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

Double Materiality

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.

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Double Materiality Assessment Methodology

Stakeholders and ESG topics list
Defining Walmart's in internal and external stakeholders, as well as their priority and relevance. Defining the ESG glossary.

Approach
Approaching stakeholders, through service and focus groups. Conducting the activity with managers.

Priorities
Identification of material ESG issues based on the analysis of internal and external group.

Preliminary analysis
Integrating the analysis of internal and external priorities in the artificial intelligence tool.

Materiality
Analyzing the findings to define material issues, materiality matrix and double materiality.

Validation
Reviewing and validating the matrices, list of material topics and their definitions for Walmart's 2023 materiality.

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Stakeholders

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.

Government and Trade Unions
Strategic alliances that benefit the communities and our associates.

Communities
Resources to build stronger, more inclusive communities.

Planet
Leadership to preserve, restore and regenerate the planet.

Shareholders
Long-term superior returns through financial and ESG leadership.

ESG topics

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

Opportunity

Topic	Subtopics	Definition	Indicators	
			GRI	SASB
Diversity	Equal Opportunities Talent with Disabilities Non-Discrimination Personal Identity Equal Pay	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.		TC-IM-330a CG-EC-330a SV-AD-330a CG-MR-330a
Health and safety in the workplace	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	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	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	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 407 Freedom of association and collective bargaining 408 Child labor 409 Forced or compulsory labor 414 Supplier social assessment	CG-AA-440a CG-BF-430a CG-HP-430a CG-MR-410a CG-TS-430a CG-AA-430a CG-AA-430b HC-MC-260a CG-BF-410a
Inclusive supplier development	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.		

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Community

Topic	Subtopics	Definition	Indicators	
			GRI	SASB
Access to products / services	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	Product testing Healthy products and consumer nutrition Food safety Quality of service Genetically modified organisms (GMOs)	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	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	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	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	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	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

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Sustainability

Topic	Subtopics	Definition	Indicadores GRI	Indicadores SASB
Climate change management	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 TCFD Recommendations	HC-MC-450a CG-AA-440a
Energy	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	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	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	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	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	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	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	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 Disclosures	Not applicable
Market and competition	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	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 Disclosures	Not applicable
Managing risks in operations and supply chain	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	Cybersecurity Data security	It includes the processes, procedures, and tools necessary to ensure the privacy and protection of personal data belonging to associates, customers, members, and third parties. Additionally, it addresses cybersecurity processes designed to protect the company's computers, networks, and software in the event of security incidents. Furthermore, this topic describes the mechanisms for consolidating, storing, processing, and transmitting personal and sensitive information. In the case of the health vertical, it includes the specific management of personal and sensitive data related to the health status of customers/patients.	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	Human rights risks in 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

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:

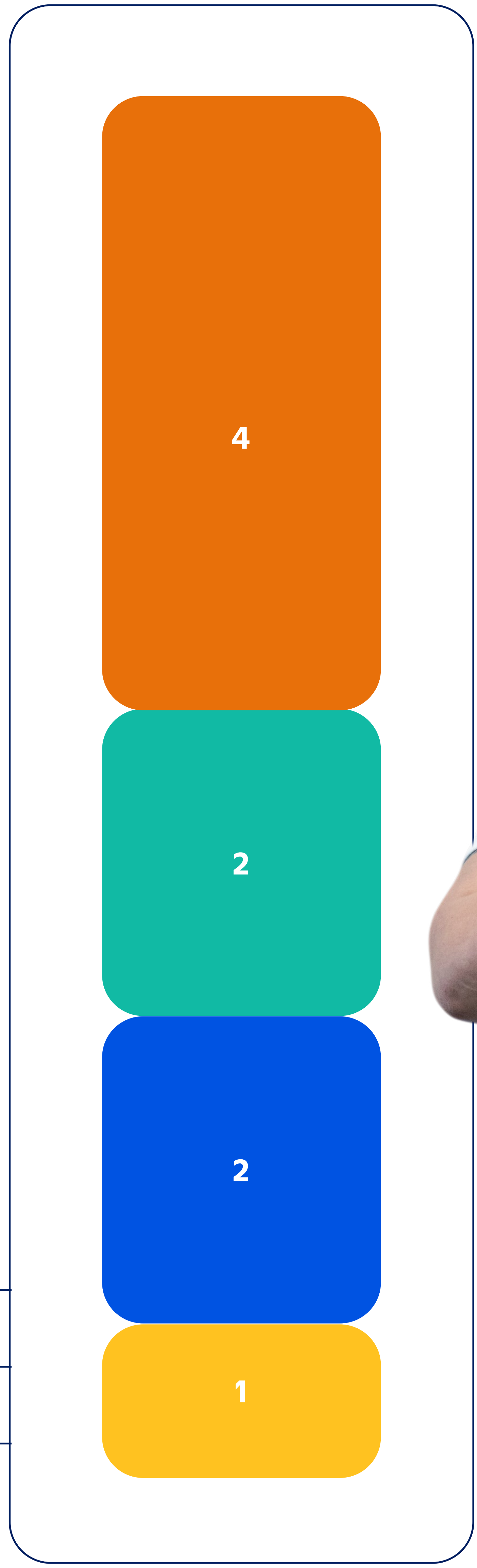
1 Field Associates (Mexico)

