



DOUBLE MATERIALITY

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

Double Materiality is an assessment that emphasizes the need for organizations to consider not just the social and environmental effects of their operations, but also the potential influence these external factors may have on their financial performance. During 2023, in collaboration with Deloitte, we conducted our first Double Materiality Assessment in Mexico and Central America.





Double Materiality Assessment Methodology





1 STAKEHOLDERS AND LIST OF MATERIAL TOPICS

GRI 2-29



ASSOCIATES

Safe and inclusive career opportunities and work environment.



CUSTOMERS

Convenient access to affordable, reliable and sustainable products and services.



SUPPLIERS

Access to markets and the ability to accelerate supply chain sustainability.



BUSINESS PARTNERS

Strategic alliances to strengthen the ecosystem.



SHAREHOLDERS

Long-term superior returns through financial and ESG leadership.



PLANET

Leadership to preserve, restore and regenerate the planet.



COMMUNITIES

Resources to build stronger, more inclusive communities.



GOVERNMENT AND TRADE UNIONS

Strategic alliances that benefit the communities and our associates.



ESG topics

The ESG topics that were evaluated during the interactions with our stakeholders are:

Opportunity

| Topic | Subtopics | Definition | INDICATORS | |
|--|--|---|---|--|
| | | | GRI | SASB |
| Diversity, equality, and inclusion | <ul style="list-style-type: none"> Fair and equitable opportunities, including gender equality Talent with disabilities Non-discrimination Sexual and gender diversity Equal remuneration | Company processes and mechanisms to provide suitable conditions for increasing and maintaining workforce diversity, guaranteeing equal opportunities and non-discrimination of its associates. It includes fair, transparent, and equitable remuneration without regard to race, gender, age, cultural background, religion, or sexual orientation. | 405 Diversity and equal opportunity 406 Non-discrimination | TC-IM-330a CG-EC-330a SV-AD-330a CG-MR-330a |
| Health and safety in the workplace | <ul style="list-style-type: none"> Health and safety in the workplace | Mechanisms to ensure safe and healthy workspaces and conditions for associates, including the Health and Safety Management System. Addresses health and safety protocols and training to encourage risk prevention and reduce occupational injuries and illnesses. Ensures legal compliance in occupational health and safety matters. | 403 Occupational health and safety | CG-AA-430b CF-AA-430b |
| Labor practices | <ul style="list-style-type: none"> Benefits and incentives for associates Labor rights Freedom of association | It addresses employment practices, regulatory compliance, and internationally recognized labor standards in the workplace. It covers basic labor rights, respect for freedom of association, and fair compensation. It also includes activities to promote the physical, mental and emotional well-being of associates, considering work-life balance. | 401 Employment 402 Labor-management relations 407 Freedom of association and collective bargaining | TC-IM-330a CG-EC-330a CG-AA-430b CG-MR-310a CG-TS-430a CG-MR-310a |
| Talent attraction, development and retention | <ul style="list-style-type: none"> Associate satisfaction Training and growth plans People analytics / Future of work Organizational change management | Processes and measures to guarantee that the workforce performs effectively and successfully adapts to organizational changes. Including practices for hiring, retaining, satisfying and developing associates, ensuring a good working environment and open dialogue. | 401 Employment 404 Training and education | TC-IM-330a CG-EC-330a CG-MR-310a |
| Supply chain management | <ul style="list-style-type: none"> Supply chain assessment Responsible and efficient procurement Supply chain environmental and social impacts | Defining commitments and policies for tracking, evaluating, monitoring, and following up on suppliers' performance and impact on ESG and compliance matters. Including strategies to maintain seamless communication and collaboration between the company and its suppliers. It covers processes to encourage responsible sourcing of products and services. | 204 Procurement practices 301 Materials 308 Supplier environmental assessment | CG-AA-440a CG-BF-430a CG-HP-430a CG-MR-410a CG-TS-430a |
| Inclusive supplier development | <ul style="list-style-type: none"> Local supplier growth, including SMEs Supplier training and consulting Improving suppliers' ESG performance | Supplier development, accomplished through initiatives for training, supporting, and offering consultation to selected small producers, SMEs, and local suppliers. This, in order to improve their market access and ESG performance. | 407 Freedom of association and collective bargaining 408 Child labor 409 Forced or compulsory labor 414 Supplier social assessment | CG-AA-430a CG-AA-430b HC-MC-260a CG-BF-410a |



