



MORE THAN A
DECISION
IT'S ACTING WITH
INTEGRITY



ETHICS AND INTEGRITY

- Ethics and Compliance
- Information Security
- Digital Citizenship
- Risk Assessment
- Human Rights
- Corporate Governance

33,821
associates completed
anticorruption training

52,304
hours of training on our
Code of Conduct





ETHICS AND INTEGRITY



Walmart de México y Centroamérica remembers every day that our results are not only about what we achieve, but how we achieve them

The way in which we operate our business is as important as the products we sell and the services we provide. This means full compliance with the laws of the countries where we do business.

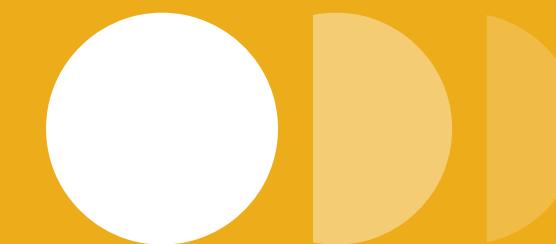
Our actions are a reflection of our commitment to integrity. From ensuring that the food and products we sell are safe; to the ethical and responsible use of technology and data; and to investigating the concerns posed by our customers, associates, and our stakeholders.

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ETHICS AND COMPLIANCE

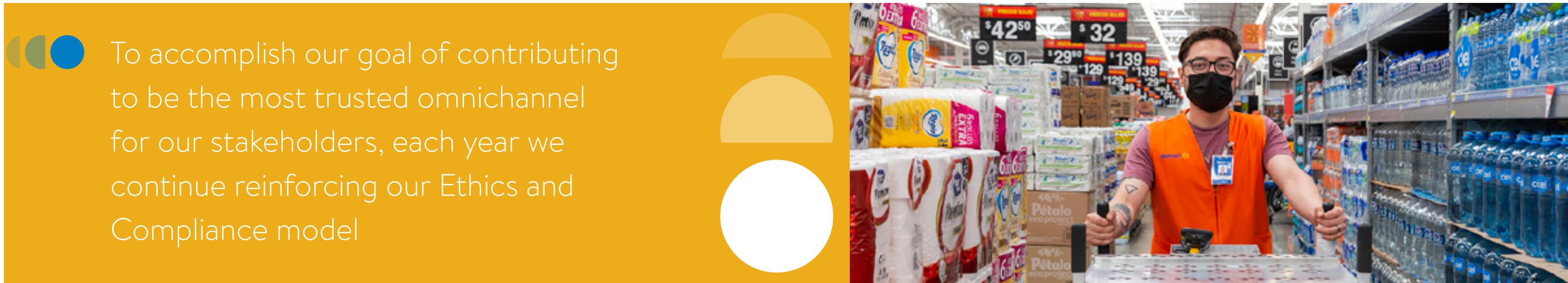
GRI 419: 103-1,103-2,103-3, 419-1
SASB FB-FR-310A.4, CG-MR-310A.3, CG-MR-330A.2, FB-FR-310A.3



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As we progress in our business model, we develop various controls and rules that allow us to anticipate any situation so we can react ethically and comply with the law and internal policies



To accomplish our goal of contributing to be the most trusted omnichannel for our stakeholders, each year we continue reinforcing our Ethics and Compliance model

Based on this program, we can comply with the law and our internal policies and procedures.

To provide our associates with a clear guideline they must follow to act correctly and in accordance with the company's fundamental values and principles, our Ethics and Compliance program encompasses six basic components: leadership, monitoring and response, training , risk assessment, standards and controls and awareness.

Basic components of the Ethics and Compliance program

Leadership

We evaluate and assess the right leaders for each component of the program

Risk assessment

These leaders conduct an assessment of the company's risks and measures to manage them

Standards and controls

The results of that assessment inform the continued development of our standards and controls

Awareness

We make associates aware of these standards and controls

Training

We provide training to associates on how to implement and use these standards and controls

Monitoring and response

We continually monitor and assess program performance to provide indicators that help make informed decisions



CONTINUOUS IMPROVEMENT

We monitor compliance with laws, regulations, standards, controls, and initiatives throughout the business. In addition, we track key metrics and we have continuous improvement teams who actively and regularly supervise our facilities to determine the degree of compliance regarding protocols, and to test the efficacy of different programs and initiatives.



During 2021, we performed a total of 6,584 physical or virtual safety monitoring in Mexico and Central America, as follows:

Mexico:

3,335

monitoring of different Compliance programs in operating units

215

grand openings

1,454

pharmacies

92

units remodeled

39

COVID-19 tents



Central America:

554

total monitoring conducted

Monitoring campaigns:

