seniority premiums		Retirement benefits	
	2019	2018	2019	2018
DBO at beginning of year	\$ 1,015,698	\$ 1,020,340	\$ 1,446,924	\$ 1,728,121
Net period cost charged to results:				
Labor cost from actual services	141,596	152,112	205,925	180,208
Interest cost on DBO	97,129	78,675	130,003	144,023
Other comprehensive income items	358,572	(99,520)	323,897	29,142
Benefits paid	(123,362)	(135,909)	(521,263)	(568,705)
Translation impacts	-	-	(57,163)	(65,865)
DBO at year end	\$ 1,489,633	\$ 1,015,698	\$ 1,528,323	\$ 1,446,924

Changes in the net present value of the plan assets (PA) as of December 31, 2019 and 2018, are shown below:

	Seniority premiums	
	2019	2018
PA at beginning of year	\$ (819,595)	\$ (756,598)
Return on plan assets	(78,480)	(58,228)
Components of other comprehensive income	5,191	31,776
Plan contributions	(160,075)	(172,278)
Benefits paid	123,289	135,733
PA at year end	\$ (929,670)	\$ (819,595)

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, 2019 and 2018, the plan assets have been invested through the trust mostly in money market instruments. As of December 31, 2019 and 2018, actuarial gains/losses from labor obligations, net of taxes are recognized as a component of other comprehensive income in the amount of \$(236,202) and \$451,458, respectively.

As of December 31, 2019, the assumptions used in the actuarial valuations of Mexico and Central America, are as follows:

	Mexico		Central America	
	2019	2018	2019	2018
Financial:				
Discount rate	7.45%	9.50%	5.30%-9.37%	3.80%-13.56%
Salary increase rate	5.25%	5.25%	2.50%-7.51%	2.50%-7.51%
Minimum salary increase rate	4.50%	4.00%	2.00%-5.00%	2.00%-7.01%
Inflation rate	4.00%	4.00%	1.20%-4.52%	2.00%-7.01%

Biometrics:

Mortality
Disability
Retirement age

	Mexico		Central America	
	2019	2018	2019	2018
Mortality	IMSS 2009⁽¹⁾	IMSS-97 ⁽¹⁾	RP-2000⁽²⁾	RP-2000 ⁽²⁾
Disability	21.10%	21.07%	15.40%	15.40%
Retirement age	60 años	60 años	50-65 años	50-65 años

⁽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, 2019, is as follows:

DBO at December 31, 2019
DBO at discount rate +1%
DBO at discount rate -1%
Effects over DBO:
Discount rate +1%
Discount rate -1%

	Amount
DBO at December 31, 2019	\$ 3,017,956
DBO at discount rate +1%	\$ 2,841,089
DBO at discount rate -1%	\$ 3,332,390
Effects over DBO:	
Discount rate +1%	\$ (263,365)
Discount rate -1%	\$ 413,334

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.

18. Equity

a) At an ordinary meeting held on March 21, 2019, the shareholders adopted the following resolutions:

1. Approval of a cap of \$5,000,000 on the amount the Company would use in 2019 to repurchase its own shares. There were no repurchase of its own shares at December 31, 2019.

2. The shareholders declared an ordinary cash dividend of \$0.84 pesos per share, paid in three installments of \$0.28 pesos each on April 25, 2019; August 28, 2019 and November 27, 2019; and an extraordinary dividend to be paid in cash at a rate of \$0.91 pesos per share in three installments: \$0.35 pesos on April 25, 2019, \$0.30 pesos on August 28, 2019 and \$0.26 pesos on November 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) Capital 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 capital stock must be represented by a minimum of three billion shares and a maximum of one hundred billion shares.

As of December 31, 2019 and 2018, 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	17,461,402,631

During the years ended December 31, 2019 and 2018, 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, 2019 and 2018, the total balance of the tax accounts related to equity is \$66,451,789 and \$77,766,617, respectively, in conformity with the current tax laws.

d) The employee stock option plan fund consists of 158,548,465 **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, 2019 and 2018 was \$330,777 and \$307,379, respectively, which represented no cash outflow for the Company and it is included in the general expenses line in the consolidated comprehensive income statement.

