



# ETHICS AND INTEGRITY

GRI 205-2

CUSTOMER FIRST

we always  
act with honesty  
and respect



1,170

stores and clubs in Mexico  
with **Zero Accidents**

583

stores and clubs in Central  
America with **Zero Accidents**



# ETHICS AND INTEGRITY

The way we operate our business is as important as the products and services we offer to our customers, so we act in an ethical and honest manner to promote our stakeholders' well-being.

It is our principles and values that sustain us as a reliable company that, as it moves forward with its business model, strengthens its controls to comply with the law and internal policies and thus guarantee an environment of sustainable growth.

-  Highest ethical and compliance standards
-  Promoting dignity throughout our value chain
-  Strong Corporate Governance
-  Digital citizenship
-  Respect for human rights





# ETHICS AND COMPLIANCE

GRI 2-27  
SASB CG-MR-310A.3, CG-MR-330A.2, FB-FR-310A.3, FB-FR-310A.4

We work every day on our commitment to comply with regulatory requirements, as well as to reinforce our policies, protocols, procedures and controls.

In keeping with our Ethics and Compliance standards in Mexico and Central America, we achieved very good results in 2023, reflecting a year of hard work, leadership, trust and perseverance.





# FUNDAMENTALS OF ETHICS AND COMPLIANCE

We recognize the role that the company plays in the communities and countries where we operate and, therefore, the relevance of having an established framework for action that prioritizes ethical behavior. In our Ethics and Compliance program we have listed the key principles to stay consistent and responsive, even in a constantly evolving internal and external context.

We are a company that privileges integrity in everything we do, which makes us a leading and innovative company, as well as a reference in the industry.



- Corporate Culture
- Compliance Leadership and Staff
- Regular Risk Identification and Analysis
- Policies, Procedures and Controls
- Training and Communication
- Internal Monitoring and Evaluation
- Confidential Reporting
- Investigation and Remediation
- Continuous Improvement



## Areas that make up the Ethics and Compliance program

Throughout our operations, we materialize our commitment to operate an ethical business under the implementation of several compliance programs:

 Health and Safety	 Ethics	 Anticorruption
 Food Safety	 Privacy	 Environment
 Health and Wellness	 Financial Services Compliance	 Licenses and Permits
 Product Safety	 Labor and Employment	 Foreign Trade and Sanctions
 Antitrust	 Consumer Protection	 Responsible Sourcing



# CONTINUOUS IMPROVEMENT

At Walmart de México y Centroamérica, we believe there's always a better way to do things. Constant monitoring of relevant risks, standards and controls that have the greatest impact on the business is critical for recognizing accomplishments and areas of opportunity, as well as keeping us connected with the industry's evolving demands and expectations.

In Mexico, we successfully completed the British Retail Consortium's (BRC) certification process for Perishable Distribution Centers in 2023, achieving an AA rating. This certification provides a means of evaluating retail suppliers to help ensure the safety of food products found in a supermarket. Furthermore, all stores with pharmacies and Distribution Centers with pharmacy warehouses were audited and obtained passing grades for level 3 drug warehouses.



Mexico

# 4,620

monitoring activities of different compliance programs in operating units

Central America

# 704

monitoring activities of different compliance programs in operating units



# HEALTH AND SAFETY

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

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2023 was a year of good results and efforts in terms of safety.

We were able to endorse and support our **zero accident** vision through our risk mitigation methodology. We implemented the appropriate controls to achieve long-term continuous improvement in incident reduction.

Our top focus at Walmart de México y Centroamérica is and always will be the safety of our associates, customers, and suppliers.



We constantly improve the training programs for our associates so that they have the necessary knowledge, skills and experience to perform safely on the job.

Furthermore, we created new evaluation and audit systems to minimize risk in the store building and remodeling departments.

In 2023, we launched a safety culture diagnostic at all levels of the organization, using a third-party expert, to assess the success of safety programs and campaigns.



Our goal was to develop specific targets that would result in continuous improvement, a process we will complete in 2024.

At Walmart de México y Centroamérica we are convinced that recognition is one of the most effective instruments for promoting and strengthening a safety culture. Therefore, we will create an award program is being created for the most innovative safety projects that will assist us in mitigating risks in stores and Distribution Centers.





### ACCIDENT KPIS

	Mexico			Central America		
	2021	2022	2023	2021	2022	2023
Work-related injuries	5,464	5,051	<b>4,661</b>	718	517	<b>527</b>
Incapacitating injuries per hours worked <sup>1</sup>	1.96	1.87	<b>1.69</b>	1.56	1.13	<b>1.14</b>
Customer accidents	767	693	<b>638</b>	268	155	<b>167</b>

1. Disabling accidents per hours worked = disabling accidents\* (200,000) /Total hours worked.

We identified the stores that had a high accident rate, and we designed interdisciplinary interventions to take preventive and corrective actions..

In Central America we streamlined and enhanced our way of working so that executives from all formats gather to discuss safety concerns, carry out action plans and closely monitor program execution. In addition, we trained store leaders through safety coaching sessions.

We are dedicated to enhancing sales floor supervision to improve safe working conditions in 2024. To this end, we will reinforce the safety culture through operational discipline and visible safety leadership to promote a culture of prevention.

To improve accident prevention, we will update risk assessments throughout our operations, prioritizing machinery, processes, and resources that could result in additional injuries to our associates and customers.

Furthermore, in 2024, we will continue to consolidate our Walmex Health and Safety Management System in Mexico, which will help us to drive continuous improvement.

## Safe Family Program Central America

In 2023, we continued implementing the Behavior-Based Safety program in all our stores, plants and Distribution Centers. In addition, we continued to train and educate observers in each of our work units, and created line observations, as well as real-time behavior and condition records.

Thanks to the Behavior-Based Safety program, in 2023, 3,117 associates successfully completed module one of our safety culture certification process.





# ETHICS

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Ethical behavior is essential to ensure the continuity of our business and build trust among our associates, with our customers, investors, suppliers and business partners. Therefore, at Walmart de México y Centroamérica, we reward associates who exhibit a conduct of exceptional integrity and promote these principles. In addition, we promote this culture by maintaining a diverse and specialized team that prioritizes customer service and demonstrates a strong commitment to responding to cases reported through the company's established channels.

This year, we ranked second in AMITAI's "Las Empresas Más Éticas de México" ranking ("The Most Ethical Companies in Mexico").



## Our core policies

GRI 2-15, 2-23, 205-3, 406-1

1.



### Code of Conduct



It defines the guidelines for expected behavior to generate trust in our associates, customers and throughout our company, and bolsters the idea that Walmart is committed to abide by the laws and regulations in all locations where we operate.

2.



### Global Harassment and Discrimination Prevention Policy



It sets guidelines that strictly prohibit all discriminatory and harassing behavior.

3.



### Global Conflict of Interest Policy



It establishes guidelines for making fair and objective commercial decisions to build confidence, taking into account the company's interests and exercising good judgment without considering personal interests or situations that may affect their objectivity.

4.



### Standards for Suppliers



The Standards complement the Code of Conduct by applying Walmart's values to our relationships with suppliers. Walmart believes in doing the right thing and is committed to complying with the laws of the places where we operate. We expect our suppliers to do the same.



During 2023, we collaborated with corporate, store, and business unit leaders to ensure that our objectives were met correctly, as well as applicable laws and policies.

As every year, we reinforced campaigns to communicate to associates the processes and channels available for reporting ethical concerns or filing complaints, so that they can be addressed and sanctioned or remedied, to maintain a free, respectful, and safe work environment in which our associates feel heard and our values are embodied.

All confirmed ethics cases result in disciplinary action ranging from a reprimand to termination of employment.

In 2024, the plan is to continue working to build and reinforce trust among our associates, customers, suppliers, and third parties by addressing ethics reports, implementing proactive communication and training campaigns, remediating identified process gaps and mitigating identified risks using data that allows us to optimize the decisions we make every day.

This year, we continued with various activities in Mexico and Central America to promote a culture of integrity among our associates:

### 1. Annual Training

In Mexico and Central America, we provide training on our Code of Conduct to associates.