357

Treatment Plants

91

Food safety

78

Pest control

Visits

28

for grand openings

42

for remodeling

25

for major maintenance

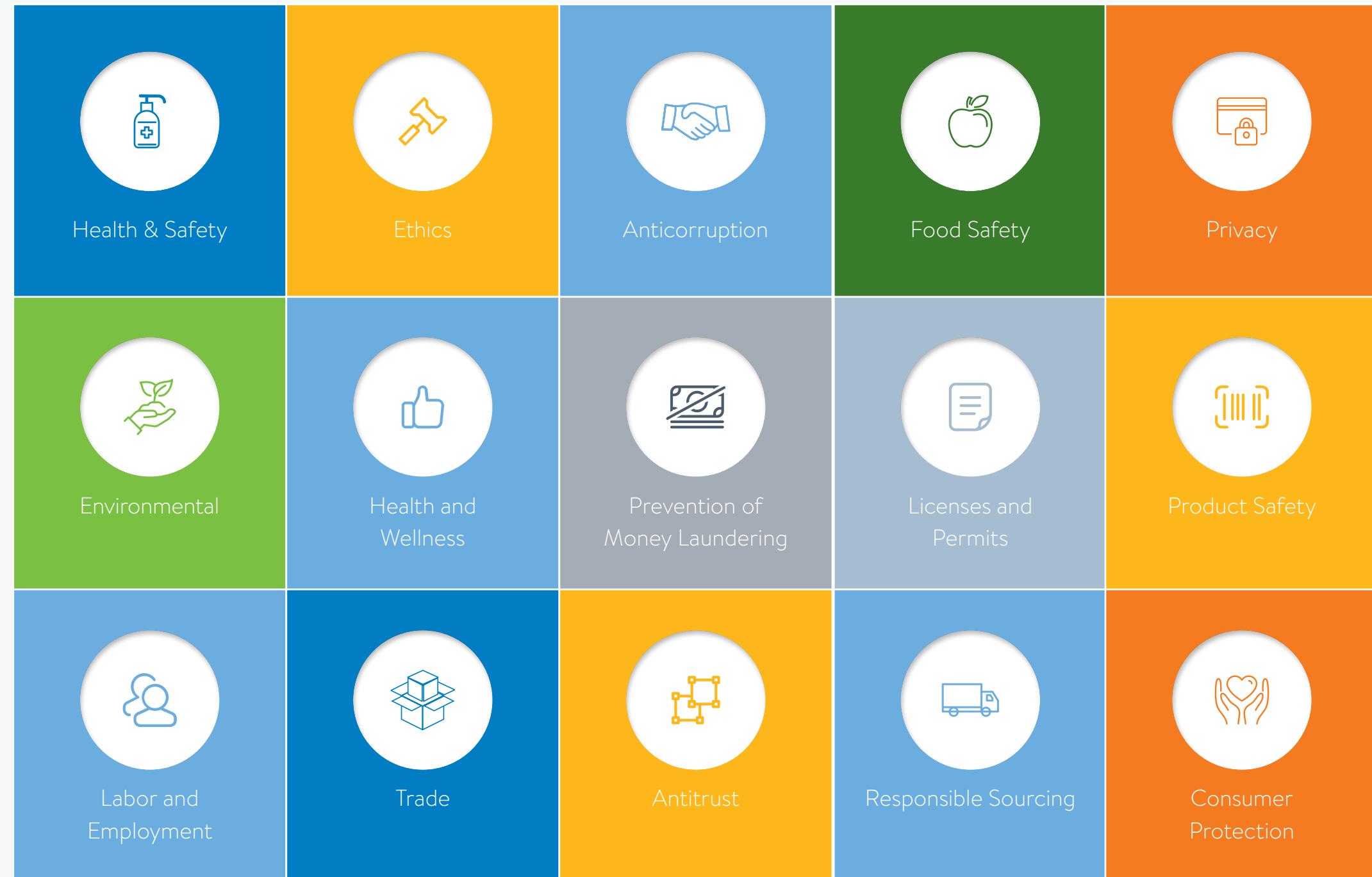


To provide the proper accompaniment to all our associates regarding the performance of said program, in Mexico we have a Vice President for Ethics and Compliance in Mexico, and a Director in Central America, both in charge of a team of over 370 associates dedicated to this subject.



Likewise, we work on risk identification and mitigation by issuing of global and local standards and procedures; sharing best practices; offering training; monitoring; and providing technical support

The areas included in the Ethics and Compliance program are:





HEALTH & SAFETY

GRI 403: 103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-8,
403-9, 403-10, 416: 103-1, 103-2, 103-3

Our guard was not lowered in 2021, regarding the COVID-19 pandemic. Protection processes and measures remained enforced to protect the health and safety of our customers and associates.

Throughout 2021, some 219 safety protocols for COVID-19 were applied in Mexico and Central America

In keeping with our mission of being the safest company for shopping and working, we reinforced our Zero Accidents program, through which the following results were achieved throughout 2021:



163,138

trained associates

5,727

associates form part of the Commission on Safety and Hygiene

283,504

trainings

Reduction in the number of fire outbreaks

12.5%

Mexico

15%

Central America



A comprehensive safety program will be implemented in 2022, encompassing several initiatives based on leadership, with the purpose of reinforcing the safety culture as part of the pillars of the company, and which shall be tailored to the needs and conditions of each format, allowing us to considerably reduce our incident rate.

We are committed to day after day updates, conducting constant reviews of our protocols, learning from detected findings, reinforcing our mitigation measures and the content of our materials, making them more robust, focusing on the causes of the more common incidents, attacking the root causes, incorporating overall actions aimed at mitigating unsafe actions to offer safe facilities to our customers, and supplying our associates with the tools, materials and training needed to perform their duties.

- For the sixth consecutive year, associate accidents were reduced by double digit numbers
- We also achieved double-digit reduction in the number of internal and external fire outbreaks



As a result of the proper application of our safety controls and measures, there was a 10.3% reduction in the overall accident rate for associates, and 11.3% in severe injuries for associates in Mexico

KPIs for Associate Sick Leave and Accidents

	Mexico		Central America		
	2019	2020	2021	2019	2020
Days of sick leave	67,277	61,776	57,433	19,471	9,300
Work-related injuries	7,192	5,811	5,464	999	768
Disabling injuries per hours worked*	2.57	2.18	1.96	2.11	1.64
Customer accidents	942	651	776	216	156

Disabling injuries per hours worked = Disabling injuries (200,000)/ Total hours worked



We developed One-Point Lessons (LUPs per its acronym in Spanish) to communicate visually and clearer the best way to conduct safe operations



These LUPs explain guidelines and controls such as: safe unloading, safe use of machinery, standards for the use of ladders, hazardous-duty permits, a manual for contractors, among others

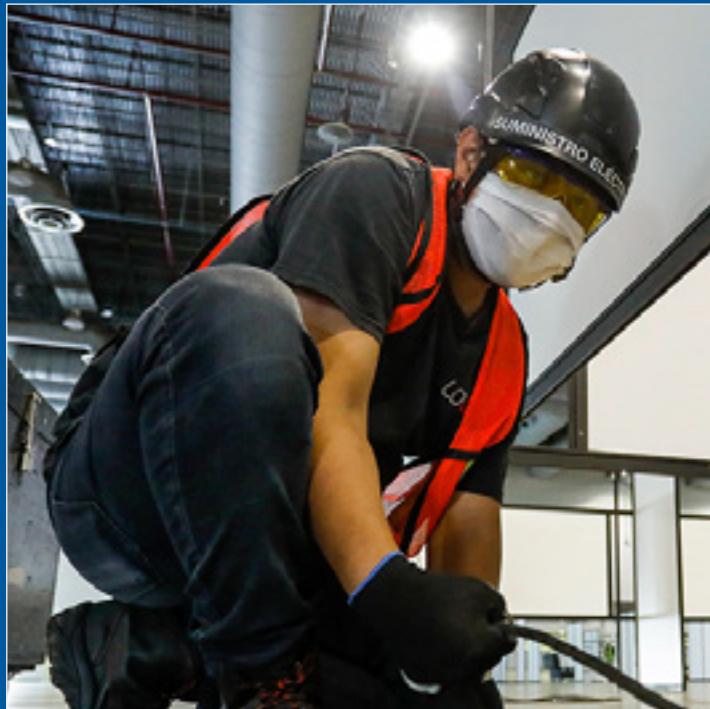
As part of the continuous improvement process, our associates receive constant training and effective communication, allowing them to respond immediately to any situation that could jeopardize their safety; by the same token, we reinforce the use of personal protection equipment, which is indispensable for certain positions.



ZERO-ACCIDENT PROGRAM FOR CONTRACTORS - MEXICO

The safety of our contractors within our facilities is fundamental; we therefore offer our Zero Accidents program through which we share protocols, provide training, and conduct inspection visits.

Our current strategy is based on five pillars, which encompass from immediate actions for risk containment, a long-term plan that strives for maturity and sustainability.



1. Structure

Define and enable an internal structure for safety supervision independent of Construction Coordination or conservation projects.



2. Management

Standards Review and redefine construction criteria and processes that incorporate safety as the fourth pillar in project management, thus achieving the break-even point in cost and time.



3. Development

Define aspiration and long-term expectations and establish scaled goals for suppliers so they may develop safety maturity.



4. Training

Implement specific safety training for all our construction coordinators, to take them to level DC3.



5. Culture

Define a long-term aspiration and establish scaled goals for suppliers so they may develop safety maturity.