Changes in the stock option plan are as follows:

	Número de acciones	Precio promedio ponderado (pesos)
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
Granted	41,020,219	49.54
Exercised	(30,471,230)	33.38
Cancelled	(11,552,726)	43.34
Balance as of December 31, 2019	158,548,465	41.87
Shares available for option grant:		
As of December 31, 2019	6,620,210	
As of December 31, 2018	5,606,718	

As of December 31, 2019, the granted and exercisable share under the stock option plan fund is 158,548,465 and 54,903,239, respectively.

19. 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,	
	2019	2018
Memberships	\$ 1,783,884	\$ 1,600,375
Rental	2,063,744	1,996,618
Sale of waste	555,810	580,113
Bank bonuses	534,895	494,658
Parking	83,455	52,266
Total	\$ 5,021,788	\$ 4,724,030

As of December 31, 2019, rental income includes investment properties of \$593,530 (\$575,280 in 2018).

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,	
	2019	2018
Mexico:		
Self-service	61.5%	61.2%
Price clubs	20.7%	20.4%
Central America:	17.8%	18.4%

Of **WALMEX's** total net sales, approximately \$9.3 billion and \$7.1 billion relates to electronic commerce for the years ended December 31, 2019 and 2018, respectively.

20. 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.

21. Financial income (expenses)

An analysis of financial income (expenses) for the years ended December 31, 2019 and 2018, is as follows:

Financial income:

Financial income
Currency exchange gain
Income on changes in fair value of derivatives

	2019	2018
Financial income	\$ 1,218,687	\$ 1,268,122
Currency exchange gain	628,208	805,203
Income on changes in fair value of derivatives	413,161	256,252
Total	\$ 2,260,056	\$ 2,329,577

Financial expenses:

Interest on finance leases
Currency exchange loss
Loss on changes in fair value of derivatives
Other

	2019	2018
Interest on finance leases	\$ (5,752,506)	\$ (1,553,237)
Currency exchange loss	(619,192)	(630,197)
Loss on changes in fair value of derivatives	(396,321)	(354,448)
Other	(292,604)	(121,747)
Total	\$ (7,060,623)	\$ (2,659,629)

Financial income primarily consists of interest earned on investments.

22. Segment financial information

Segment financial information is prepared based on the information used by the CODM to make business decisions.

An analysis of financial information by operating segments and geographical zones is as follows:

Segment	Year ended December 31, 2019		
	Operating income	Financial expenses - net	Income before income taxes
Mexico	\$ 47,403,081	\$ (4,125,047)	\$ 43,278,034
Central America	6,599,605	(675,520)	5,924,085
Consolidated	\$ 54,002,686	\$ (4,800,567)	\$ 49,202,119

Segment	Year ended December 31, 2018		
	Operating income	Financial expenses - net	Income before income taxes
Mexico	\$ 41,981,265	\$ (255,091)	\$ 41,726,174
Central America	7,208,523	(74,961)	7,133,562
Consolidated	\$ 49,189,788	\$ (330,052)	\$ 48,859,736

Segment	Year ended December 31, 2019			
	Purchase of long term definite-lived assets	Depreciation and amortization	Total assets	Current liabilities
Mexico	\$ 15,391,225	\$ 13,178,163	\$ 247,035,722	\$ 93,743,256
Central America	5,183,605	3,824,344	67,092,444	21,008,298
Goodwill	-	-	35,145,361	-
Consolidated	\$ 20,574,830	\$ 17,002,507	\$ 349,273,527	\$ 114,751,554

Segment	Year ended December 31, 2018			
	Purchase of long term definite-lived assets	Depreciation and amortization	Total assets	Current liabilities
Mexico	\$ 11,694,003	\$ 9,681,218	\$ 213,528,655	\$ 95,519,391
Central America	6,238,575	2,876,370	58,010,968	18,646,101
Goodwill	-	-	34,989,210	-
Consolidated	\$ 17,932,578	\$ 12,557,588	\$ 306,528,833	\$ 114,165,492

An analysis of income from customer contracts is presented in note 19.