### 2. Integrity in Action Award

Every year, we recognize associates **who uphold our values and culture of integrity** every day. A winner is chosen for each market and at the regional level from among the hundreds of nominated associates. In 2023, this award was given to a Mexican associate who stood out for being an advocate for integrity.

### 3. Integrity Index

The Integrity Index consists of six questions about the company's integrity culture and the process to report inappropriate situations, which are included in the annual associate survey.

### 4. Communication Campaigns

We deliver strategic communications to our associates on relevant ethics topics to strengthen the integrity culture, including **Prevention of sexual harassment and discrimination, Conflict of interest, Anticorruption and Fraud Prevention and dishonesty.**

### 5. Conflict of Interest

A conflict of interest occurs when personal interests interfere with, or may appear to interfere with, our work at Walmart. We strengthen communication with our associates, providing concrete examples of the most common conflicts. Furthermore, we kept the topic as part of **the ethics reinforcement and orientation for new associates**, and we request associates in select positions to fill down the annual conflict of interest questionnaire.



## Open communication

To discuss transparency, we are keen to identify and understand what concerns our associates recognize, so that we can:

1. Detect **breaches** of our **Code of Conduct** , so that they are addressed and resolved effectively
2. **Prevent potential risks** affecting our stakeholders or environment

We have different reporting channels:

**Open door communication** through which concerns about behavior or treatment are brought to the attention of the direct leader, the next level leader, and the People, Ethics and Compliance or Legal leader.

**Ethics line** through which complaints are filed, including anonymous ones, and which are received 24/7 through different channels including the website, email and telephone (in each country we operate in the region).



We will continue to promote integrity-based culture through 2024, keeping a **strong training and communication** plan to raise awareness about the significance of doing the right thing and effectively addressing non-compliance risk areas. To do this, we will continue to uphold the *“Hablemos de Integridad”* (“Let’s Talk about Integrity”) program as our flagship and reinforce the tone from the top down so that the message of integrity lives on and successfully permeates all of our associates.

We will pay particular attention to the following:

- **Addressing concerns:** We will collaborate with leaders and the People team to find the most efficient solution to our associates’ concerns.
- **Prevention of Sexual Harassment:** We will implement a continuous communication and awareness campaign to identify, prevent and penalize sexual harassment.
- **Integrity Index:** Based on the results of the 2023 Integrity Index we will work on a campaign along with the People team and business leaders to improve the indicators measured by this annual evaluation.

### ACTIONS TAKEN FOLLOWING REPORTED ETHICAL CASES

All confirmed cases may result in disciplinary action ranging from a reprimand to termination of employment.

In addition to the findings identified in such cases, remediation measures are implemented in coordination with the different areas of the business, including training, process improvements, publication and modification of policies, reinforcement of communication, among others.



# ANTICORRUPTION

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GRI 205-1, 205-2, 205-3

Walmart’s stance on bribery and corruption is firm: we compete fairly and honestly everywhere we do business around the world.

Our **Global Anticorruption Policy** explicitly prohibits bribery in any form: receiving, offering to pay, paying, promising to pay, or authorizing the payment of money or anything of value to improperly influence any act or decision or to secure any other improper advantage in order to obtain or retain business is strictly prohibited. At Walmart de México y Centroamérica, these acts constitute a direct violation of our **Code of Conduct**, and they will result in consequences according on the circumstances. To deal with these situations, we have global procedures and protocols.

To reinforce our ethical commitment, we align our actions with two main pillars: Measures and Corrective Actions.

- **Measures:** we assigned dedicated Anticorruption teams based in Mexico and Central America. We conducted annual risk assessments within the Anticorruption Program and design system enhancements to globally manage corruption risks. We also implemented our Anti-Corruption Compliance Program with acquired entities. We provided training to associates to identify corruption risks in our activities and assigned tailored training to Third Party Intermediaries (TPIs).

We carried out audits of TPIs, with a special focus on strengthening compliance with our **Anticorruption Policy and Procedures**.

- **Corrective Actions:** We implemented action plans to address risks identified by our monitoring and audit teams as part of our ongoing Anticorruption efforts. Additionally, the Anticorruption Monitoring Team will grow to include additional areas of the Ethics and Compliance Program to monitor.

Going into 2024, we will continue to improve our Anticorruption program by utilizing the existing monthly and quarterly monitoring to identify and predict potential corruption risks coming from our operations and commercial efforts. As a result, we will ensure that the most effective and efficient remediation plans and mitigation measures are implemented, ensuring that continuous improvement fosters the corporate culture that sets us apart and is based on integrity.



In 2023, 100% of our key leadership in Mexico and Central America received Anticorruption training.



# FOOD SAFETY

GRI 416-1  
SASB FB-FR-250A.1, FB-FR-260A.2

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Our customers and members are becoming increasingly concerned about where their food comes from, what it contains, and how it is produced. Therefore, our goal is to provide our customers with affordable products while ensuring the food's quality and safety. To this end, we have five crucial programs in Mexico and Central America:

More than 150 on-site cleaning workshops were held for associates handling perishable goods in Central America.

**1. High Five Program:** Five principles for hygienic food handling

- a. Keep it cool, keep it hot
- b. Cook it and cool it down
- c. Stay clean, stay healthy
- d. Prevent cross-contamination
- e. Wash, rinse and disinfect

**2. Integrated Pest Management Program:** Controls implemented in stores and Distribution Centers to prevent any risk of contamination along the supply chain. These are managed using measurement indicators based on geographic areas and contamination risk.

**3. Global Food Safety Initiative (GFSI):** We request that our Private Brand suppliers obtain certification in this type of program within a reasonable timeframe, should they not already have a proprietary system in place.

Our Cuautitlán meat plant is Safe Quality Food (SQF L-2) certified, allowing us to offer products ensuring the highest possible level of food quality and safety.

Walmart Mexico implemented new controls this year to comply with the new trans fat law, which aims to reduce or replace trans fats in foods to prevent obesity

**15**  
Distribution Centers in Mexico were audited by the Good Distribution Practices system

**7**  
Distribution Centers and 10 processing plants in Central America are FSSC 22000 certified



**3**  
DCs in Mexico certified under the British Retail Consortium scheme

**95%**  
of our suppliers in Central America have the GFSI in force



**4. Food Fraud Program:** This program is reinforced by three key actions:

- a. Threat & Vulnerability Risk Assessment (TVRA): The TVRA is a tool that classifies foods' risk level based on factors such as composition, history and processing methods, allowing a categorization from highest to lowest risk level. Once this level has been identified, we generate a specific monitoring plan.
- b. Horizon Scan: A tool that identifies food safety risks, food fraud, non-compliance with labeling and ingredient substitution laws in other countries, enabling us to determine whether our Private Brands' products pose a potential risk.
- c. New Analysis Techniques: These techniques allow us to identify when ingredients have been substituted and/or are non-compliant with ingredient additions. This helps us ensure that our Private Brands' products always comply with current regulatory laws.

**5. PDHA (Product Design Hazard Analysis) Program:**

It is a systematic approach for assessing possible hazards connected with physical, chemical, or microbiological risks starting at the product design stage.

In Central America, we implemented a new store auditing methodology to improve food safety, resulting in a more than 10% recovery rate for green stores.