CONTRACTORS

CONTRACTORS

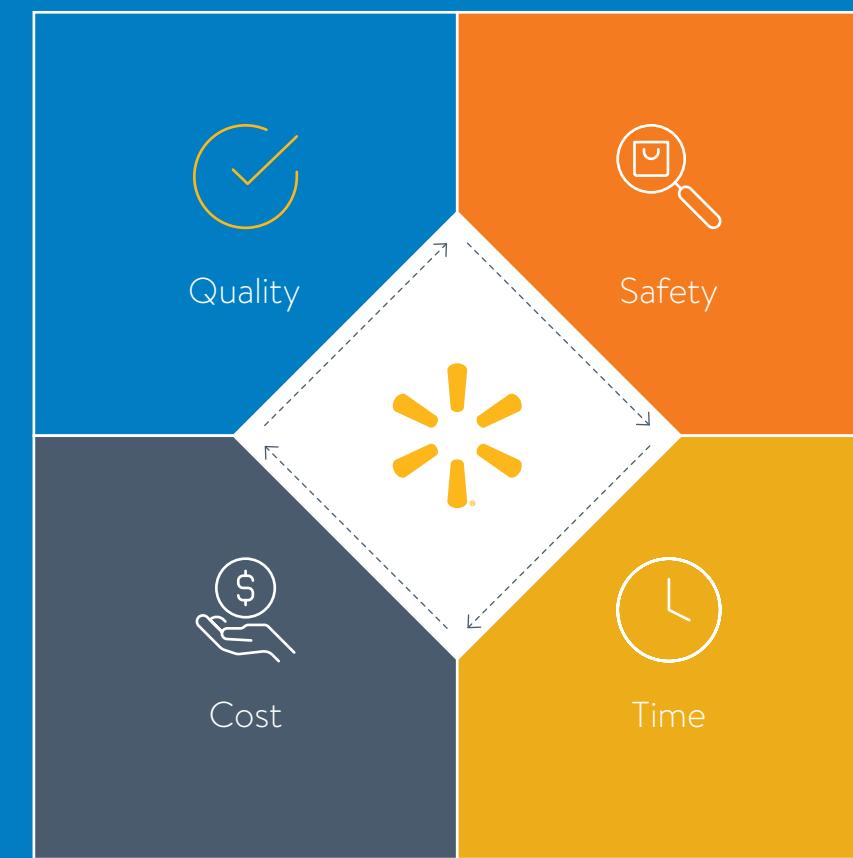
**In 2021, the following actions were performed:**

- Weekly safety meetings were held with our suppliers, requesting that the ten suppliers with the highest accident rates and projects underway present two annual action plans; one for the company and one for their construction projects
- 7610 contractors trained
- 1604 safety inspections conducted

Likewise, construction and remodeling contractors have safety clauses in their contracts, listing the type of sanction for the error and seriousness of the accident, throughout the term of the contract. This program is being extended to include contractors for maintenance, special projects and design.



Our management vision is migrating from a triangle to a diamond shape, in which we incorporate safety as a complementary pillar





SAFE FAMILY PROGRAM

As of 2020, In keeping with our commitment to maintain workplace environments safe and free of accidents, in Central America we launched our Safe Family awareness campaign, where we pursue an increased sense of ownership regarding personal safety for our associates and customers.

To reinforce this, in 2021 we implemented the Safety Program Based on Behaviors in 100% of our units, including stores, plants and DCs. Observers in each of our workplaces were trained for greater awareness; online observations were created; and behavior control and conditions logs are generated in real time. In this manner the units can continuously check trends and leverage strategic actions for specific jobs being performed.

In addition, we reinforced the 10 rules of specific safety measures for each business unit. The basis of this program is to observe and correct unsafe behaviors, focusing primarily on the six basic causes for accidents in the region. There is an app that enables units to easily detect unsafe behaviors, with an automated observation control record so the units can have real-time information and be able to make better prevention-based decisions.



This year we worked directly with Operations to ensure the implementation of actions through; structural champions in each format and country. Weekly follow-up sessions were held by country, and every two weeks by region, thereby achieving the active involvement of the operation. Specific forums were organized to discuss safety issues, reinforcing the message from top leadership levels. All virtual and in-person visits underscored safety-related subjects to thereby create a culture aimed at prevention.

We continue to strive for new and better ways of generating greater added value for our operations, eliminating or mitigating risk conditions. This year, the Health and Safety team for the region continued with implementation of improvements to projects for Safe Unloading, safety in gondolas and racks. Structural analysis in stores was added, as well as the evaluation of flood risks, creating control and improvement measures according to the severity of the risks.



In 2021, we implemented a process to develop a culture reinforcement program through recognition, and individual and collective certificates, which will be officially launched in February 2022

CENTRAL AMERICA



ETHICS

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

Acting in accordance with our purpose and principles requires that all decisions be governed by a culture of integrity.

In 2021, our Code of Conduct was launched, thus replacing the Statement of Ethics. This new code is a reflection of who we are as a company and displays how we put our culture of integrity into practice every day at work.

This replacement required additional efforts in training and communication on adjustments, including reporting channels, emphasis on the possibility of contacting leaders, HR, or the Ethics Hotline, as well as the obligation to use the proper channels for reporting any cases of bribery, financial mishandling, poor behavior by executives, discrimination, or harassment.

Integrity breeds trust. That is why our associates, customers, investors, suppliers and business partners choose Walmart, because they know we are a company they can trust.

Our Code focusses on behaviors that:



Create trust in
our associates



Create trust in
our customers



Create trust in
our company



Our Code of Conduct applies to each and every associate and member of the Walmart Board of Directors and its subsidiaries



GRI 102-17, 410-1, 412-2, 410: 103-1, 103-2, 103-3



We have different resources that enable our associates to make ethical decisions:



Annual training: In 2021, 52,304 hours of training on our Code of Conduct was offered to Operations and Staff associates, covering 97.3% and 96.4%, respectively, in Mexico; and 94.8% and 98.9% in Central America.



Integrity in Action Award: A global recognition program that honors associates who exemplify our values and define our culture of integrity on a daily basis. We invite associates from each market to nominate their fellow workmates, and Walmart then recognizes the winners. The award is given to associates who go beyond their roles to foster a culture of ethics in Walmart.



In 2021, we opened the nomination system as a permanently-enabled portal so anyone can make their nominations based on the indicated criteria.



WalmartEthics.com: With this platform -available in 11 languages and worldwide- interested parties may ask questions, read our Code of Conduct, report ethical concerns, and provide follow-up