23. Approval of the financial statements

The consolidated financial statements and accompanying notes for the years ended December 31, 2019 and 2018 were approved by the Company's management and Board of Directors on February 13, 2020 and are subject to approval by the Shareholders meeting. Subsequent events are considered through this date.

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 2019 Financial and Corporate Responsibility Report (the "Report") of Wal-Mart de Mexico S.A.B de C.V ("Wal-Mart" or the "Company"), including the GHG emissions inventory scope 1 and 2, in accordance with the reporting criteria set forth in the GRI Standards, GHG Protocol standard and GEI Mexico Program (the "Criteria").

The preparation of this report is 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, GHG Protocol standard.

- 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 thorough than a reasonable assurance engagement. Therefore, the assurance provided is also lesser in comparison. This Report shall in no way be considered an audit report.

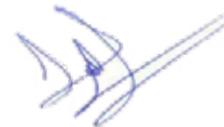
Conclusions

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 Arreguín

Partner

March 18th, 2020, Mexico City

Annex A: Verified information and performance indicators

Disclosures

GRI / KPI	Disclosure title	GRI / KPI	Disclosure title
IP ¹	Anti-trust	413-1 ²	Operations with the local community involvement, impact assessments, and development programs
IP ³	Compliance System	416-1 ⁴	Assessment of the impact on health and safety of the product and service categories
304-1 ⁵	Operational sites owned, leased, managed in, or adjacent to, protected areas or areas of high biodiversity value outside protected areas	417-1 ⁵	Requirements for information and labeling of products and services
304-2 ⁵	Significant impacts of the activities, products, and services on biodiversity	418-1 ⁵	Substantiated complaints concerning breaches of customer privacy and loss of customer data
403-3 ⁵	Workers with high incidence or high risk of occupational diseases		

¹ Walmart's own indicator with coverage of information regarding Mexico and Central America

² The coverage of the information corresponds to Mexico and Central America, as well as the scope of the GRI content criteria: subsection a. (i-iv).

³ Walmart's own indicator with coverage of the information regarding Mexico and Central America, included in the structure of responsibility and reporting lines (Ethics and compliance organization chart) description of the ethics line, as well as the assessment methodology based on the compliance criteria and responsibility matrix (disciplinary actions).

⁴ The coverage of the information corresponds to Mexico and Central America, as well as the scope of the content criteria of GRI. In 2019, there were no audits of products in the Jewelry and Accessories category in Mexico.

⁵ The coverage of the information corresponds to Mexico and Central America, as well as the scope of the GRI content criteria.

Performance indicators

GRI / KPI	Disclosure title	Scope of the information	Compliance level (Clauses)	Reported information	Unit
103-2	The management approach and its components	Mexico	a, b & c	8,474	Labor claims received
				7,371	Claims received from associates
				1,103	Claims received from suppliers
				7,931	Concluded claims
				7,281	Concluded claims from associates
				650	Concluded claims from suppliers
		Central America		58	Labor claims received
				56	Claims received from associates
				2	Claims received from suppliers
				61	Concluded claims
				60	Concluded claims from associates
				1	Concluded claims from suppliers
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Mexico	a & b	15	Percentage by which the general tab of the minimum wage level is above the average minimum wage in Mexico
203-2	Significant indirect economic impacts	Mexico and Central America	a & b	8,543	Jobs created (hiring & transfers)
204-1	Proportion of expenditure on local suppliers	Mexico	a, b & c	77.9	Percentage of national suppliers' purchases (fruits & vegetables)
				97	Percentage of national suppliers' purchases (meat)
				60.6	Percentage of national suppliers' purchases (fish & seafood)
		Central America		74.6	Percentage of regional suppliers' purchases (fruits & vegetables)
				69	Percentage of regional suppliers' purchases (meat)
				64	Percentage of regional suppliers' purchases (fish & seafood)