### Integrated Complaint Management Program

In Central America, we completed the first part of this project in collaboration with Food Security, Product Safety, Consumer Protection, and Product Quality. This included creating a platform for recording information and assigning events to areas, as well as managing data in BI. **Business Intelligence is an IBM product for data management.**



# PRIVACY

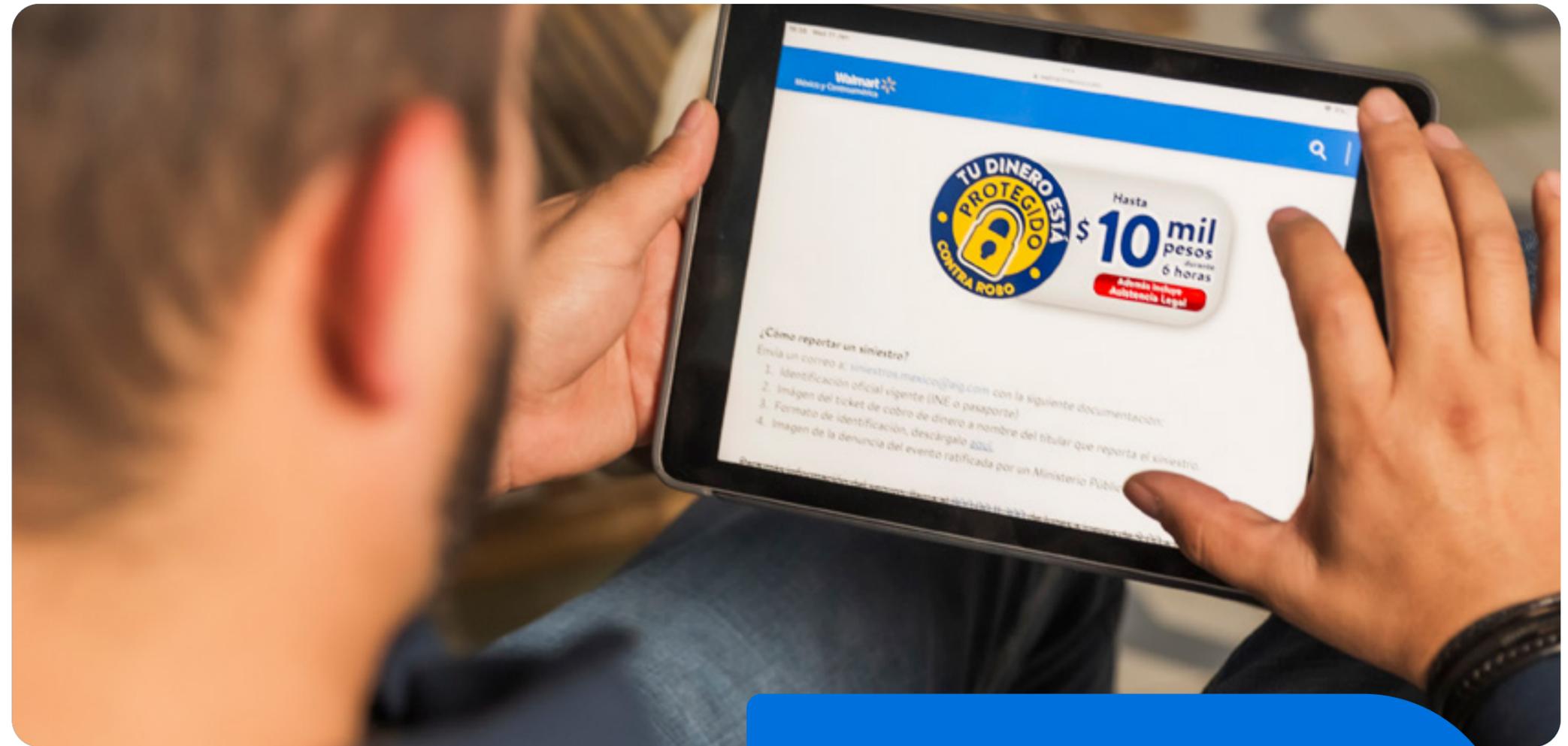
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GRI 418-1  
SASB FB-FR-230A.1, CG-MR-230A.2,  
CG-EC-230A.2, CG-EC-220A.1, CG-EC-220A.2

The protection and privacy of our associates', customers', members', and suppliers' personal information is essential to Walmart de México y Centroamérica. As a result, we align our best practices with regulatory obligations for protecting information shared by our stakeholders.

We comply with all regulatory requirements for the acquisition, use and retention of personal information.

For this reason, in 2023, we launched training and awareness efforts in Mexico and Central America to promote this regard for privacy among our business partners. Through EPRA (Enterprise Privacy Risk Assessment) reviews, we paid particular attention to the privacy review process for each project requiring the management of personal data. Our Privacy team actively participates in the review and approval of EPRA's in order to deploy technological solutions involving the handling of personal data.



In Mexico and Central America we reviewed and approved 530 EPRA's to implement technological solutions involving the processing of personal data.



In 2023, we had no confirmed incidents of customer privacy breaches or data leakage in Mexico and Central America.

Furthermore, we work hand in hand with the teams to evaluate and determine the requirements for maintaining adequate control over the ARCO rights of our customers and members.

prevention mechanisms, we are prepared and aligned to act effectively in data incident situations.

Practice is essential in order to know how to respond to incidents of data breach. As every year, the Incident Response Committee successfully conducted the incident response drill. As a result of these

Faced with changing regulatory contexts, in Costa Rica and Honduras we conducted a risk and required actions mapping, in light of possible changes in data protection laws.

In Mexico, we will carry out the following measures through 2024:

- 1.

Implement, communicate and monitor compliance of our record retention obligations in alignment with Walmart's policies.
- 2.

We will continue to align with Walmart processes and promote a culture of personal data protection throughout the organization.
- 3.

We will work on the implementation of action plans as a result of the monitoring of critical issues regarding personal data.



# ENVIRONMENT

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GRI 2-27, 303-2, 303-4, 304-1, 304-2, 304-3, 304-4, 306-3

The environment and society are at the center of our business decisions and practices, and environmental compliance is critical to our goal of becoming a Regenerative Company.

All commercial activities, including location selection, design, construction, and operation of our business units, adhere to specific environmental regulations in each country where we operate.



## Mexico

Over the course of 2023, environmental analyses were conducted and compliance reports related to the management plans for special handling waste were submitted. Likewise, compliance reports were generated regarding the conditions established in the Environmental Impact and Risk studies, all in relation to the business units currently in operation.

In 2023 we built new wastewater treatment plants and implemented biodigesters throughout Mexico.

The preceding complies with the most recent regulations for discharging residual water in bodies of water classified as national goods. These actions are part of the strategic program agreed with the federal water authority, specifically with the National Water Commission (**Comisión Nacional del Agua, CONAGUA**).

In parallel, we established comprehensive management plans for compostable single-use plastics, which are distributed and sold in 285 of our stores in Mexico City. As we move toward 2024, we will continue to develop strategies in full compliance with the most recent regulation banning plastic bags and single-use plastics.

In addition, as part of our water conservation efforts, we will strengthen our wastewater management infrastructure to guarantee adherence to discharge regulations and wastewater utilization.



## Central America

In collaboration with other departments, we were able to consolidate and standardize **the preventive maintenance program for the region's wastewater treatment plants.**

In addition, we will implement the **2024 Plan** to ensure compliance with wastewater regulations in Guatemala, following the change in legislation. This plan will focus on improving treatment plants, implementing good operational practices, and implementing proper preventive maintenance.

Additionally, we were able to increase the number of service providers in each country. We strengthened our wastewater quality monitoring programs to ensure compliance with country-specific regulations.

This year, we saw an increase in attendance at training courses for new associates and completed the training and communication program.

For 2024, we will execute action plans aimed at simplifying and technifying operational processes in stores, such as the implementation of automated grease traps in rotisserie areas and automatic water disinfection systems for stores that require them.