GRI 406-1

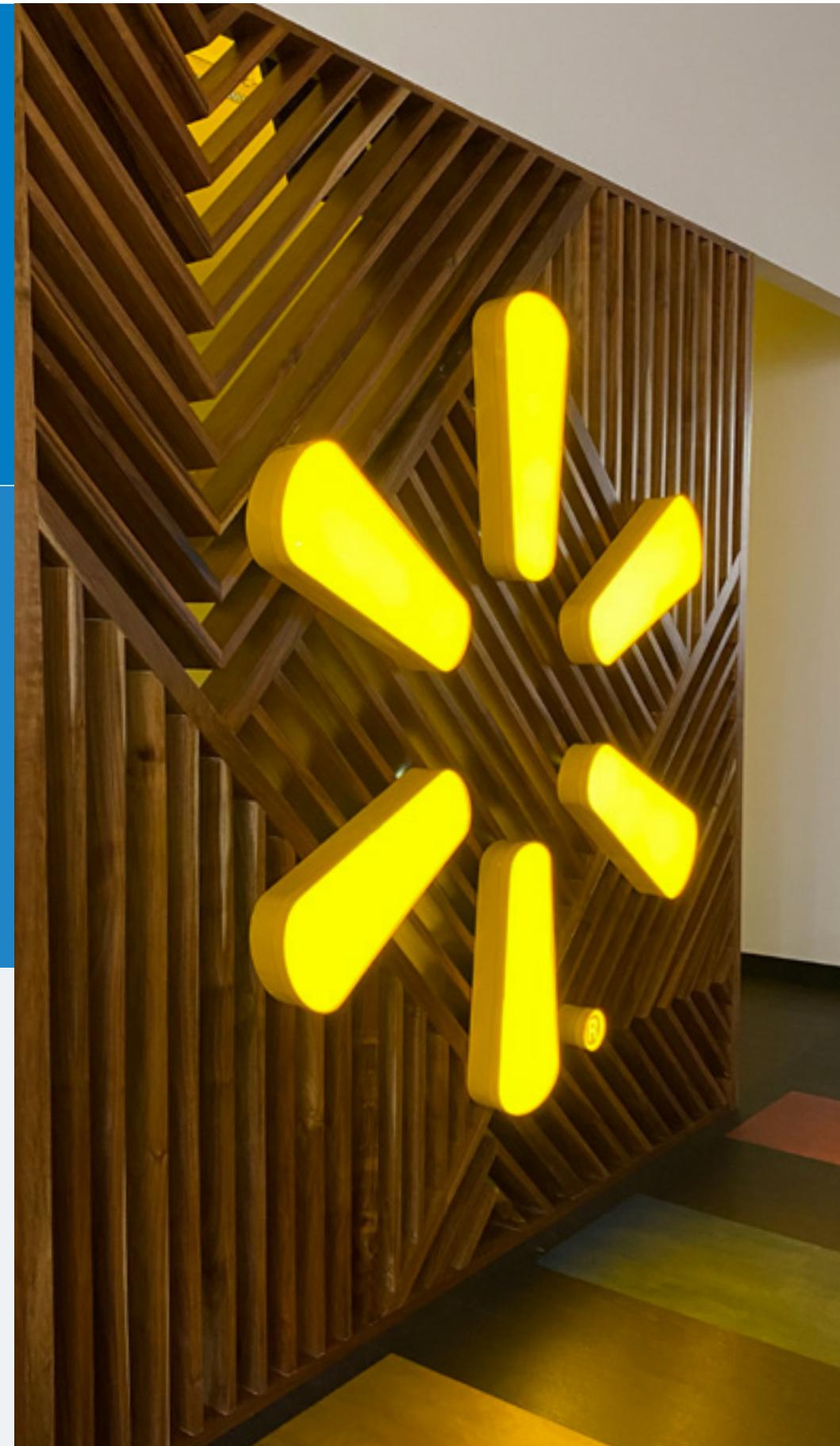
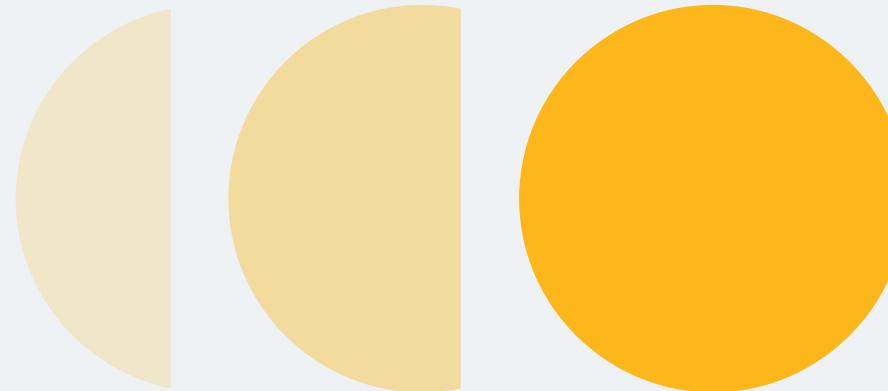




The Integrity Index rose from **86%** to an average of **90%**, with Central America having the highest integrity index, this from the comprehensive work of several areas of the company, focusing on the medium and long terms, with the central pillar that integrity breeds trust, and a clearly conveyed message on zero tolerance for repercussions in Walmart.



Throughout the year, **we launched communication and campaigns of interest** related to risks identified by the company, such as conflicts of Interest, bribery, retaliation, among others, to raise awareness regarding these subjects and to mitigate any related risks.



GRI 406-1



Effective attention to Ethical Cases Reported

The merging of local investigation teams into a single team was completed, thereby achieving improvements in efficiency, consistency, follow-up on protocol, and information processing.



Preventive measures for **Sexual Harassment** were successfully implemented, producing **excellent results** and reducing response time for cases reported to our office.



GRI-102-17

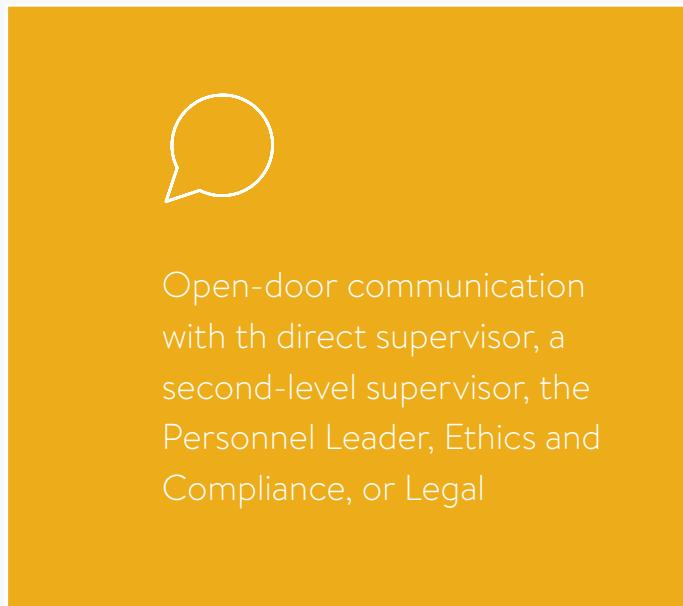
FORMAL CLAIMS MECHANISMS



We have suitable media for our associates to be able to express any concern or report any inappropriate behavior, with the guarantee that they shall be treated confidentially and without retaliation for having done so

Through the use of posters and webinar training, this year we conducted our communication campaign “Zero-Tolerance for Retaliation” to encourage our associates to express their ethical concerns and report any negative behavior, without fear of repercussions.

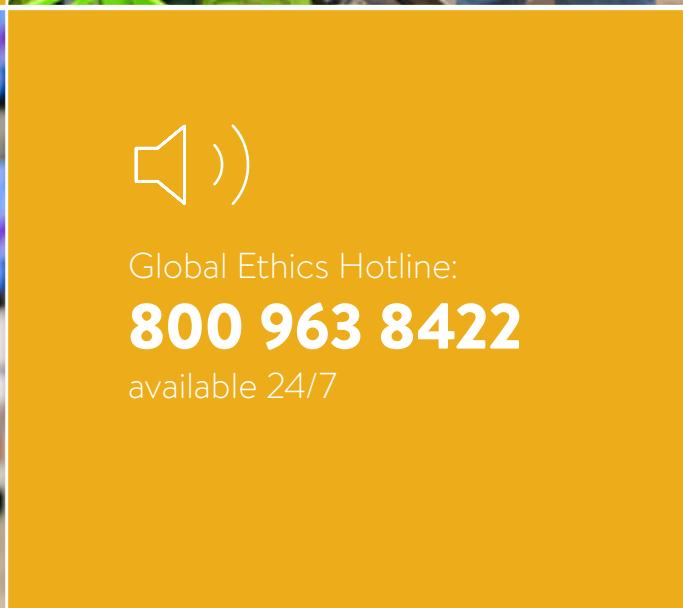
The mechanisms for making claims are:



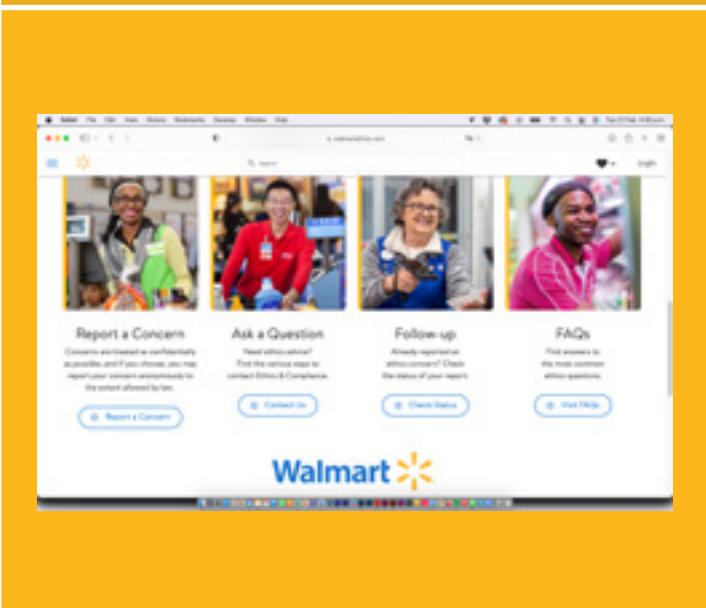
Open-door communication with the direct supervisor, a second-level supervisor, the Personnel Leader, Ethics and Compliance, or Legal



Website:
<http://www.walmartethics.com>
and email:
ethics@walmart.com



Global Ethics Hotline:
800 963 8422
available 24/7





GRI 406-1

ACTIONS TAKEN AS A RESULT OF ETHICS REPORTS MADE

All confirmed cases result in disciplinary actions that go from a wake-up call to termination of the employment relationship. In conjunction with the business areas, correction measures are undertaken regarding findings in said cases, which include training, process improvements, publication, amendments to policies, communication reinforcement, among others.