GRI / KPI	Disclosure title	Scope of the information	Compliance level (Clauses)	Reported information	Unit
205-2	Communication and training about anti-corruption policies and procedures	Mexico and Central America	a, b, c, d & e	100	Percentage of associates reported on anti-corruption policies
				122,629	Total number of associates trained in anti-corruption
				93	Percentage of associates in anti-corruption training
				641	Total number of suppliers reported on anti-corruption
				595	Total number of suppliers trained in anti-corruption
				99	Percentage of suppliers informed and trained in anti-corruption policies
				47	Total number of Board of Directors' members informed in anti-corruption policies
				99	Percentage of board of Directors' members informed in anti-corruption
301-1	Materials used by weight or volume	Mexico and Central America	a (i, ii)	419,239,466	Tons of plastics
				272,644	Tons of wood ⁶
				7,852,385	Tons of paper
				2,246,958	Tons of sanitary paper
				17,471,780	Tons of cardboard ⁶
				4,474,605	Liters of chemicals
				5,987,452	Diesel
				32,723,776	LP Gas
301-2	Recycled supplies used	Mexico and Central America	a	40.4	Percentage of recycled plastic
				1.5	Percentage of recycled paper
				85.4	Percentage of recycled sanitary paper
302-1	Energy consumption within the organization	Mexico and Central America	a, b, c, e, f & g	11,639,388	GJ total energy consumption
				5.9	GJ of electric energy from renewable sources
				3.4	GJ of electric energy from fossil fuels
				2.3	GJ of fuels
302-3	Energy intensity	Mexico	a, b, c & d	1.014	GJ/ m ²
		Central America		0.81	GJ/ m ²
302-4	Reduction of energy consumption	Mexico and Central America	a, b, c & d	190,345	GJ of electric energy

⁶ The data corresponds only to Mexico

GRI / KPI	Disclosure title	Scope of the information	Compliance level (Clauses)	Reported information	Unit
303-1	Water withdrawal by source	Mexico and Central America	a & b	12,764,019	m ³ total water withdrawal
				76.28	% municipal water
				1.83	% ground water
303-3	Water recycled and reused ⁷	Mexico	a, b & c	2,193,195	m ³ reused water
				22	% of reused water in relation to total consumption
305-1	Direct GHG emissions (Scope 1)	Mexico and Central America	a ⁸	1,117	Ton CO2 e
305-2	Energy indirect GHG emissions (Scope 2)	Mexico and Central America	a ⁷	515	Ton CO2 e
305-4	GHG emissions intensity	México	a & b	44.00	kg CO2 e per m ²
		Central America	a & b	40.58	kg CO2 e per m ²
306-2	Waste by type and disposal method ⁹	Mexico and Central America	a, b & c	525,117	Tons of non-hazardous waste generated
				907	Tons of hazardous waste
306-3	Significant spills	México	a, b (i, ii, iii) & c	4.6	m ³ spilled diesel
				178,640	kg of contaminated soil
401-1	New employee recruitment and employee turnover	Mexico and Central America	a & b ¹⁰	148,705	New hires in México
				10,625	New hires in Central America
				83,982	New hires of men
				75,348	New hires of women
				77,125	New hires by age (under or equal 25 years old)
				29,142	New hires by age (between 26 and 30 years old)
				17,236	New hires by age (between 31 and 35 years old)
				11,912	New hires by age (between 36 and 40 years old)
				23,915	New hires greater than or equal to 41 years old
				148,148	Turnover in México
				15,117	Turnover in Central America

⁷ Complementary information on the indicator: Number of water treatment plants 1,174

⁸ The verification criteria include the GHG protocol standard and specifications of the GEI Mexico program.

⁹ Complementary information of the indicator: 369,785 tons of recycled waste, 155,523 tons sent to landfills, 526,024 tons of total waste generated

¹⁰ Does not include the rate of new employee hires and rate of employee turnover, as it is not reported.