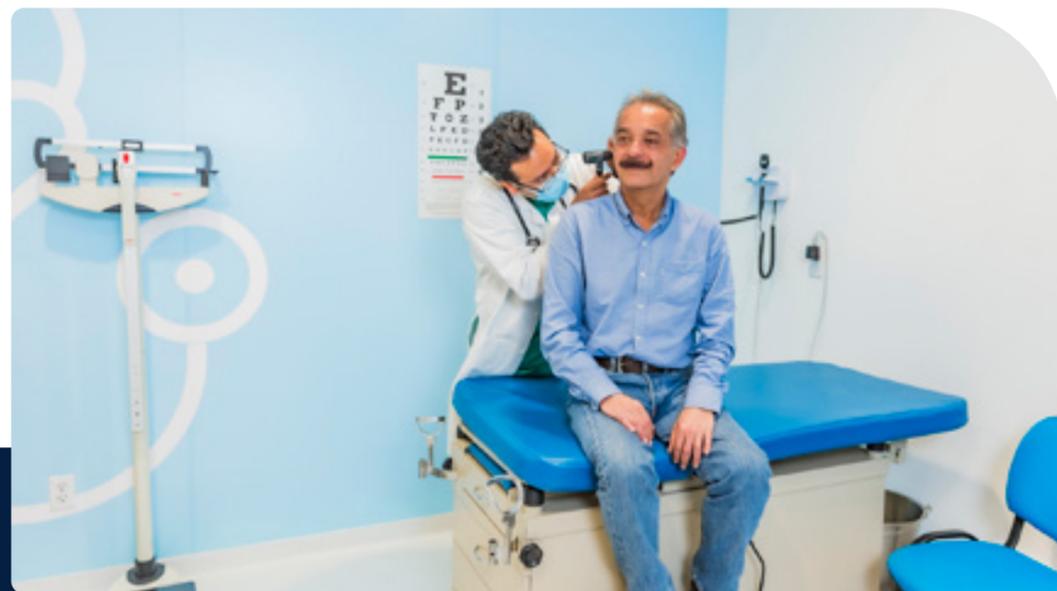


# HEALTH AND WELLNESS

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GRI 416-1

Our Health and Wellness program in Mexico and Central America seeks to ensure that all legal criteria for healthcare supplies and services are met.



## FIRST WALMART MEDICAL SERVICES CENTER IN MEXICO

With the well-being and health of all our customers and associates in mind in 2023 the **first Walmart Medical Services Center** and the pharmacy attached to it were opened, with the goal of offering affordable, high-quality healthcare. The Center, located at Walmart Supercenter Plaza Oriente in Iztapalapa, Mexico City, provides general and specialized medical consultation (Internal Medicine, Pediatrics, Dentistry, Psychology and Nutrition), clinical analysis laboratory service, ultrasound and soon X-rays.

To provide our customers and members with more products that help them enhance their health, quality of life and make their everyday lives easier, controls were implemented to allow the offering by third party sellers of over-the-counter drugs and veterinary medicines with home delivery for the first time on our Marketplace in Mexico.

Similarly, we took steps to ensure that health supplies, herbal remedies, food supplements and cosmetic products sold directly by Walmart de México complied with the law.

In Central America, we are working in the Distribution Centers to strengthen the Health and Wellness compliance program in pharmacies. Furthermore, a set of local procedures were devised to ensure the operation's proper compliance.

### More than 95% of pharmacy departments completed the annual training.



Walmart de México y Centroamérica will continue to execute and strengthen the Health and Wellness initiative, focusing all of our efforts on the health of our customers and members. As a result, we will continue to open new locations that serve as health access points and deliver comprehensive experiences at the best price, closeness and care..



# FINANCIAL SERVICES COMPLIANCE

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In Mexico and Central America, we have a **Financial Services Compliance** program that we work hard to keep up to date with the Walmart global strategy. This year, in order to encourage process efficiency and ongoing improvement, we paid particular attention to risk and resource maximization.

In 2023, we supported the enterprise strategy in the launch of new financial products and services, and implemented controls that comply with legal standards and our company's best practices in Mexico and Central America. Examples of these controls include:

## Remittances

In order to identify unusual activity and potential fraud, in Central America we continue working to review and adjust the remittance monitoring mechanisms. In Mexico, we implemented a process to identify and review high-risk stores in terms of remittance payments.

## Anti-Money Laundering

Together with the Walmex Data Analytics team, we created new reports that enable the identification and mitigation of operational and transactional risks related to money laundering prevention. Similarly, automated controls were implemented at points of sale to reduce these risks associated to vulnerable activities.

In Mexico, a strategy was designed to implement controls aimed at complying with regulatory obligations regarding money laundering prevention for the Electronic Payment Funds Institution.

To promote this culture of prevention, we reinforced training and communication with our associates.



# LICENSES AND PERMITS

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We constantly work to ensure that the licenses and permits required in our operations are duly completed, processed and renewed in a timely and efficient manner, guaranteeing the operational continuity of our units and optimizing the shopping experience for our customers and members.

That is why we rely on our **Global License and Permit Policy**, compliant with applicable standards. These processes are recorded in our Global License Management (GLM) system, ranging from researching requirements and authority contact details, to the submission, entry, payment of fees and retrieval of the relevant document. A committee of specialists who are not affiliated with the licensors examines all documentation and determines if the project conforms with all relevant regulations before obtaining and issuing New Store Licenses.

**Over the course of 2023, we managed more than 47,000 licenses in Mexico for our stores, clubs and Distribution Centers. Of those, more than 18,500 licenses were renewed** to ensure the continuation of operation for our units. As for our expansion plan, renovations, maintenance and special projects, we obtained more than 6,000 licenses obtaining 100% of the required permits to meet the growth plan.

**In Central America, we renewed over 3,100 licenses.** In addition, we obtained 100% of the required permits to meet the growth plan.. Similarly, we obtained 100% of the permits required for carrying out remodeling, major maintenance and special projects.

We also managed to reduce the time required to obtain permits in Costa Rica and Guatemala, in line with the company's growth strategy.



# PRODUCT SAFETY

GRI 416-1  
SASB CG-MR-410A.2

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One of our main duties and responsibilities is to ensure the safety of the items we sell to our customers and members, thereby ensuring that all of them meet safety standards, regulations and established quality.

## Mexico

In 2023, several tasks were carried out related to product safety, including:

1. Development of pre-shipment test guides on General Merchandise products (such as fans, extension cords, power strips, etc.)
2. Creation of Laboratory and Inspections Manuals for General Merchandise in order to have safe and quality products complying with Mexican regulations, with emphasis on our domestic and imported Private Brands.
3. Extension of the FCCA (**Factory Capability and Capacity Audits**) audit
4. Formalization of the Federal Consumer Protection Agency's (**Procuraduría Federal del Consumidor, PROFECO**) Quality Studies Procedure and involving the relevant areas (Legal, Private Brands, Compliance) to support the proper execution, attention to detail and dissemination of the study's findings.

program to include consumables and wellness and health products (except medicines). The program was updated together with Walmart International, aligning to the specific requirements in Mexico.

We shared the pre-shipment testing guide for General Merchandise products with all our suppliers to ensure that they perform safety tests on the products.

## Central America

In 2023, we implemented concrete actions to ensure that we sell products that meet the highest safety standards.

We achieved an average annual compliance rate of 99.92% in the product catalogue that require sanitary certifications for sale.

1. **Recall:** We implemented the **Central America Product Recall** program, using internal tools for communication and management of store alerts and reports, improving the process for how stores report completed recall actions.
2. **Management systems:** We implemented **two types of management systems**, which monitor good production and storage practices, facility compliance and follow-up on monthly action plans.
3. **Labeling:** We conducted the first phase for **improving the complementary labeling process** for imported products, involving protocol updates, training and information accessibility.

In 2023 we obtained a total of 1,651 sanitary registrations in Central America.

This year, we implemented 100% of our training and communications strategies to spread these practices among all our associates, thus reinforcing our commitment to the safety of our products.



# LABOR AND EMPLOYMENT

GRI 2-30, 402-1, 408-1, 409-1  
SASB FB-FR-310A.2

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Every day, we work to protect our associates' labor rights in Mexico and Central America. That is why we take steps to ensure that they are aware of their rights, such as working in an environment free of discrimination and sexual or workplace harassment, being properly compensated and having guaranteed rest hours. Furthermore, we constantly evolve to align with new regulations and laws in the countries where we operate.

In 2023, we set new standards according to the new labor regulation pertaining vacation period in Mexico, to ensure that our associates enjoy the Paid Time Off period established by law.

We strengthened the monitoring of working hours and enhanced devices for measuring our associates' working hours in stores and clubs.

In 2023, Costa Rica and Guatemala joined Honduras in the implementation of the Kairos Project, a new attendance registration system that also records scheduling and payment processes. Similarly, we collaborate with the Labor Committee to build risk mitigation and assertive communication plans for potential labor situations stated by associates.



Our associates are our driving force, which is why we constantly strive to offer them the best opportunities to improve their quality of life.