GRI: 102-25

GLOBAL POLICY ON CONFLICTS OF INTEREST

In 2021, we published the Global Policy on Conflicts of Interest, which establishes the manner in which our associates should act, taking into account company interests and exercising good judgment, without considering personal interests or lapsing into disloyalty.

Likewise, training and communication campaigns were put into effect, on the new Global Policy on Conflicts of Interest, including webinars for Operations and Staff by specific areas, and to reinforce concepts on situations constituting conflicts of interest and reporting obligations.

We launched the annual conflict of interest questionnaire for directors, asst. directors, buyers and buyer assistants to evaluate any possible conflict of interest in the following areas: competitors, suppliers, family members, outside employment, and financial investments.



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

GLOBAL POLICY ON HARASSMENT AND DISCRIMINATION PREVENTION

In 2021, the Global Policy on Harassment and Discrimination Prevention was published, in which, among other things, any type of discrimination or harassment based on a protected category, or any other basis is strictly forbidden for associates, candidates, customers, members, suppliers, or anyone working on behalf of Walmart.

Throughout the year, we conducted a companywide training campaign in the prevention of sexual harassment, including digital and printed material, training sessions, and webinars.

We also developed a control record to measure different indicators (integrity, turnover, and ethics contact indexes) broken down by different filters (such as formats, geographic region, and leaders, thus defining strategies).





ANTICORRUPTION

GRI 205:103-1,103-2,103-3, 205-2, 205-3



We are committed to maintaining the highest standards possible and to complying with all legislation in force. In all our operations, we strive to avoid any situation that may appear as inappropriate actions by our top management, executives, collaborators, employees, agents or representatives.

Our [Global Anticorruption Policy](#) prohibits bribery in all cases, regardless of whether in transactions with public officials or with private sector companies or individuals.

Walmart is firm in its position on bribery and corruption: we compete fairly and honestly in all places where we operate worldwide; we never try to obtain competitive advantage through bribery, nor do we tolerate bribery or corruption in any manner whatsoever. Our Code of Conduct and Global Anticorruption Policy forbids any type of bribery and illicit payments, either related to transactions with government officials or with anyone in the private sector as well.

All members of the Board of Directors received in-person training in ethics and anticorruption-based subjects

Our anticorruption compliance is designed to manage risks of bribery and corruption by incorporating regulatory guidelines and internationally recognized best practices to establish internal controls and effective auditing. The investments made in talent, processes and systems are not only meant to prevent and detect any risks of corruption, but also to proactively ensure the continuous improvement of the program based on risks, efficiency, effectiveness, and sustainability.

Zero tolerance to bribes, acts of corruption, or dishonest actions allows us to reach our objectives with full transparency. In the case any associate has suspicion or information at all on the violation of company policies or has any information on improper requests -even if rejected- these must be reported immediately to the Global Ethics contact points through the formal claims mechanisms.

Both associates and Board Members alike receive training in anticorruption once a year.

Our long-term goal in training is to continue offering courses to all relevant parties -both internal and external- in the matters pertaining to anticorruption based on tailor-made materials and frequencies. This will enable us to optimize the time and resources employed for training, also ensuring the relevance of the content and the message communicated to each participant. All training is measurable and the goal is to reach 100% of the targeted audience during the corresponding period.



Over 26,300 associates in Mexico and 7,400 in Central America completed anticorruption training



In keeping with the purpose of evaluating risks associated with corruption, each year we conduct risk analysis, the results of which allow us to assign resources for the proper attention. This program is regularly reviewed by our continuous improvement team, who in turn provide timely feedback for early identification, establishing root-causes and providing the right solutions to identified situations. Likewise, the Internal Audit Team conducts periodic and independent audits.

Due diligence is conducted on outside third parties wishing to represent us, which includes their willingness to commit to complying with our Anticorruption Policy and to renew this commitment at least every year.

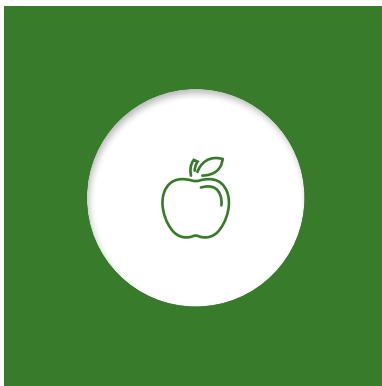


585 third parties in Mexico and 155 in Central America completed or renewed their anticorruption training



The approved third party receives risk-based training in said policy, thus ensuring they are familiar with this policy and its requirements

Each year a sample of our approved third parties are proactively audited by us in terms of several factors, including risks associated with the region where they operate and the type of service provided. This process allows us to examine third-party response to our anticorruption program, and to identify those areas where increased improvement to our training and controls is needed.



FOOD SAFETY

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

We have ongoing commitments to compliance with all laws and regulations for Food Security applicable in all the markets in which we operate, and to provide safe, top-quality products so people may save money and live better. Consequently, the Food Security team is charged with supervising the comprehensive food-safety management system.

This includes creating policies and procedures and ensuring compliance with the same so we may purchase, store, transport, prepare and sell safe food products that adhere to all regulations and to our own strict standards in this field.

Throughout 2021 we achieved high food safety measures for our products, and we reinforced procedures for both instore as well as home delivered products.





FOOD SAFETY AUDIT PROGRAM - HIGH FIVE

These principles are measured through a system of unannounced monthly audits, by vendors who are experts in food safety with global authorization.

They measure and monitor the five basics of hygienic food handling, as described below:

1. Clean and healthy <ul style="list-style-type: none">• Wash your hands when necessary.• Not working with food when you are sick.• Never touch ready-to-eat foods without gloves	4. Cook and cool <ul style="list-style-type: none">• Cook the food until it reaches a suitable internal temperature• Quickly cool food to the temperature required by local law
2. Wash, rinse, sanitize <ul style="list-style-type: none">• Properly wash, rinse, and sanitize all food utensils and contact equipment• Properly store all equipment, utensils, and containers in designated locations• Keep the work area clean	5. Avoid cross-contamination <ul style="list-style-type: none">• Do not store raw foods over cooked or ready-to-eat foods.• Never prepare ready-to-eat foods on the same surface or with the same utensils used to prepare raw animal protein.
3. Keep it cold, keep it hot <ul style="list-style-type: none">• Keep cold/hot food at the temperature indicated by law	

Our Brand food products

	Mexico	Central America
Suppliers audited	2021 331	2021 244
Plants audited	2021 376	2021 2
Percentage of certified plants	96	91