GRI / KPI	Disclosure title	Scope of the information	Compliance level (Clauses)	Reported information	Unit
				88,104	Turnover of men
				75,161	Turnover of women
				70,897	Turnover under or equal 25 years old
				33,447	Turnover between 26 and 30 years old
				19,343	Turnover between 31 and 35 years old
				13,152	Turnover between 36 and 40 years old
				26,426	Turnover greater than or equal to 41 years old
403-1 ¹¹	Workers' representation in formal worker-employer health and safety committees	Mexico	a & b	5	% of workforce represented
		Central America		6.44	% of workforce represented
403-2 ¹²	Type and rate of injuries, occupational diseases, lost days, absenteeism and number of work-related fatalities by region	Mexico and Central America	a	2.62	Accident frequency rate
				2	Deaths from occupational accidents
404-1	Average hours of training per year per employee	México and Central America	a	27.6	Average hours of training per associates
405-1	Diversity in the governance bodies and employees	Mexico and Central America	a (i), b (i, ii, iii)	36	% of women in decision-making positions
				238,972	Total associates
				47	% of men associates
				53	% of women associates
				27	% of associates under or equal 25 years old
				18	% of associates between 26 and 30 years old
				14	% of associates between 31 and 35 years old
				11	% of associates between 36 and 40 years old
				30	% of associates greater than or equal to 41 years old
				2,323	Total of associates with disabilities
				-	% of men associates with disabilities ¹³
				-	% of woman associates with disabilities ¹³

¹¹ Data includes training of 187,796 associates in health and safety for Mexico and Central America

¹² Does not include the gender breakdown

¹³ Indicator verified, however, Wal-Mart de Mexico decided not to disclose them in the report at the time of publication.

GRI / KPI	Disclosure title	Scope of the information	Compliance level (Clauses)	Reported information	Unit
				-	% of associates under or equal 25 years old ¹³
				-	% of associates between 26 and 30 years old ¹³
				-	% of associates between 31 and 35 years old ¹³
				-	% of associates between 36 and 40 years old ¹³
				-	% of associates greater than or equal to 41 years old ¹³
405-2	Ratio of base salary and remuneration of women to men	Mexico and Central America	-	-	Indicator verified, however, Wal-Mart de Mexico decided not to disclose them in the report at the time of publication.
412-2	Training of employees in human rights policies or procedures	Mexico and Central America	a	106,205	Total hours of training on the Ethics statement
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services categories	Mexico	a	930	Total number of non-compliance incidents
				300	Number of incidents resulting in fines or penalties
				4	Number of cases resulting in warnings
		Central America		17	Total number of incidents of non-compliance
				0	Number of incidents resulting in fines or penalties
				0	Number of cases resulting in warnings
IP ¹⁴	Total number of Suppliers	Mexico and Central America	NA	42,224	Total number of suppliers
IP ¹³	fruits & vegetables	Mexico	NA	77.9	% of national/regional product purchase of fruit and vegetables
				43.3	% of direct purchase from the fruit and vegetable producer
				22.1	% of imported direct purchase of fruit and vegetables
		Central America		68.6	% of national/regional product purchase of fruit and vegetables
				54.6	% of direct purchase from the fruit and vegetable producer
				25.4	% of imported direct purchase of fruit and vegetables
IP ¹³	Meat	Mexico	NA	88.7	% of national/regional product purchase of meat products
				88.1	% of direct purchase from the meat producer
				3	% of imported direct purchase of meat
		Central America		65	% of national/regional product purchase of meat products

¹⁴ Walmart's own indicator

GRI / KPI	Disclosure title	Scope of the information	Compliance level (Clauses)	Reported information	Unit
				63	% of direct purchase from the producer (meat)
				31	% of direct purchase of imported (meat)
IP ¹³	Fish & seafood	Mexico	NA	26.8	% of national/regional purchase (fish & seafood)
				56.7	% of direct purchase from producer (fish & seafood)
				39.4	% of direct import purchase (Fish & seafood)
		Central America	NA	53	% of national/regional product purchase of Fish & Seafood
				55	% of direct purchase from fish and seafood producer
				36	% of direct import purchase of fish and seafood
IP ¹³	Our Brands ¹⁵	Mexico	NA	72	Percentage of national/regional suppliers
				91	Percentage of sales from national/regional suppliers
		Central America	NA	53	Percentage of national/regional suppliers
				70	Percentage of sales from national/regional suppliers
IP ¹³	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce ¹⁶	Mexico and Central America	NA	351,028	Tons of CO2qe from transporting products
				63,460	Tons of CO2qe emissions avoided
				23,829,391	Liters of fuel saved
				43,774,464	Kilometers not covered
IP ¹³	Fertile land ¹⁷	Central America	NA	806	Number of small farmers
				5,241	Benefited families
				69,381,910	Purchases generated
IP ¹³	Total number of promotions granted in the reporting period	Mexico and Central America	NA	26,381	Total number of associate promotions
IP ¹³	Percentage increase/decrease in reports to global ethics line/Global ethics line indicators ¹⁸	Mexico and Central America	NA	14	% of the increment in ethical cases received