Community

| Topic | Subtopics | Definition | INDICATORS | |
|---|---|---|--------------------------------|---|
| | | | GRI | SASB |
| Access to products / services | <ul style="list-style-type: none"> Affordable products and services Competitive prices Access to health services Access to financial services | Processes for ensuring that an adequate selection of high-quality products and services is available and accessible to consumers, regardless of race, physical abilities, and gender. It includes methods that enable competitive pricing for both products sold and services provided in the verticals. For the Health vertical, it includes procedures and mechanisms that ensure that health services are accessible to customers. Similarly, for the Financial Solutions vertical, this topic includes processes that ensure customers' accessibility to financial products and services. | Not applicable | HC-MC-240a |
| Product / service quality and safety | <ul style="list-style-type: none"> Product testing Healthy products and consumer nutrition Food safety Quality of service Genetically modified organisms (GMO) | It refers to efforts, policies, procedures, personnel training, and selection criteria designed to ensure product and service quality as well as end-user safety. Including considerations on the product's origin and ingredients and its possible effects on the customer's health. This topic includes references to product or service quality and safety breaches. | 416 Customer health and safety | CG-AA-250a CG-TS-250a CG-HP-250a CG-AM-250a |
| Responsible marketing and labeling | <ul style="list-style-type: none"> Certifications / ecolabels Labeling transparency and information availability Responsible advertising | Requirements, standards, certifications and practices established for the presentation of clear and transparent information in product advertising, labeling and sales (stores and e-commerce) and services (Financial Solutions, Bait and Health). It includes the management of social challenges related to the lack of transparent (right price, clear promotions, correct labeling, etc.), accurate and complete information. | 417 Marketing and labeling | CG-AM-250a CG-MR-410a CG-AA-440a CG-AM-410a CG-BF-430a CG-HP-430 SV-AD-220a CG-EC-220a TC-IM-220a SV-AD-270a |
| Community relations | <ul style="list-style-type: none"> Mechanisms for community dialogue Community support and development Volunteering Support during natural disasters Fighting hunger | This topic describes how the company manages its relationship with the community, including dialogue mechanisms and disaster support to local communities. It includes projects implemented to boost the community's development and well-being, as well as volunteer activities conducted by the company. It considers contributions and donations to ensure food security and combat hunger. | 413 Local communities | Not applicable |
| Investment in local communities | <ul style="list-style-type: none"> Investment in infrastructure Promotion of local employment | Investment programs that build the community's capacity and resilience. It includes, for example, infrastructure investments and community-based employment possibilities to boost the local economy. | | |
| Customer / member satisfaction and experience | <ul style="list-style-type: none"> Good and agile shopping experience Customer satisfaction | Processes to ensure customer satisfaction and loyalty, as well as to protect brand reputation through good and agile shopping experiences. It also includes customer service and treatment procedures that allow customers to provide feedback to the company on their needs and preferences. | Not applicable | HC-MC-250a |
| Innovation and technology | <ul style="list-style-type: none"> Artificial Intelligence Business model innovation Digital transformation Innovation management | Internal strategies for developing and implementing new technologies and digital innovations that increase process efficiency and improves the customer and stakeholder experience. | Not applicable | TC-TL-520a |