Type of Audit

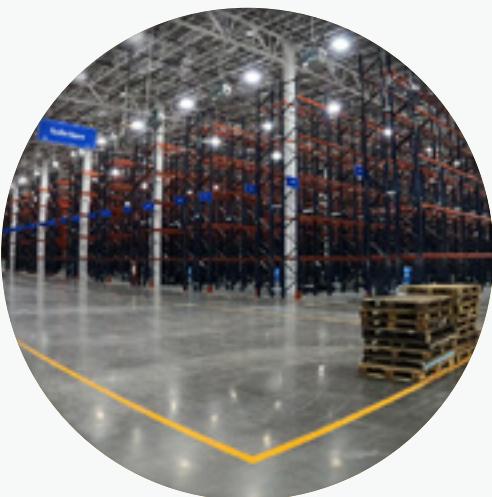
	Mexico	Central America
GFSI (Global Food Safety Initiative) certification	2021 96	2021 91
Global Markets	15	20



PEST MANAGEMENT

Our goal is to protect the health of all customers and associates in our stores by keeping pests under control through the use of different tools that provide Integrated Pest Management. Therefore, we contribute to caring for health issues vis-à-vis the presence of insect-borne deseases such as zika, chikungunya, and dengue, as well as reducing product shrink resulting from damage or contamination by pests.

All this is achieved because we have unannounced, monthly international audits performed on the pest system in stores and clubs, and an unannounced monthly national audit in all our DC facilities. Also, we visit all units at least twice a month to verify pest system maintenance and, if needed, apply chemical products, with the purpose of identifying and mitigating any pest activity.



GLOBAL FOOD SAFETY INITIATIVE (GFSI)

As members of the Local GFSI Group Mexico, it is mandatory for suppliers of Private Brands to become certified in these matters within a reasonable period of time, provided they do not have their own system. In addition to this, our meat plant located in Cuautitlán is SQF L-2 certified, this certification is a strict food quality and safety program with recognition from retailers, brand owners, and food service providers worldwide.



FOOD SAFETY PROGRAM FOR PDV IN CENTRAL AMERICA

In Central America, this program allows for maintaining the health status in stores, ensuring adherence to best practices for food handling. In this way we contribute to the health of our customers. All units are audited under our five basic rules for food safety and for Integrated Pest Management, which are implemented by our stores and clubs to guarantee food safety.

Last year we launched Care for you store like your home, which consists of practices that help the store to guarantee food safety, reinforcing the commitment we all have in caring for our stores and clubs.

FOOD HANDLING CERTIFICATION IN DISTRIBUTION CENTERS

Since 2019, we have GFSI- BRC international certification in three DCs, with AA scores.

This certification guarantees operational processes in handling food products, thanks to the following:

- Technical support and training for DC personnel in food handling
 - Procedural standardization
 - Compliance with domestic regulations and internal policies on food safety and quality



In 2021, we achieved BRC AA+
Certification for the Monterrey DC



In 2021, we achieved BRC AA Certification for the Chalco and San Martín Obispo DCs

Audit of Storage and Distribution Best Practices of DCs and deconsolidators for Fresh

13

Mexico

246

Central America

This certification consists of the following:



PRIVACY

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

We are responsible at all times for protecting and maintaining personal data privacy for our associates, customers, members, and third parties, pursuant to all applicable laws and internal global policies.

Our Privacy Policy sets forth the guidelines so Walmart de México y Centroamérica associates may handle and protect the personal data with which they have access during their daily activities, guaranteeing the privacy, confidentiality, and safety of that information from the moment it is obtained and throughout all stages where it is used.



This policy also covers the requirements under which the company compiles, uses, processes, and destroys such personal information



For further reinforcement of this, we have a Privacy Notification and a Policy on Maintaining Registries. Each privacy notification describes the data to be gathered and the purpose for said gathering, which is recurrently reviewed to ensure that the purposes for use of personal data are correct and in force.

We have mechanisms available so the owners of personal data may make informed decisions on its use, in addition to the means by which these owners may exercise their rights to access, verify, cancel and object (ARCO).

We have also developed official channels so our associates or third parties may report any leaking of personal data and take immediate action needed to protect said data; and protocols for the rapid and efficient response to cases of data leaks, including an Incident Response Committee, consisting of representatives from key areas in the organization.



Included in the progress made in the field of privacy, in 2021 we implemented a protocol for Privacy Risk Management (PRM) evaluation, which enables us to analyze any data exchange, either internal or with third parties, and to analyze any risks regarding information privacy.

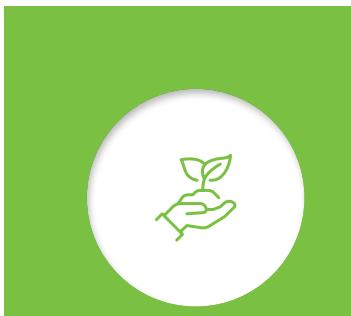
This protocol consists of a questionnaire whose purpose is to analyze, identify, and document privacy risks that may arise with projects involving personal data handling (that is, any information that identifies or makes a person identifiable) with the purpose of mitigating those risks and complying with legal requirements concerning data protection.

This evaluation begins when a detected project, activity, or procedure attempts to use personal data.

Likewise, since guaranteeing the protection of personal data is required, the SSP (Security Solution Plan) process, which is overseen by the Information Security department, is put into action and conducts the necessary reviews to ensure that the technological solutions have the corresponding security protocols, as per the data classification.



As part of the SSP flow, verification is performed to make sure the data processing solution has passed the PRM evaluation, to then be able to grant SSP validation and approval



ENVIRONMENTAL

GRI 304: 103-1, 103-2, 103-3, 304-1, 304-2, 304-3, 304-4, 306-3,
307: 103-1, 103-2, 103-3, 307-1



While conducting all business activities, from the forecasting, design, and construction of new units to the operation of the same, we strictly adhere to all applicable regulatory and environmental obligations

Environmental Compliance is in charge of leading the Environmental Compliance Program with the purpose of meeting obligations regarding environmental impact, hazardous and non-hazardous waste generation, wastewater quality, and atmospheric emissions.

Insofar as new-unit construction, we have an Environmental Impact Program whose purpose is to establish the controls needed to prevent and mitigate impacts at the building sites for new stores and clubs, through the use of specific environmental audit procedures, environmental impact and existing vegetation studies, the obtaining of environmental licenses and permits, in addition to compliance with limitations and environmental impact measures.



In 2021, a project with protected species was implemented: Mi Bodega Tecamachalco, located in the state of Puebla (impacted area: 5,156.09 m²)



In Central America, none of the stores or clubs opened throughout 2021, where analysis was performed, reported any biodiversity impact, nor in or nearby protected areas. Likewise, no impact was reported close to areas of high value in terms of biodiversity.



HEALTH AND WELLNESS

GRI 416-1

The primary purpose of our Health and Wellness program is to comply with all legal requirements, market best practices, and to guarantee the optimum operation of our pharmacies and doctors' offices.

To become a supplier, all companies offering prescription products, medication, medical devices, vitamins, food and nutritional supplements, personal hygiene products, or cosmetics containing active pharmaceutical ingredients must comply with our requirements on Health and Wellness and product safety and health.

In addition, regulatory controls to be followed are also established and implemented within this program, validating that all products sold in our units have the proper quality and distribution.