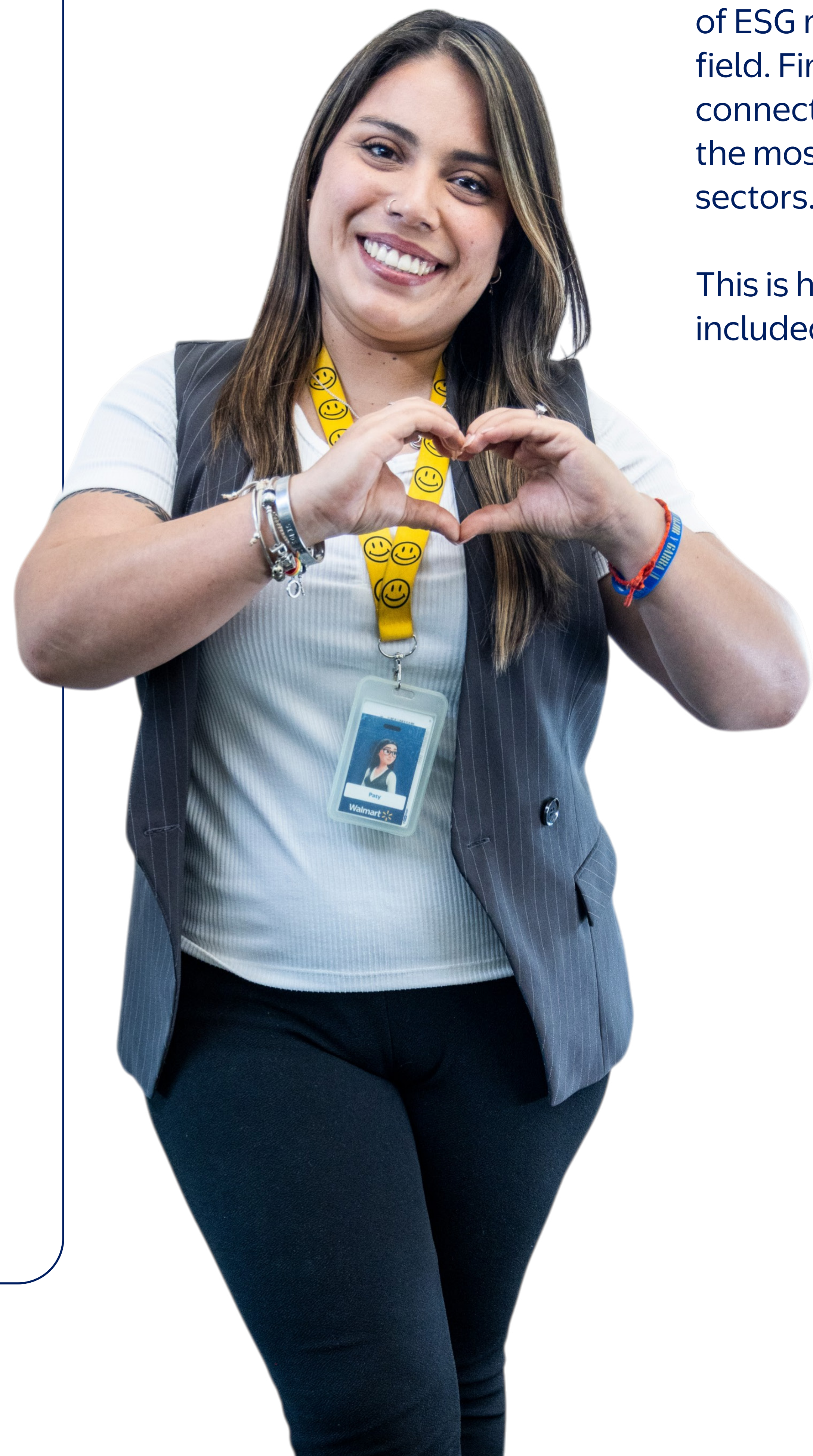
2 Office Associates (Mexico and Central America)

2 Communities (Mexico and Central America)

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

9 Total Focus Groups





Priorities and Alignment

Based on the analysis of internal and external group reports, we identified the ESG topics 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.

Walmart México y Centroamérica

Walmart de México y Centroamérica's ESG Topics

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.