Sustainability

| Topic | Subtopics | Definition | INDICATORS | |
|---|--|--|--------------------------|--|
| | | | GRI | SASB |
| Climate change management | <ul style="list-style-type: none"> Managing climate change physical risks and opportunities Managing risks and opportunities to transition to a low-carbon economy Climate change adaptation strategies | Identifying, classifying and managing climate risks and opportunities, both physical and transitional. It considers quantifying the impact of climate risks on the company and its value chain. It also covers the strategies in place to address the identified risks as well as the governance required to implement climate change adaptation plans. | 201 Economic performance | HC-MC-450a CG-AA-440a |
| | | | TCFD Recommendations | |
| Energy | <ul style="list-style-type: none"> Energy use, conservation and reduction Energy efficiency in real estate Alternate fuels Transitioning to renewable energy | Managing energy consumption, production, diversification, recovery and reduction. It includes obtaining energy from renewable sources and alternative fuels. | 302 Energy | CG-MR-130a CG-EC-130a CG-BF-130a TC-TL-130a TC-IM-130a |
| Water | <ul style="list-style-type: none"> Water extraction, consumption and discharge Water pollution | Efficient and responsible management, conservation and consumption of water to meet our own needs and those of the value chain (customers, suppliers). It also includes water use, water use reduction measures, and water effluents. Includes wastewater recovery, recycling and treatment. | 303 Water and effluents | CG-HP-140a TC-IM-130a CG-EC-130a CG-AA-430a |
| Natural capital | <ul style="list-style-type: none"> Protecting biodiversity Ecosystem conservation and restoration | Managing the impact that the company and its verticals have on biodiversity and ecosystems, including programs for ecosystem conservation, care, remediation, and restoration. | 304 Biodiversity | CG-BF-430a CG-HP-430a CG-AA-440a |
| Greenhouse gas (GHG) emissions | <ul style="list-style-type: none"> GHG emissions and reduction Low-emission distribution and transport fleet | Greenhouse gas emissions generated by the company from activities under its control (Scope 1), from energy used and purchased (Scope 2), and from business-related activities created from sources outside its ownership and control (Scope 3). It also includes disclosure on GHG emission reductions, as well as smarter and greener transportation systems, infrastructure planning and logistics management. | 305 Emissions | CG-AA-430a CG-EC-410a |
| Waste management | <ul style="list-style-type: none"> Hazardous waste management, including pharmaceutical (medicines) and biological-infectious waste Management of non-hazardous waste Recycling, recovery and reduction | Circular economy practices in order to achieve zero waste to landfills in operations, plastics and packaging by 2025. Disposal, treatment, recovery, recycling, and reduction of hazardous and non-hazardous waste, as well as hazardous material handling and storage. It includes food waste management and minimization. | 306 Waste | TC-TL-440a CG-HP-410a |
| Product lifecycle design and management | <ul style="list-style-type: none"> Plastics management Circular Economy Sustainable packaging | Integrating environmental criteria into the product life cycle, from production and consumption/use, to the end of its useful life. It covers practices, measures and processes for reducing or eliminating the negative environmental effects of products and/or packaging. | 301 Materials | CG-MR-410a CG-AM-410a CG-BF-410a TC-TL-440a CG-HP-410a CG-EC-410a CG-HP-250a |