Our Integrated Pharmacy System enables timely medication control via digital means



This year, we achieved the following:

- Two pilot programs were launched:
 - Electronic prescriptions in 12 units
 - Home delivery of antibiotics in more than 80 Walmart Supercenter and Walmart Express units
- All normalized operating procedures (NOPs) for DCs were updated
- Sanitary controls were implemented for COVID tents
- Medimart insulin was launched
- Controls and follow-up were established for antibacterial gels, as per the Emergency Standard
- Thermohydrometers went from analog to digital in our DCs
- Validation was reinforced before adding and cataloguing health supplies





In Mexico, we have 301 doctors' offices and 1,437 pharmacies in operation, selling approximately 6,000 medications, supplements, and medical devices



Products

+350

Medimart products

48

Medimart suppliers

954

Medimart products audited

6,000

products in pharmacies

54

Medimart supplier establishments audited in 2021

+100

non-Medimart suppliers

Establishments

1,437

Pharmacies

301

Doctor's offices in operation

1,454

internal audits of pharmacies

15

Distribution Centers

916

independent audits of pharmacies

17

internal audits



PREVENTION OF MONEY LAUNDERING



We have a Money Laundering and Consumer Fraud Prevention program, which strictly adheres to all applicable legislation and global policies. In addition, there is a global and a local policy relating to the same, and a manual describing the operating details of this program.

As part of the controls in operation, there is a training and communication program on areas of potential risk, which must be completed each year or when required for other needs.



We have established follow-up metrics for the program so as to meet the globally-established objective, as well as systematic locks that do not permit certain positions to render a high-risk service without prior training.

At the global level, we have a monitoring system to oversee and mitigate the risk of unusual activities regarding certain products and services. Moreover, there are established procedures to identify, monitor, and mitigate potential risks of in-store fraud against our consumers.

Several channels are available so our associates and third parties may report any unusual activities, in addition to the mechanisms needed to conduct the corresponding investigations.

Likewise, we carry out the risk assessment in new financial products and services in order to implement preventive controls before their implementation.

In Mexico, the Committee for the Prevention of Money Laundering -comprising representatives from different areas of the company- has the purpose of providing visibility on potential risks and making decisions to mitigate these risks. The Committee meets bimonthly and shares trends, new projects, training percentages achieved, among other matters. In Central America, subjects related to money laundering are discussed during Corporate Governance meetings and, if necessary, are cascaded up to the Executive Committee for the market.



Global tools are used to conduct our risk-based due diligence with commercial partners, suppliers, buyers, and real estate projects



LICENSES AND PERMITS



To better manage and follow up on these licenses and permits, we have a Global Licensing Management system -GLM- which reduces the risk of expiration and provides traceability throughout the whole cycle, including monitoring the payment of processing fees. This year we implemented a new version that provides better visibility on the status of the licenses and permits.

Follow-up begins with site locating, where an expert evaluates license feasibility prior to obtaining project authorization, so as not to run the risk of having low-feasibility projects; to the start of construction and operation of the new business. During this phase, a License and Permit Committee -with associates having expertise different from those who file for the licenses- analyzes all documents and evaluates if the project complies with any and all applicable regulations, also determining if unit construction or operation may begin.

The entire process is documented within the system, from the investigation of all requirements, data from the authorities, income, request and payment of rights, to the final obtaining of the document.



To operate our stores and clubs, 31,000 licenses and permits are managed, of which 14,656 are periodically renewed. In Central America, it is 6,785 licenses and permits, of which 2,500 and 2,800 are periodically reviewed





PRODUCT SAFETY

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

Another of our obligations is to guarantee product safety for any item sold to our customers, from cosmetics, apparel, footwear, to general merchandise. We ensure compliance with established safety, regulations, and quality.

All “high-risk” categories are monitored each year. Random monitoring is conducted when the merchandise reaches the POS, which consists of employing EMA/COFEPRIS-accredited testing methods to verify that the products are in compliance with measures safeguarding the health and protection of our consumers. Likewise, corrective and preventive action plans are prepared in the case of discovering anomalies with our suppliers.

Review protocols include plant audits; certification regarding regulation in force that are provided by the suppliers; and finished-product inspections at supplier plants, checking product safety requirements, among others, emphasizing Private Brands.



Training sessions on product safety and quality control were designed and offered to our suppliers and buyers to establish compliance indicators that measure the performance of each delivery and, in the case needed, prepare improvement plans.

Textile and footwear products undergo lab testing and national and place-of-origin inspections, reviews and follow-up in distribution centers or units, as well as complaint controls. When needed, products are recalled from our stores and clubs.



In addition, we consistently audit suppliers of Private Brands to ensure compliance with regulatory product quality and safety requirements, and with Walmart standards as well



GRI 416-1

Suppliers of Private Brands evaluated in Mexico:

The safety requirements that must be met by our supplier of Private Brands of electric, electronic, apparel, household appliances, footwear, cosmetics, consumables, toys, gardening, and hardware products include the following:

- Maintaining high standards of safety and quality
- Providing products that meet all legal, industry, Walmart safety, quality, and technical requirements
- Implementing proper risk management system to protect against any food and product safety risks. All suppliers must validate and verify these systems through independent parties
- Providing notification of voluntary and compulsory recalls due to non-compliance with any and all applicable requirements
- Actively participating with us and with regulatory authorities in product recalls

Footwear**16**

suppliers

33

audits

0

not approved

General merchandise**479**

suppliers

682

audits

14

not approved

Textiles**159**

suppliers

247

audits

30

not approved

19,185

inspections of national suppliers, in DCs

1,500

place-of-origin inspections of suppliers for imported products

892

place-of-origin inspections of Global Sourcing suppliers for imported products



LABOR AND EMPLOYMENT

GRI 401: 103-2, 103-3 , 402: 103-1, 103-2, 103-3, 402-1,
408: 103-1, 103-2, 103-3, 408-1, 409: 103-1, 103-2, 103-3, 409-1



We are responsible for guaranteeing the labor rights of our associates, including wages and payments; benefits; and fair, equal, and inclusive treatment



The following policies, among others, help to fulfill this responsibility:

- Policy on Time and Attendance: We guarantee our associates their rights, pursuant to all labor laws governing work shifts and work-life balance.
- Global Policy on Harassment and Discrimination Prevention: We guarantee no differentiation in treatment due to gender, age, religion, sexual preference, or political ideology of our associates, in addition to the prevention of harassment.
- Policy on Labor Compliance: By properly following requirements, all associates are guaranteed fair compensation and benefits, authorization to work, job position classification, working hours, and breaks for meals and rest

Likewise, we conduct ongoing campaigns in all units to ensure overtime payment, respect for breaks and work schedules, and to prevent harassment and discrimination.

Throughout the year, the Labor and Employment program was involved in the following initiatives, in conjunction with HR and other areas of the company:



Automated calculations for daily integrated daily wages



Disinfection protocol of units due to COVID-19 cases



Updating of individual work contracts



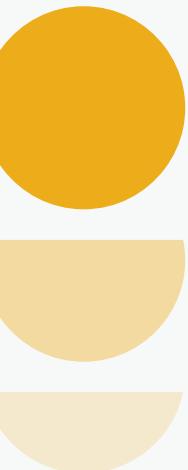
The elimination of outsourced personnel and their integration as associates, pursuant to labor reforms



In addition, the following policies were updated and published: Labor Policy; Policy on Harassment and Discrimination; and the Policy on Time and Attendance



FOREIGN TRADE



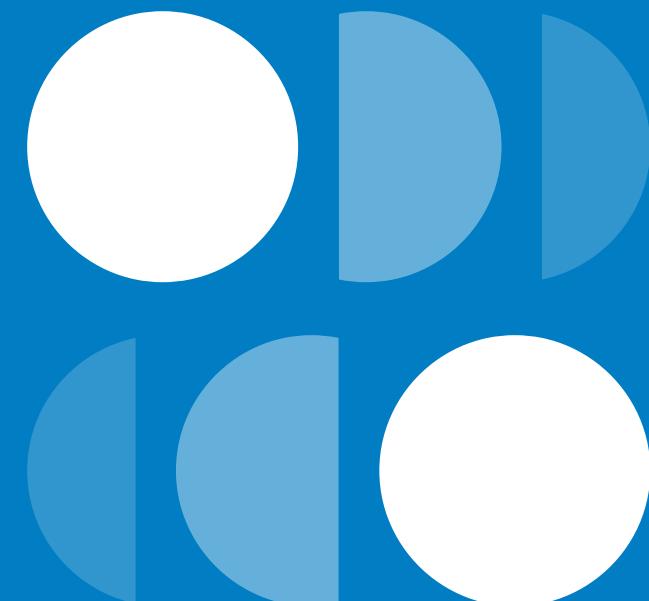
Through our foreign trade program, we make sure that the importing and exporting of company merchandise complies with all applicable laws and regulations, as well as the payment of duties needed for foreign trade transactions.