# FOREIGN TRADE AND SANCTIONS

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Our Foreign Trade and Sanctions program ensures that the company's merchandise is imported and exported in accordance with applicable foreign trade legislation, as well as the payment of the corresponding taxes.

To streamline and facilitate our foreign trade transactions, we seek to maintain a secure supply chain through our AEO (Authorized Economic Operator) Certification. This is a recognition given by Mexican customs authorities to economic agents who participate in international trade. One of its primary missions is to combat smuggling, terrorism and drug trafficking, among others.

In Mexico, to reinforce the proper application of origin rules in accordance with the USMCA (United States-Mexico-Canada Agreement), we trained 277 suppliers on the subject.

We constantly evaluate our logistics suppliers for safety to keep our import supply chain secure and ensure compliance with minimum safety standards.

As part of our commitments, during 2024 we will strengthen the Foreign Trade Compliance program to mitigate supply chain risks related to importation and security issues.

## In July 2023, we renewed our certification as an Authorized Economic Operator in Mexico for another two years.



# ANTITRUST

GRI 206-1

← Back

We remain committed to upholding the highest standards of ethics and integrity and to complying with all applicable antitrust and free competition laws.

## TRAINING AND AWARENESS

We conducted targeted training sessions in Mexico and Central America, both face-to-face and online, specifically designed to support individual teams. These trainings relied on relevant hypothetical case studies based on real-world scenarios to provide our associates with the skills and tools they need to properly identify and address antitrust issues that could arise in their positions.

In Mexico, during 2023, 1,153 associates were trained through in-person sessions and 506 through e-learning. Additionally, we developed focused communications aimed at internal groups, as well as key external audiences, including our suppliers and marketplace sellers, to ensure compliance with antitrust laws and regulations. As a result of increased antitrust agency scrutiny across markets, including the ongoing investigation conducted by Cofece, in which Walmart has timely submitted its defense against the allegations made by the Investigative Authority, we have increased attention to and emphasis on company training and awareness of and compliance with antitrust laws. In doing so, we have concentrated on appropriate communications and engagement with competitors, suppliers, and third-party vendors as well as how to conduct our negotiations with them.

In Central America, we trained our associates on antitrust law both upon joining the company and as part of their ongoing training requirements.



### POLICIES AND GUIDELINES

To reinforce our internal controls, we updated our Antitrust guidelines, aligned with our internal policies.

#### MEXICO

We relaunched the Marketplace Frequently Asked Questions (FAQs) document to provide clarity to our category and Marketplace teams on issues such as information exchanges and joint negotiations.

#### CENTRAL AMERICA

Throughout the year, we reviewed and updated several key documents implicating antitrust issues, including the new Pricing Policy and Protocol for Dawn Raids, and consolidation of the Low Cost Sales Standards and Antitrust Guidelines for human resources.

As part of our commitment to support the business and continuous improvement, both Mexico and Central America maintained an internal channel for inquiries on antitrust issues from the company's many teams. We also engaged with project development and business teams as they were developing specific monetization initiatives and new businesses, to ensure the alignment of these projects with antitrust laws before rollout.

Through 2024, we will continue to improve our training programs in Mexico and Central America, and to strengthen and implement standards and controls to ensure business practices are in compliance with antitrust laws.

We will also continue encouraging the reporting of any potential antitrust concerns both internally and externally.



## CONSUMER PROTECTION

GRI 2-27, 416-2, 417-1, 417-2, 417-3  
SASB FB-FR-270A.1

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Our customers have always been at the core of our decisions, which is why it is critical that we present them with clear and accurate information about our products and services to ensure compliance with the terms and conditions of our offer. To this end, we are committed to complying with all applicable consumer protection laws and regulations in all countries where we operate.

As part of our efforts, we review advertising material and implement a communication and training program for store, club and staff teams that generate information, advertising and/or special offers to ensure that they are clear, truthful and compliant with applicable regulations, depending on the product or service.



In Costa Rica, training was provided to all SMEs participating in the “Una Mano para Crecer” (“A Helping Hand to Grow”) support program to ensure that the labeling of products sold on our shelves complies with legislation and avoids fines.

In Mexico, we use our eCommerce program to monitor and ensure that product information is correct and that products for sale comply with applicable rules and/or the company’s internal policies. We also ensure that our Private Brands product labels and packaging contain all of the necessary information and do not mislead or confuse our customers.

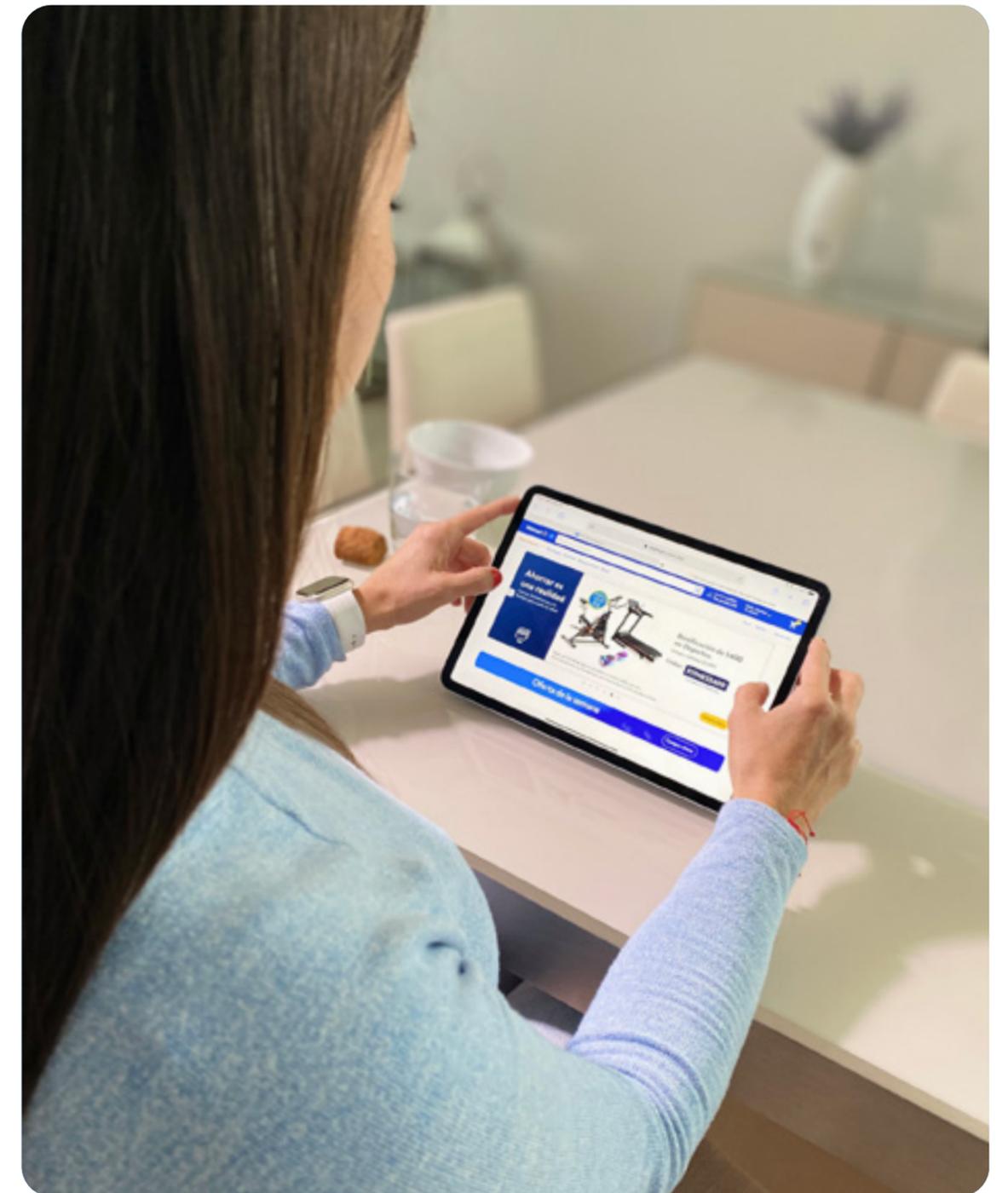
During 2023, we worked collaboratively with our suppliers to guarantee compliance with phase 2 of NOM-051 (General labeling criteria for packed food and non-alcoholic beverages - Commercial and sanitary information) and the modification of the General Health Law Regulation on transgenic fats.

