

# 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.

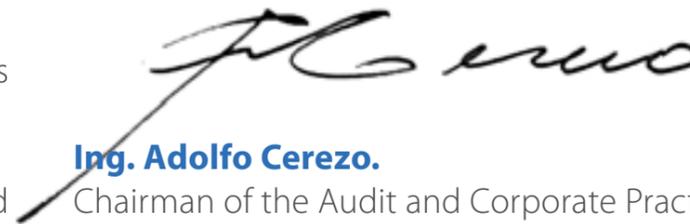
- d)** We were informed of the additional or complementary services that the above-mentioned auditors provided to the Company in 2019, considering that the provision of these services did not detract from their independence and were not substantial.
- e)** Se revisaron los estados financieros trimestrales 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.