¹⁵ Verified complementary information from Mexico, however, Wal-Mart de Mexico decided not to disclose them in the report at the time of publication: ME products, ME suppliers, ME import suppliers; CAM: ME products, ME suppliers, ME import suppliers

¹⁶ Complementary information: cardboard collected (tons): 358,478 recycled stretch film

¹⁷ Complementary information verified: Adopt an SME (459 million pesos of sales in Mexico and 14 million pesos of sales in Central America), Women On Business (8 suppliers)

¹⁸ Verified indicator including number of disciplinary measures to associates, however, Wal-Mart de México decided not to publish the information regarding to the total number of incidents, incidents with disciplinary measures according to our regulations and Not proven incidents at the time of publication of the report.

GRI / KPI	Disclosure title	Scope of the information	Compliance level (Clauses)	Reported information	Unit
IP ¹³	Customer Satisfaction	Mexico and Central America	NA	47,722,093	Number of satisfaction surveys conducted (answered)
IP ¹³	Annual investment in environmental programs	México Central America	NA	519	Millions of pesos invested in sustainable initiatives
				376	Millions of pesos saved by investing in sustainable initiatives
IP ¹³	Commitment survey results ¹⁹	Mexico and Central America	NA	78	Commitment rate
		México		77	Commitment rate
		Central America		84	Commitment rate
RS ²⁰	Responsible procurement	Mexico and Central America	GRI	6,909	Suppliers with active contracts
				1,632	Number of active installations
				6,005	Number of affiliated audits in the Mexican and Central American markets
		23.28		% of audits with responsible procurement (green)	
		66.37		% of audits that meet the standards (yellow)	
		5.66		% of audits with serious rule violations (orange)	
		0.03		% of audits where temporary or permanent cancellation of production is decided	
		4.66		% Others	
		23.76		% of audits with responsible procurement (green)	
		67.87		% of audits that meet the standards (yellow)	
		3.48		% of audits with serious rule violations (orange)	
		0.16		% of audits where temporary or permanent cancellation of production is decided	
		4.73		% Others	

¹⁹ Verified complementary information: 76% of participation throughout the region (Mexico and CAM)

²⁰ The indicator includes the GRI contents: 308-1, 308-2, 407-1, 408-1, 409-1, 412-1 412-3, 414-1, 414-2, as well as the scope of its criteria.

Glossary

ADR	American Depositary Receipt
ANTAD	Mexican Retail Association
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
CO2eq	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
ESG	Environmental, Social and Corporate Governance
Every Day Low Prices/Every Day Low Costs	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
GFSI	Global Food Safety Initiative
GHG	Greenhouse Gases
GJ	Gigajoule
GMV	Gross Merchandise Value
GRI	Global Reporting Initiative
ISR	Income Tax
LED	Light-emitting diode

LGBT+	Lesbian, gay, bisexual and transgender
MSE	Mexican Stock Exchange
Net sales	Income from the goods sold in our stores
NGO	Non-governmental organization
NOM	Mexican Official Standards
Our Brands	Private label products of Walmart de México y Centroamérica
Picker	Associate responsible to collect requested products by the customers
PM	Particulate matter
POP	Persistent Organic Pollutants
Profeco	Consumer Protection Agency
Royalties	Revenue share or fixed amount of money payed to a copyright owner for approval to use it
Sales floor	Surface area set aside for merchandise retail
SINGREM	Sistema Nacional de Gestión de Residuos de Envases y Medicamentos
SME	Small and medium-sized enterprises
Sox	Sulphur oxides
SSA	Secretary of Health
Supermarkets	Self-service stores located in residential areas
TECHO	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



Our Business

Agile Transformation

We Generate value

Commitment to Honesty

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GRI 102-53

Listing
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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 with precision and which could affect company results.

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Our Business

Agile Transformation

We Generate value

Commitment
to Honesty

Financial and Corporate
Responsibility Report 2019