We updated our marketing guides, restricted product pricing matrix, protocols and customer service guidelines. In addition, the Walmart de México y Centroamérica website was improved to reflect sales or age restriction labels, depending on the products.



To provide the best experience for our customers and members in Mexico throughout 2024, we will work on standardizing return procedures in both physical and online formats, and we will continue to implement the necessary controls to comply with product sale regulations, particularly in categories with a high social impact such as alcohol, tobacco and inhalants.

In Central America, a communication plan will be built related to the eight golden rules of Consumer Protection (Guarantees, Prices, Labeling, Tobacco Labeling, Scales, Expirations, Regulatory Visits, Advertising), so that our associates are aware of them.





# RESPONSIBLE SOURCING

GRI 308-1, 308-2, 408-1, 414-1, 414-2  
SASB CG-MR-410A.1, FB-FR-430A.1, FB-FR-430A.3

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To move forward on our route to regeneration, we must prioritize our value chain through accountability, transparency and legal compliance in order to enhance our relationships with suppliers and eliminate any action that violates human rights and/or the environment.

Our daily commitments include the prohibition of forced and child labor, equality and non-discrimination, the prohibition of corruption, and the guarantee of a decent work.

In 2023, we evaluated more than 13,000 audit reports of third-party responsible sourcing facilities in Mexico and Central America. In addition, we investigated potential supply chain risks.

In Mexico, we trained more than 900 associates from Walmart’s commercial and sourcing team on our Global Responsible Sourcing Compliance Policy, our Supplier Standards, and our Responsible Sourcing expectations on an ongoing basis. In parallel, we communicate with our suppliers to reinforce our Supplier Standards. In Central America, 451 associates of the sales and sourcing teams were trained.

Human rights protection is a top priority for Walmart de México y Centroamérica, so we make sure that our suppliers follow our policies on equality and nondiscrimination, the ban on corruption, treat their workers fairly and comply with relevant employment laws and agreements.

In order to have a robust and clear regulatory framework, Walmart de México y Centroamérica’s Responsible Sourcing program complies with the following policies, which suppliers must be aware of and apply to ensure the program’s proper operation:

## RESPONSIBLE SOURCING ACADEMY:

We provide training and guidance on best practices from a formative perspective, developed by third parties and available in a variety of languages.

## SUBJECTS ADDRESSED:

- Audit Guides
- Global Compliance Guide
- Forced Labor
- Health and Safety
- Supply Chain Controls

In 2023, we had:

**6,676** suppliers with active contracts for the Mexican and Central American markets



- [Statement on Humans Rights](#)
- [Standards for Suppliers](#)
- [Code of Conduct](#)
- [Global Responsible Sourcing Compliance Policy](#)
- [Global Forced Labor Prevention Policy](#)



## TRAINING SESSIONS AND SPECIAL SESSIONS

In order to help new suppliers align with our commitments to respect and safeguard labor rights, our associates from the Responsible Sourcing team provide them with information and training sessions so that they can then implement these commitments internally within their own companies.

Likewise, new suppliers learn about the Responsible Sourcing Compliance Program, its policies and scope.

We conduct annual trainings to update or specify particular topics, based on our supply chain risk assessment.

## EVALUATION PROCESS

- 1 Identification of main risk sources
- 2 Detection of root causes
- 3 Risk assessment
- 4 Solution to mitigate or eliminate risks



**36**  
new supplier representatives received training in Mexico and Central America

**1,465**  
supplier representatives completed training sessions in Mexico and Central America



# Audit and Risk Classification

In 2023, we continued to rank the third-party audit reports provided for each facility, assigning a green, yellow, orange or red grade based on our **Supplier Audit and Evaluation Policy** and our examination of the report and the third-party auditors' findings.

Minor findings encountered

Failed to meet at least one important requirement

Purchases will continue to be allowed while such violations are being fixed\*

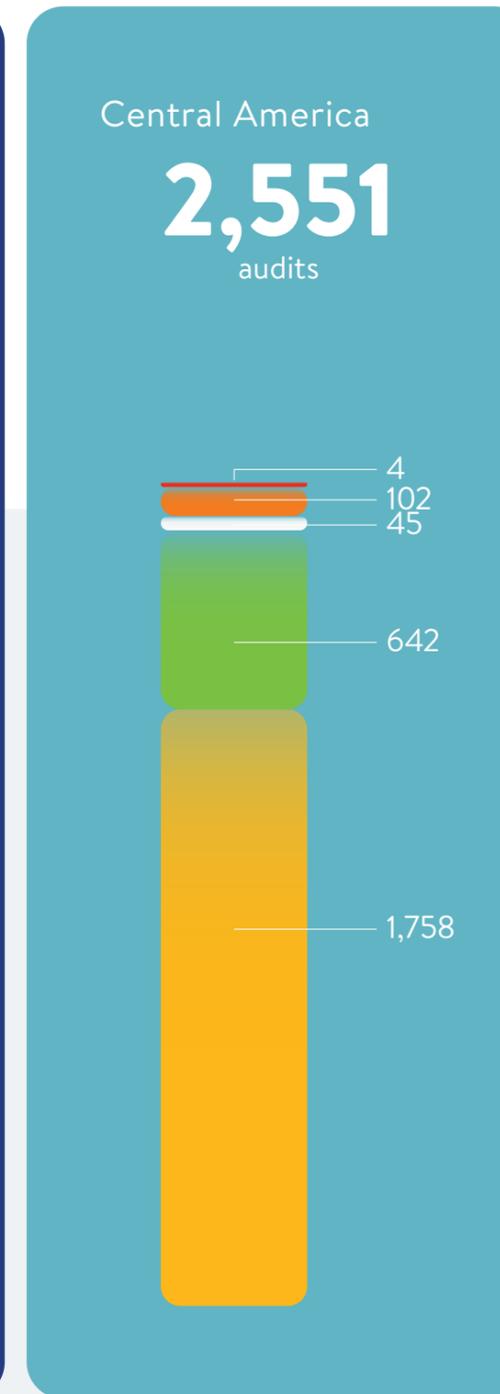
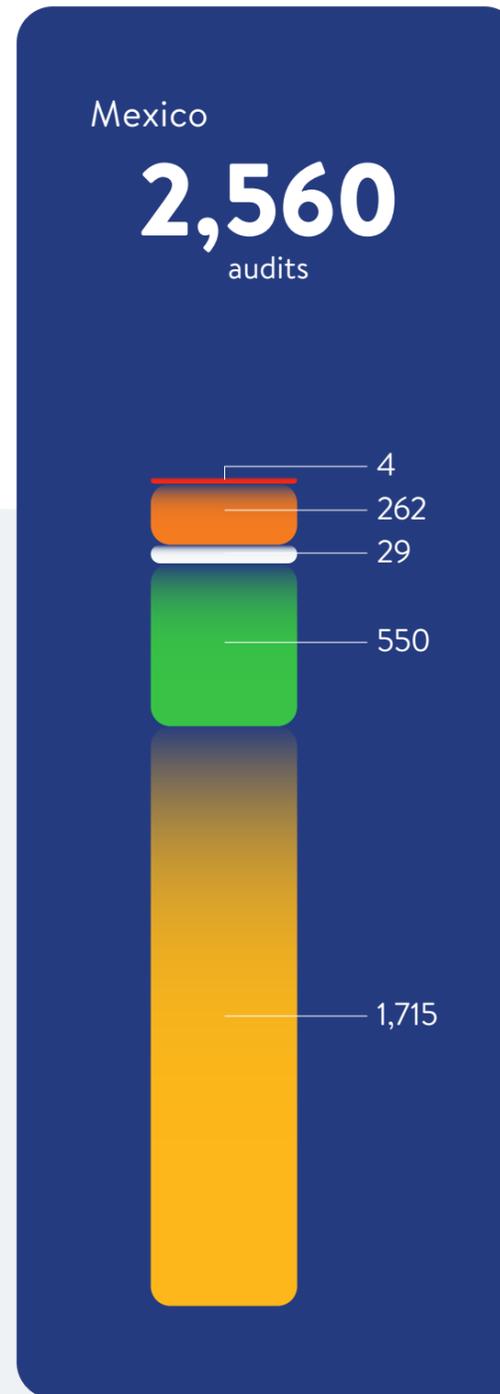
Production of items to be sold by Walmart may be temporarily or permanently stopped\*\*

Other

\* 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.