Opportunity
Health and safety in the workplace
Labor practices
Inclusive supplier development
Talent attraction, development and retention
Supply chain management
Diversity

Sustainability
Product lifecycle design and management
Energy
Waste management
Climate change management
Greenhouse gas (GHG) emissions
Water
Natural capital

Community
Access to products / services
Product / service quality and safety
Investment in local communities
Community relations
Responsible marketing and labeling
Customer / member satisfaction and experience
Innovation and technology

Ethics and integrity
Privacy and information security
Human Rights
Ethical behavior
Market and competition practices
Corporate Governance
Managing risks in operations and supply chain
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
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

Community
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

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

Ethics and Integrity
3 Privacy and information security
6 Human rights
13 Ethical behavior
19 Market and competition practices
23 Corporate governance
24 Managing risks in operations and supply chain
26 Transparency

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Walmart México y Centroamérica

Double Materiality

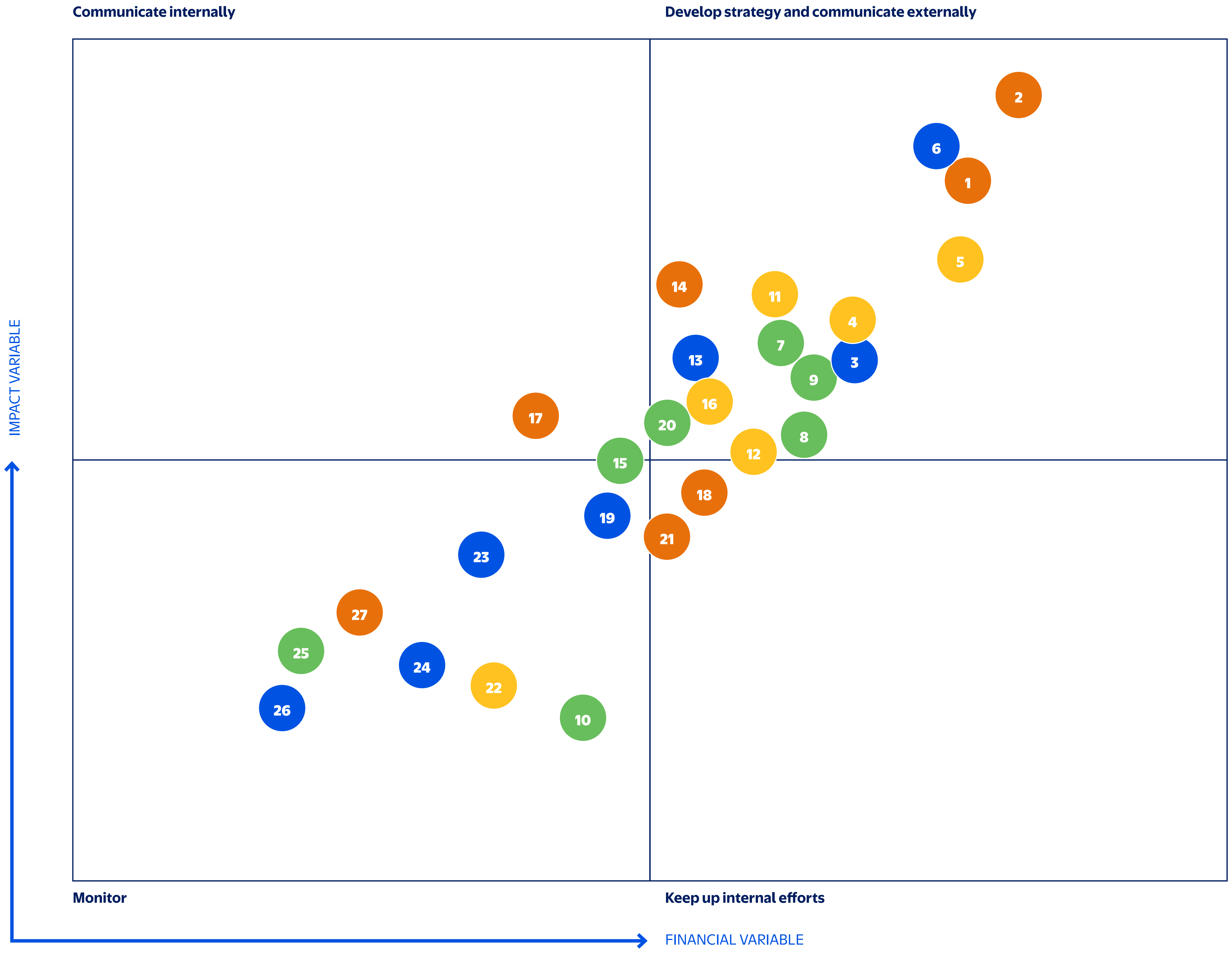
Our Double Materiality matrix graphically represents the relationship between the company's influence on the environment and the financial relevance of external factors to the company. This matrix helps visualize and weigh the importance of different ESG topics, which simplifies strategic decision-making.