Ethics and Integrity

| Topic | Subtopics | Definition | INDICATORS | |
|---|---|---|---|--|
| | | | GRI | SASB |
| Ethical behavior | <ul style="list-style-type: none"> Corporate Ethics Corporate culture Corporate reputation Anticorruption Whistleblowing mechanisms Diversity on the Board of Directors Board of Directors' performance evaluation Regulatory compliance Responsible tax practices | This topic refers to the moral code of conduct and guiding principles that ensure ethical behavior and foster trust among customers, suppliers, and within the company. It addresses the management of risks and opportunities related to ethical considerations, legal behavior and compliance standards, and the connection with regulatory agencies. | 205 Anticorruption 207 Tax 415 Public Policy | CG-AA-430b SV-AD-270a HC-MC-250a |
| Corporate governance | <ul style="list-style-type: none"> Effectiveness of government bodies ESG governance structure | Mechanisms, procedures, and regulations related to the internal control system, monitoring, reporting, and decision making that add value for all stakeholders. | 2 General contents | Not applicable |
| Market and competition practices | <ul style="list-style-type: none"> Fair competition Intellectual property Fair market access | Practices to prevent anticompetitive activities and behaviors. This includes the processes to protect the company's intellectual property rights. | 206 Anti-competitive behavior | TC-IM-520a TC-TL-220a TC-TL-520a |
| Transparency | <ul style="list-style-type: none"> Investor Relations Disclosure of non-financial information Stakeholder engagement / outreach | Comprehensive management of internal and external corporate communication, including the monitoring, reporting, and disclosure of financial and non-financial information to stakeholders. It allows for accountability to stakeholders on the company's progress, results and performance. | 2 General contents | Not applicable |
| Managing risks in operations and supply chain | <ul style="list-style-type: none"> Business resilience and continuity Disaster and crisis management Physical, socio-political and ESG risk management Creation of long-term value Adaptation to demographic trends | Properly identifying and managing environmental, social and economic risk, as well as operational and supply chain risks as part of business model planning. It considers how the company responds and adapts to major trends in order to continue creating value for its stakeholders. The topic also integrates protocols, plans and actions to enable business continuity in crisis situations. | 201 Economic performance | TC-TL-550a CG-AA-440a CG-AA-430b CG-HP-430a |
| Privacy and information security | <ul style="list-style-type: none"> Cybersecurity Data security | It includes methods, procedures, and technologies for protecting the privacy and security of associates, customers, members, and third parties' personal data. In addition, it includes cybersecurity processes for safeguarding the company's computers, networks, and software in the event of a security breach. The topic covers mechanisms of consolidation, storage, processing and transmission of personal and sensitive information. In the context of the Health vertical, it includes the specific handling of personal and sensitive data related to customers / patients' health status. | 418 Customer privacy | CG-MR-230a HC-MC-230a TC-TL-230a TC-IM-230a TC-TL-550a CG-EC-230a TC-IM-220a CG-EC-220a SV-AD-220a TC-TL-220a |
| Human rights | <ul style="list-style-type: none"> Human rights risks in the operations Human rights risks in the supply chain | Respect for the fundamental rights and freedoms inherent to all human beings to ensure that they can live with dignity, freedom, equality, justice and peace, as well as the measures required to make these rights effective with associates, suppliers, customers and citizens of the communities in which we operate. | 408 Child labor 409 Forced or compulsory labor 410 Security practices 411 Rights of indigenous peoples | CG-AA-430b |



2 APPROACH

For stakeholder outreach, two channels were used: digital surveys and focus groups. Through them, we gathered information on each stakeholder's priorities in order to perform a quantitative and qualitative assessment of the material topics for Walmart de México y Centroamérica.

5,352
Total Surveys

3,446
Mexico

1,906
Central America

FOCUS GROUPS:

9 Total Focus Groups



1
Operations Associates
(Mexico)



2
Staff Associates
(Mexico and Central America)



2
Communities
(Mexico and Central America)



4
Customers
(Walmart Supercenter, Walmart Express,
Bodega Aurrera and Sam's Club)

3 4

PRIORITIES AND ALIGNMENT

Based on the analysis of internal and external group reports, we identified the ESG issues relevant to the company.

This was accomplished using an artificial intelligence tool that determines the most important ESG topics in the industry. Furthermore, a benchmark was developed with the objective of measuring the level of maturity of ESG management across leading companies in the field. Finally, the study included our telephony, health, connectivity, and financial services verticals, analyzing the most relevant topics in each of their respective sectors.

This is how we selected the priority topics to be included in the assessment.



5 MATERIALITY

Based on the results of our Double Materiality assessment, we identified the material ESG topics for the company and our stakeholders, as well as the risks, opportunities and financial impacts.

WALMART DE MÉXICO Y CENTROAMÉRICA'S ESG TOPICS



OPPORTUNITY

- 4 Labor practices
- 5 Health and safety in the workplace
- 10 Inclusive supplier development
- 14 Talent attraction, development and retention
- 16 Supply chain management
- 22 Diversity, equality, and inclusion



COMMUNITY

- 1 Access to products / services
- 2 Product / service quality and safety
- 15 Investment in local communities
- 17 Community relations
- 18 Responsible marketing and labeling
- 21 Customer / member satisfaction and experience
- 26 Innovation and technology



SUSTAINABILITY

- 6 Product lifecycle design and management
- 7 Energy
- 9 Climate change management
- 12 Waste management
- 13 Greenhouse gas (GHG) emissions
- 20 Water
- 24 Natural capital