## AUDIT RESULTS:



## CLAIMS MECHANISMS

Our Responsible Sourcing area offers many accessible mechanisms for raising concerns about inconsistencies and thus seek corrective approaches.





# DIGITAL CITIZENSHIP AND INFORMATION SECURITY

Trust in the use of technology and data is critical, consistent with our values of service, excellence, integrity, and respect for the individual.





# DIGITAL CITIZENSHIP



Our digital trust commitments provide a foundation for the company to earn and maintain customer trust in an omnichannel, data-driven, technology-driven world:



### Service

Our use of technology and data will focus on serving people.



### Excellence

We strive for excellence in our technology, making it intuitive, convenient and safe.



### Integrity

We use data in a responsible, transparent, and conscious way.



### Respect

Our data and technology practices treat people fairly, with dignity, and with a strong regard for their privacy.

We implement these commitments through four main areas:

### Promoting fairness

- We shape decisions about the use of new technologies, services, and data under the leadership of our global Digital Citizenship team.

### Protecting privacy

- We have policies and controls in place for the use and exchange of customer and associate information.

### Managing data, records, and information

- We facilitate the use of data and technology through policies and procedures, associate training, and monitoring and evaluation.

### Cybersecurity and information security

- We protect our information and digital infrastructure from cyber-attacks by adhering to international standards, implementing incident reporting policies, executing escalation procedures, and conducting vulnerability testing.



# INFORMATION SECURITY

SASB FB-FR-230A.2, CG-MR-230A.1, CG-EC-230A.1

In 2023, the Technology team’s priorities included:

- Modernizing technology and data systems to reduce technical debt.
- Strengthening our capabilities for business continuity and disaster recovery.



The Information Security strategy is based on the following ten pillars:

**1. Cybersecurity:** our focus is on protecting our entire technology ecosystem (hardware and software), every device, and our data.

**2. Training and Awareness:** we created an awareness program to help end users recognize potentially dangerous communications on our platforms. In addition, each of our associates is required to complete an annual information security training.

**3. Data hijacking:** we conducted a simulation of a ransomware attack to determine the strength and profile of our current tools, as well as our organization’s response capability.

We had no ransomware attacks in 2023, thanks to our internal systems and layers of protection.

**4. Security risk score:** our enterprise information security capabilities are aligned with the National Institute of Standards and Technology (NIST). This allows us to identify risk and enables the ongoing protection of our technology assets and data.

**5. Data Risks:** data is one of our most important assets. Our information security experts are always working to detect potential risks and mitigate them.

**6. Key security risks and incidents:** we have a Security Operations Center that handles events that may occur within the Information Technology (IT) ecosystem. Our Incident Response team uses our processes to analyze and follow up on these incidents until they are solved.

**7. User awareness program:** we make sure that our suppliers and associates are aware of the potential threats in the digital ecosystem by running awareness and communication campaigns. This helps ensure that they don’t misuse data in a way that might jeopardize the company, our associates, or our customers.

**8. Vulnerability management:** we are focused on preventing the persistence of security vulnerabilities that could be further capitalized on. Alerts are right away in order to prevent incidents.

**9. Certificate management:** our digital certificates make possible the secure transport for both internal and external applications.

**10. Solution Security Plan (SSP) management:** our review of security processes and architecture enables product owners to implement technology solutions that comply with privacy and information security controls



## Information Security Governance

To guarantee ethical and secure information management, we concentrate on bolstering and solidifying our information management strategies. Our Audit and Corporate Practices Committees are involved in our information security strategy. The Committees meet on a quarterly basis to review initiatives, trends, risks and strategies to reduce potential damage to the information handled by the company.

Activities managed through our different Information security action plans are fundamental, as they drive a more secure operating ecosystem that protects the reliability of our applications and the data we handle, both from the company and our stakeholders.

Our ability to respond to risks or criticism resulting from external audits is supported by three pillars:



**1. IT NETWORK ARCHITECTURE:**  
We put in place a network architecture that seeks to reduce the vulnerability of our stakeholders' sensitive data.



**2. ACCESS MANAGEMENT:**  
We undertake regular user review reports on our applications to identify any room for improvement or potential risk.



**3. CHANGE MANAGEMENT CONTROLS:**  
The change management process in Mexico and Central America follows the practices and controls set forth in our global technology policies and standards. These standards are applicable to requests, tracking and documentation of processes and changes within our common and global tools.



Our vast and complex ecosystem of products and services positions us as a global reference point. As we handle millions of transactions per second, we receive more than 1.5 billion cyber-attacks per year. Therefore, after a contingency that impacts our continuity pillars in matters related to associates, facilities, systems and third parties, we activate our plans and controls to ensure the continuity of the business and our activities.

During 2023 we achieved 20% reduction in vulnerabilities derived from system penetration testing compared to 2022.