Opportunity
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

Community
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

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

Ethics and Integrity
3 Privacy and information security
6 Human rights
13 Ethical behavior
19 Market and competition practices
23 Corporate governance
24 Managing risks in operations and supply chain
26 Transparency



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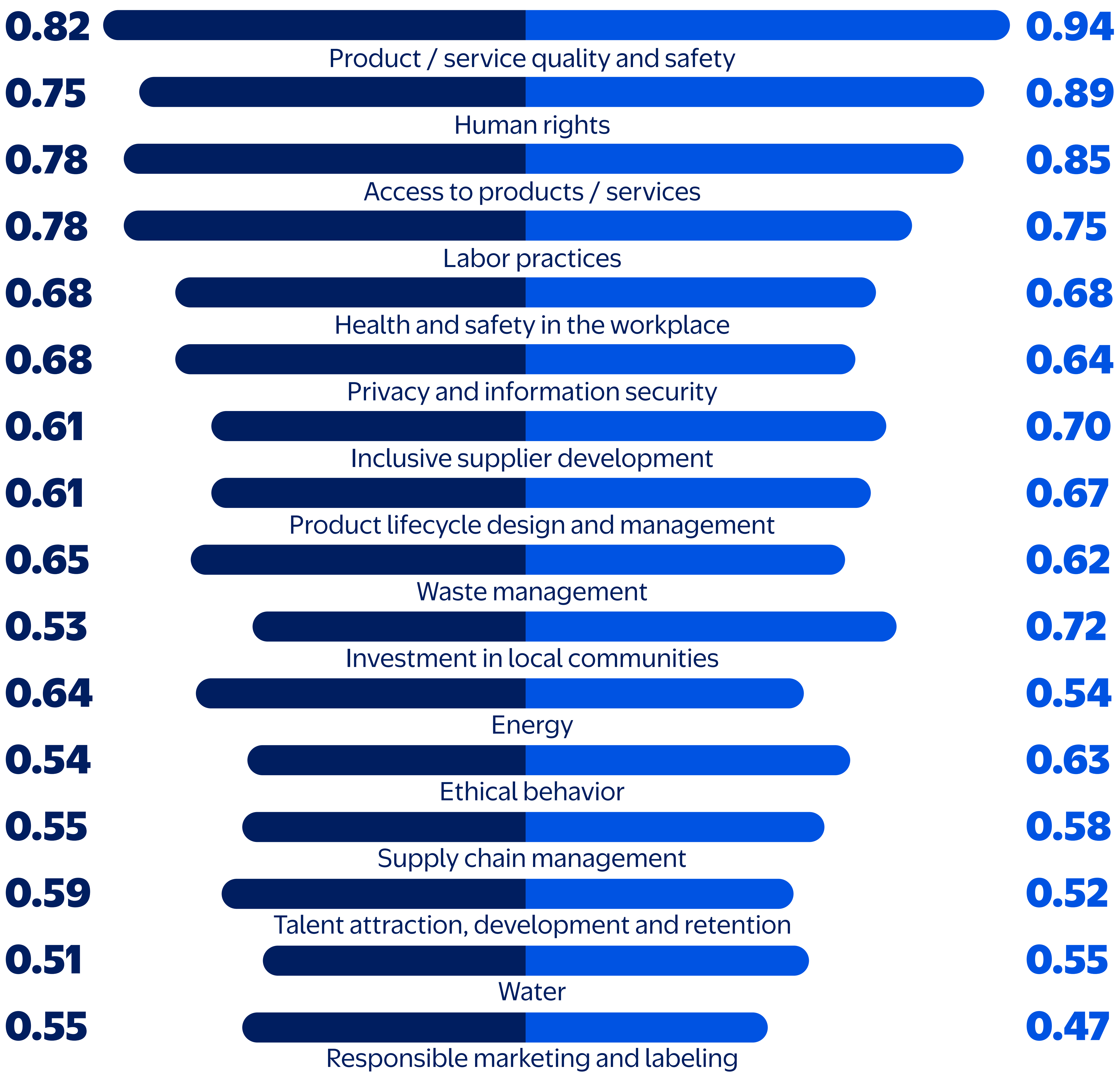
This Double Materiality graph shows numerically the level to which a material topic can financially impact the company and its material impact towards the exterior.



Financial variable
To what extent can a topic have a financial impact on the organization?
Greater relevance in terms of financial risks and opportunities

Impact variable
For each topic, to what extent can the organization have an external impact?
Greater relevance in terms of impact on stakeholders

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Financial variable
To what extent can a topic have a financial impact on the organization?
Greater relevance in terms of financial risks and opportunities

Impact variable
For each topic, to what extent can the organization have an external impact?
Greater relevance in terms of impact on stakeholders

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.