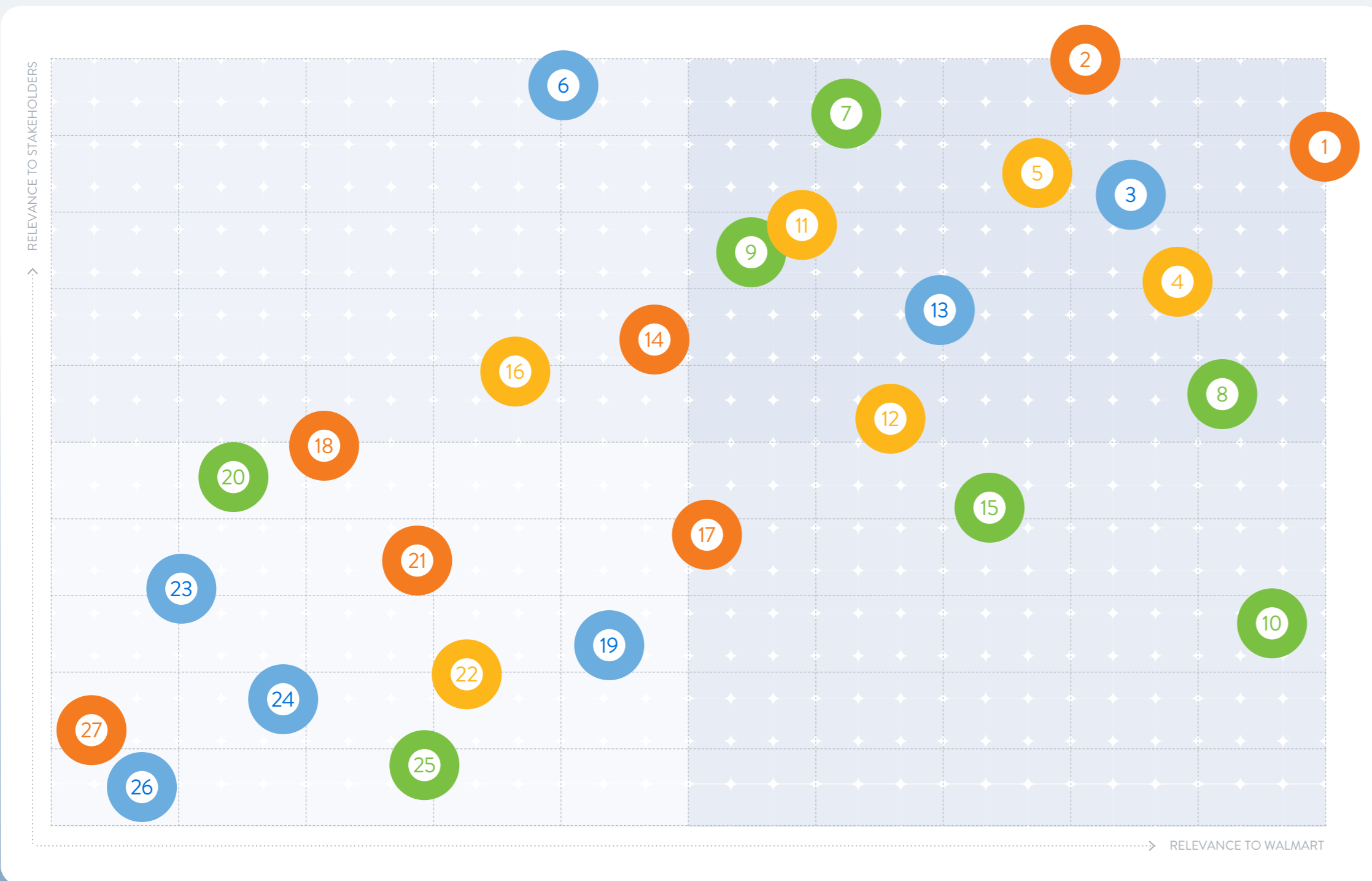
ETHICS AND INTEGRITY

- 3 Privacy and information security
- 8 Human Rights
- 11 Ethical behavior
- 19 Market and competition practices
- 23 Corporate Governance
- 25 Managing risks in operations and supply chain
- 27 Transparency



Traditional materiality

Our traditional Materiality matrix shows the material topics from an impact perspective, that is, the substantial repercussions that Walmart de México y Centroamérica can have on society or the environment through its operations.