# HUMAN RIGHTS

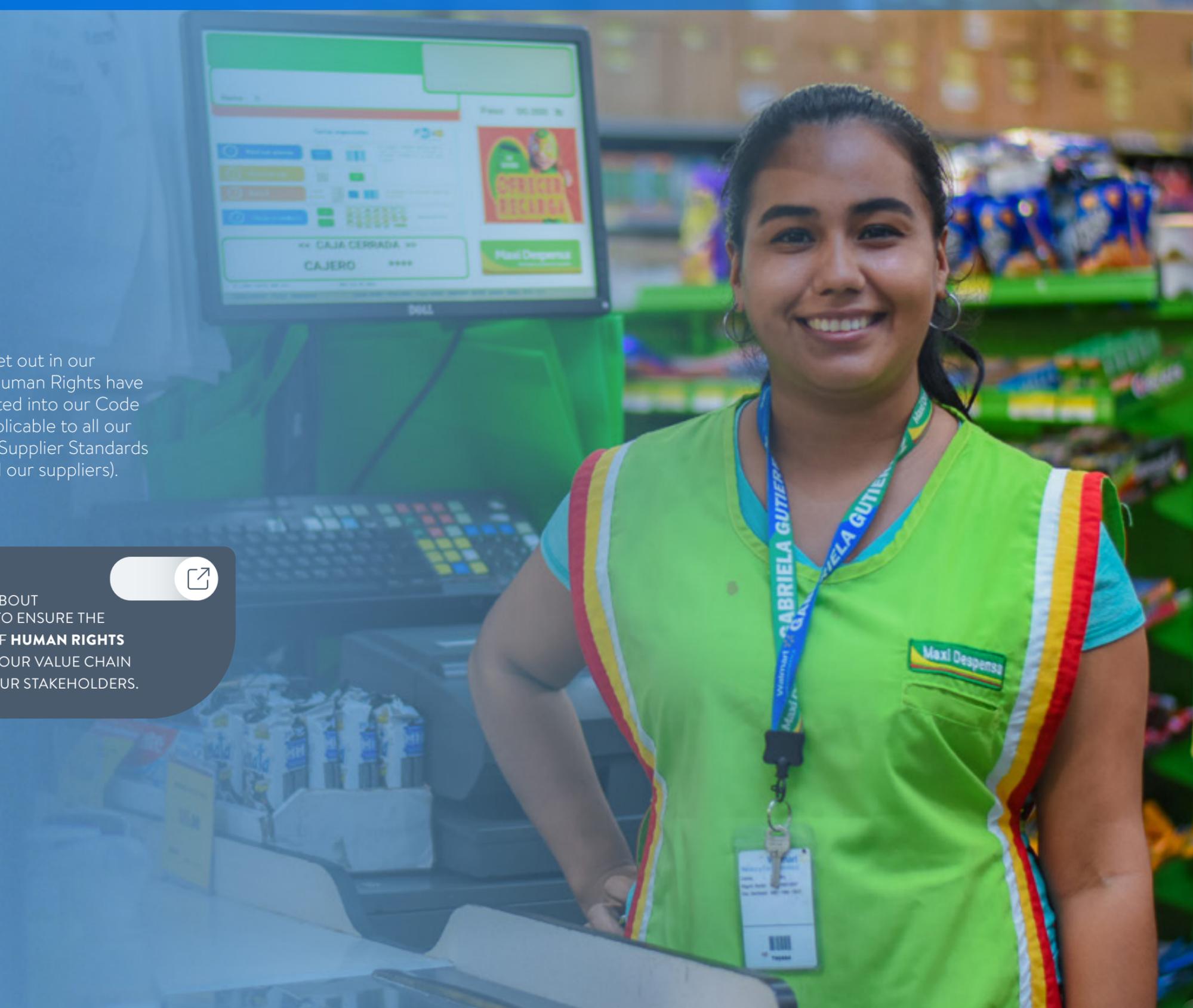
GRI 2-23, 410-1, 411-1

We have a deep respect for human rights and seek to leverage our scale, capabilities and influence to help people and communities live better, while focusing on our most relevant human rights issues.

Our Statement on Human Rights reaffirms our respect for human rights and conveys our values. It adheres to a number of international instruments, including the United Nations Universal Declaration of Human Rights, the International Labor Organization’s 1998 Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights.

The principles set out in our Statement on Human Rights have been incorporated into our Code of Conduct (applicable to all our associates) and Supplier Standards (applicable to all our suppliers).

CLICK [HERE](#) TO LEARN MORE ABOUT OUR ACTIONS TO ENSURE THE PROTECTION OF **HUMAN RIGHTS** THROUGHOUT OUR VALUE CHAIN AND AMONG OUR STAKEHOLDERS.





# RISK ASSESSMENT

GRI 2-25, 2-26

Every year, Global Audit Services conducts a Risk Assessment based on the methodology developed by Walmart Inc. and tailoring it to the realities of Mexico and Central America.

LEARN MORE ABOUT OUR **RISK ASSESSMENT**.



## ENTERPRISE RISK MANAGEMENT (ERM)

We use a multi-functional approach called ERM (Enterprise Risk Management) to manage and mitigate risks throughout Mexico and Central America. By doing this, we create a holistic view of risks and promote the exchange of best practices.

### ERM PROCESS

1. Potential risk assessment

- Risk escalation with internal teams
- Best practices analysis

2. Start of process

- Top-down risk additions or deletions
- Breakdown of relevant risks

3. Quarterly update

- Mitigation plans and indicators update
- Validation and calibration by risk owners

4. Validation by the Executive Committee

- Risk rating definition
- Relevant risk discussion
- Reporting to Bentonville

5. Validation by the Board of Directors

- Presentation and feedback

INTERNAL AUDIT REVIEW  
Constant evaluation of mitigation plans suitability and proper documentation



## Main Achievements

### Updating and strengthening our risk catalogue.

We leverage Walmart International's expertise to strengthen our risk inventory and mitigation plans, adapting and aligning them to the needs and context of Mexico and Central America.

### Preventive vision of risks.

We regularly carry out risk identification and proactive mitigation plan development sessions. We also restructured our process to scale them up in a more agile way and implemented technological improvements. On a quarterly basis, we share with the Board of Directors the most relevant milestones, findings and changes in terms of risks.

### We work with our Internal Audit team

To strengthen our existing mitigation plans, giving them SMART characteristics in order to create a more reliable process.





# CORPORATE GOVERNANCE

GRI 2-9

Our Corporate Governance leads, inspires and supports us to achieve our goals and objectives.





# BOARD OF DIRECTORS\*

GRI 2-9, 2-10, 2-11, 2-12, 2-14, 2-17, 2-18, 2-19, 2-20, 2-21, 405-1  
SASB CG-EC-330A.3, CG-MR-330A.1



## GENERAL INFORMATION

	Kathryn McLay**	María Teresa Arnal	Ernesto Cervera	Kirsten S. Evans	Leigh Hopkins	Eric Pérez Grovas	Elizabeth Kwo	Guilherme Loureiro	Karthik Raghupathy	Tom Ward
<b>Gender</b>	F	F	M	F	M	M	F	M	M	M
<b>Independent</b>		■	■			■	■			
<b>Member since</b>	2022	2022	2014	2018	2022	2018	2022	2016	2022	2021

## EXPERIENCE

Accounting & Audit	■		■		■	■		■		
Branding & Marketing				■				■		■
Business Strategy	■	■	■	■	■	■	■	■	■	■
Corporate Governance	■	■	■	■	■	■	■	■	■	■
Economics and Finance	■	■	■	■	■	■		■	■	
Energy										■
Entrepreneurship	■	■						■		
Environmental, Climate Change, Sustainability										■
Ethics & Integrity	■							■		
Health & Safety							■			
Human Resources	■				■		■	■		■
Human Rights	■						■	■		
Information Technologies / Cybersecurity		■	■			■			■	■
Investor Relations	■	■			■	■		■		
Logistics	■							■		
Manufacturing		■		■						
Mergers & Acquisitions			■		■				■	■
Institutional Relations	■		■	■		■		■	■	
Real Estate					■					■
Regulatory and Legal Affairs	■			■					■	
Risk Management	■	■			■	■	■	■	■	■
Sales	■	■	■	■	■	■		■		■

\* Board of Directors updated as of March, 2024.

\*\* Chairwoman



## Composition and Frequency of The Board of Directors

- It is comprised solely by statutory members.
- The officers of the Company and its subsidiaries are limited to executive president and general director positions only.
- Members are appointed each year by the Ordinary Shareholders' Assembly.
- The Board of Directors meets a minimum of four times a year. During 2023, it held five meetings. Average meeting attendance was 95 %.
- December 31, 2023, 25% of all directors are independent.
- The average tenure of Board members is three years.
- Minority shareholders, whose shares represent a minimum of 10% of owners' equity, have the right to appoint and remove a member of the Board of Directors. Their appointment may only be removed when the other members of the Board of Directors are revoked. At the end of 2023, 29.43% of the Company's shares are traded among the investing public.



**4**  
of the members are women, i.e. 40%

**4**  
of the members are independent, i.e. 40%

LEARN MORE ABOUT **BOARD MEMBER BIOGRAPHIES** AND THE MAIN RESPONSIBILITIES OF THE BOARD OF DIRECTORS



# AUDIT AND CORPORATE PRACTICES COMMITTEES

GRI 2-9, 2-19, 2-20, 207-2, 405-1

The committees are currently comprised of three directors, all of whom are independent.

- Ernesto Cervera
- Eric Pérez-Grovas
- Elizabeth Kwo

LEARN MORE ABOUT THEIR MAIN RESPONSIBILITIES, REQUIREMENTS AND PRACTICES




# WALMART DE MÉXICO FOUNDATION BOARD OF TRUSTEES

GRI 2-9, 2-13, 405-1

It is made up of 13 directors, four of whom are independent directors and meet four times a year.



LEARN MORE ABOUT ITS CONFORMATION AND MEMBERS





# DIVERSITY AND INCLUSION GUIDELINES FOR THE INTEGRATION OF MANAGEMENT AND SUPERVISORY BODIES



Promote an appropriate and diverse composition of the Board of Directors.

Seek an appropriate balance of profiles that brings diverse points of view to the discussion and enhances decision-making.

Ensure that recruitment processes are free of implicit biases that may imply any kind of discrimination, including but not limited to gender, ethnicity, age or disability.

Diversity criteria will be determined according to the nature and complexity of the company's business, as well as the social and environmental context.

Nominees for directors shall be women and men who possess a diversity of skills, knowledge, experience, nationalities, age and gender within the Board, so as to achieve an appropriate, diverse and balanced composition of directors.

Regular assessment of the level of compliance and their approach to diversity.