Opportunity



Community



Sustainability



Ethics and Integrity



I. Communicate internally

II. Develop strategy and communicate externally

III. Monitor

IV. Keep up internal efforts

- 4 Health and safety in the workplace
- 5 Labor practices
- 11 Inclusive supplier development
- 12 Talent attraction, development and retention
- 16 Supply chain management
- 22 Diversity, equality, and inclusion

- 1 Access to products / services
- 2 Product / service quality and safety
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- 17 Community relations
- 18 Responsible marketing and labeling
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- 27 Innovation and technology

- 7 Product lifecycle design and management
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- 9 Waste management
- 10 Climate change management
- 15 Greenhouse gas (GHG) emissions
- 20 Water
- 25 Natural capital

- 3 Privacy and information security
- 6 Human rights
- 13 Ethical behavior
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- 23 Corporate governance
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Double Materiality

Our Double Materiality matrix graphically represents the relationship between the company's influence on the environment and the financial relevance of external factors to the company. This matrix helps visualize and weigh the importance of different ESG topics, which simplifies strategic decision-making.

- 4 Inclusive supplier development
- 5 Labor practices
- 11 Inclusive supplier development
- 12 Talent attraction, development and retention
- 16 Supply chain management
- 22 Diversity, equality, and inclusion

- 1 Access to products / services
- 2 Product / service quality and safety
- 14 Investment in local communities
- 17 Community relations
- 18 Responsible marketing and labeling
- 21 Customer / member satisfaction and experience
- 27 Innovation and technology

- 7 Product lifecycle design and management
- 8 Energy
- 9 Waste management
- 10 Climate change management
- 15 Greenhouse gas (GHG) emissions
- 20 Water
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- 3 Privacy and information security
- 6 Human rights
- 13 Ethical behavior
- 19 Market and competition practices
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Opportunity



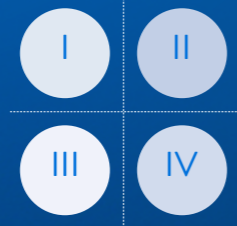
Community



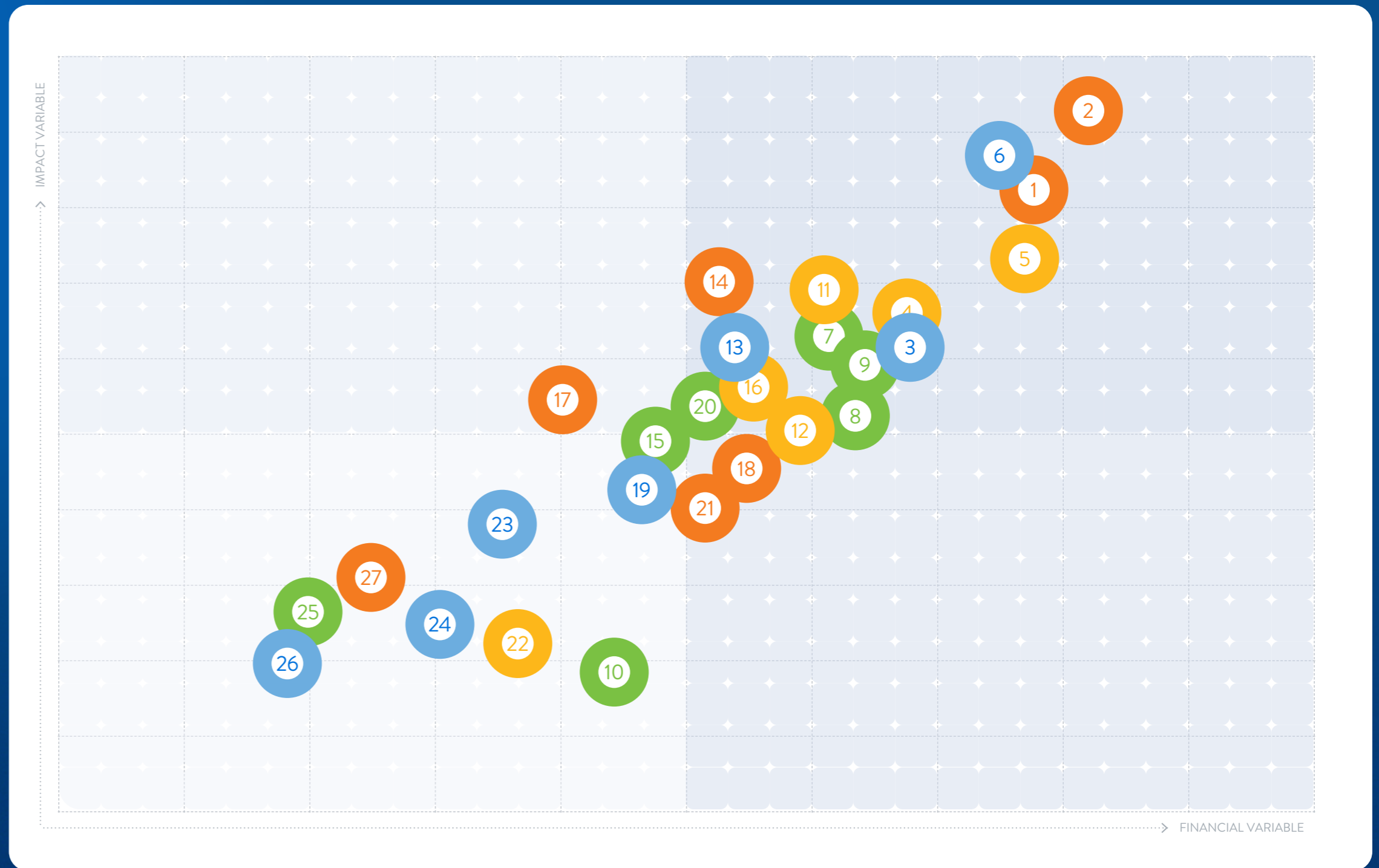
Sustainability



Ethics and Integrity

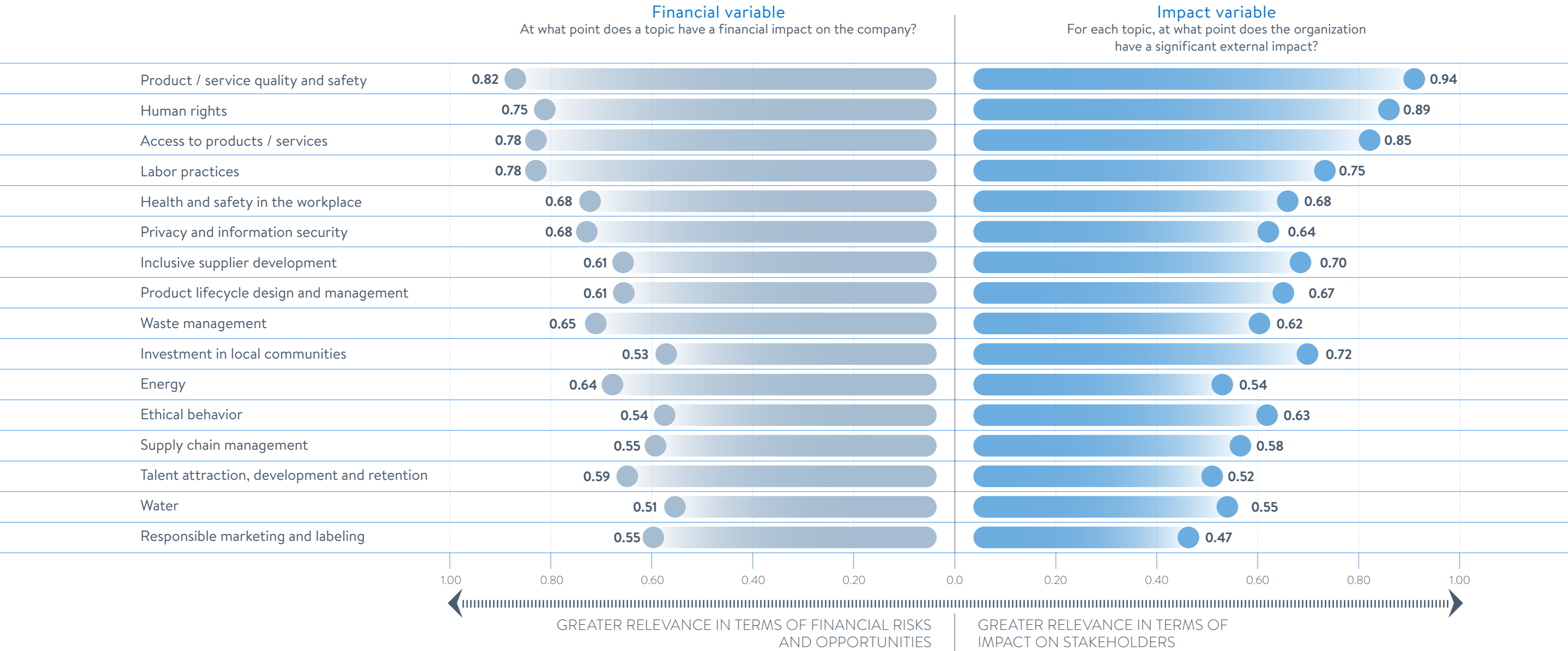


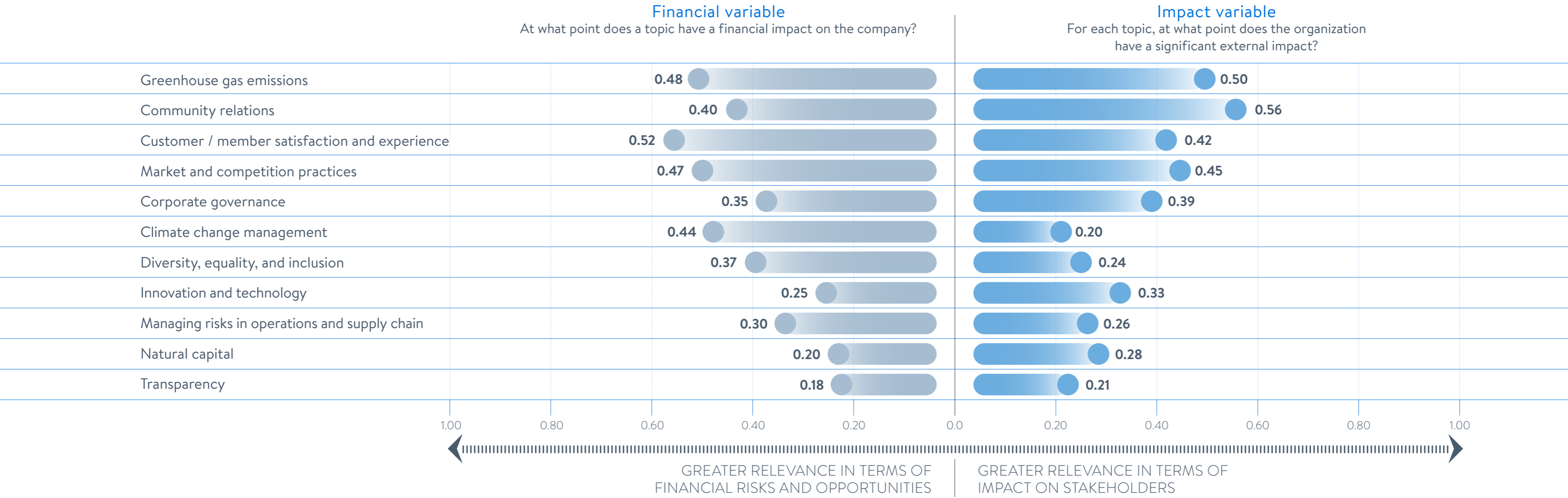
- I. Communicate internally
- II. Develop strategy and communicate externally
- III. Monitor
- IV. Keep up internal efforts





This Double Materiality graph shows numerically the level to which a material topic can financially impact the company and its material impact towards the exterior.





Based on the results, we will implement the following actions:

Improve the measurement of material topics using financial and impact variables.

Develop governance metrics, strategies and systems related to the topics identified.

Manage risks and seize opportunities.

Improve the reporting of material topics based on international standards.

TO KNOW MORE ABOUT OUR REGENERATIVE COMPANY STRATEGY, CLICK HERE