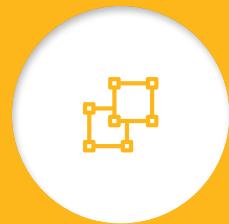
As part of this program, our import process maintains a safe and protected chain of supply, in addition to making sure Walmart neither engages in business nor markets any products from countries that do not meet the interests of the company.

In the aim of ensuring that all standards and controls are correctly followed, we conduct a monitoring process. There is a specific program for imports with digital recording of product additions, whereby the country of origin is identified. Moreover, there is a monitoring protocol for exports and customs agents, which is applicable to the entire company, including eCommerce.



In compliance with applicable regulations on foreign trade, with the collaboration of the Imports area, in Mexico we were able to achieve that 98% of import logistics service providers have government certification in safety, such as: the Customs Trade Partnership Against Terrorism (CTPAT); the Authorized Economic Operator (AEO); and Partners in Protection (PIP), with the purpose of maintaining a secure and protected supply chain, preventing the trafficking of drugs, weapons, and people, among others.





ANTITRUST

GRI 206: 103-1, 103-2, 103-3, 206-1

The Global Policy on Antitrust Laws is a reflection of our commitment to maintain the highest standards in ethics and to always comply with antitrust and free enterprise legislation in all those countries where we operate.

Among the primary ones are our behavior guidelines and regulations, in addition to communication campaigns and training to guarantee that all negotiations, contact with suppliers and/or competitors are in strict adherence with corresponding regulations.

The aim is to achieve good-faith negotiations that are transparent, objective, and successful for both sides, honoring our promise to our customers of offering them every day low prices so they may live better.



We have established controls for avoiding anticompetitive behaviors or practices





**In 2021, the following key elements
of the compliance program are:**



Training conducted on participation in associations and guilds, reaching 95.3% of the target audience.



The Noisy Exits campaign was launched. It consists of a training video produced by the Home Office team to reinforce the protocol of action in the case of receiving non-requested sensitive trade information, which should never be shared either verbally or in writing.



Several communiqués on Free Enterprise were issued and sent to the entire Home Office team, with messages on attention to down raids by the authorities. There was also another communiqué aimed at operations personnel, informing them how they should reject any information that may be deemed sensitive, alerting them to the possibility of receiving it through social media, such as WhatsApp.



We were able to reach 96% of the commercial team audience, refreshing information on matters pertaining to free enterprise.



The Code on Reinforcement of Best Trade Practices was relaunched, with revisions to its content. El Mediator under Best Trade Practices is a concept created by the Code, which purpose is to foster agreements between our Commercial Teams and the Suppliers, in the case of any controversies regarding the interpretation and use of said document.



The CBL e-training platform on global competencies was launched, training 99% of our target audience.

The company is confident it always acts in adherence to applicable legislation, and that its participation in the Mexican market has always resulted in the lowest possible prices for our consumers, especially benefitting lower-income Mexican families, and those living remote areas of the country who have not been served by others.

The behavior of our suppliers plays a fundamental role in achieving compliance with all antitrust and antitrade legislation. We wholly expect that our suppliers understand and comply fully with these laws, which are designed to promote free and fair enterprise and to help activate open markets, improve productivity and foster innovation and value for our customers. The violation of these laws can have severe financial and reputational consequences for individuals and for companies.

Our suppliers are forbidden from entering into anti-trust agreements with their competitors as pertains to sales with Walmart, or to share prices, costs, or other privileged information regarding business conducted with Walmart.



RESPONSIBLE SOURCING



**GRI 308: 103-1, 103-2, 103-3, 308-1, 308-2, 407: 103-1, 103-2,103-3, 408: 103-1, 103-2, 103-3, 409: 103-1, 103-2, 103-3, 412: 103-1, 103-2, 103-3, 102-9, 407-1, 408-1, 409-1, 412-1, 412-3, 414-1, 414-2
SASB FB-FR-000.C, FB-FR-000.D,FB-FR-430A.3, FB-FR-430A.4, FB-FR-430A.4, CG-MR-410A.3, CG-MR-410A.1, FB-FR-430A.1, CG-MR-410A.2**

Our Responsible Sourcing program continues working with our supply chain to analyze what is purchased beyond the traditional elements of cost, quality, and lead time. This program encompasses ethical matters, labor rights, and social and environmental issues when supplying products and services in all purchasing categories and in all the regions.



Through this program, we establish the expectations we have of our suppliers, and we monitor facilities found in potentially high-risk places



Throughout time, our efforts to provide communication channels have been broadened so workers may inform us of their concerns. We conduct risk-based audits and periodic evaluations to monitor the status of the supply chain. We are actively involved with our stakeholders and participate in key supply chains to solve any root-cause issues.

In 2021, we had 7,622 suppliers with active agreements for the markets in Mexico and Central America. According to the Plant Audit System, there are 1,679 unique plant active in Mexico and Central America supplying several of Walmart's retail markets, including the retail markets found in Mexico and Central America.



RESPONSIBLE SOURCING PRACTICES

The Responsible Sourcing team works together with our Merchandising tribes to help incorporate responsible sourcing practices and to provide visibility of supplier compliance with our regulations.



Newly hired associates in this area obtain training through workshops and informative sessions about forced labor, health, and safety



Our Responsible Sourcing associates participate in buyer meetings with suppliers to help establish expectations from the beginning. Also, they receive training on the influence of their decisions for the supply chain and on how to reinforce positive work practices in supplier facilities.

Buyers use data such as KPIs and reports on condition verification to provide visibility to the suppliers and to foster improvements in supply channels representing the highest potential for risk.



135
supplier
representatives
have completed
training courses

82
representatives
of new suppliers
received training

EMPOWERING OUR SUPPLIERS

Walmart suppliers are responsible of relations with those who manufacture our products, which is why we request they convey our expectations throughout their supply chain.

Some of the mechanisms through which we help suppliers promote dignity for workers are:



THE RESPONSIBLE SOURCING ACADEMY

This allows suppliers to have access to training and orientation on best practices and training materials developed by third parties and by the company in several languages.

SUBJECTS COVERED INCLUDE:

- Audit guidelines
- Global compliance guidelines
- Forced labor
- Health and hygiene
- Supply chain controls



TRAINING AND SPECIAL SESSIONS:

Responsible Sourcing associates offer these sessions to newly incorporated suppliers from all over the world. Also, our newly hired buyers learn about the responsible supply compliance program, its policies and its scope.



REINFORCED TRAINING:

Throughout the year, our suppliers received reinforced training or specialized training so they may identify specific risks requiring mitigation. They also receive periodic communication explaining the different details of the policy and program.



GOVERNANCE AND POLICIES

Our commercial practices must reflect our business principles. Therefore, we demand of our suppliers the same high standards followed by our personnel. Consequently, when we ensure these standards are kept throughout the entire supply chain, we are doing more than simply providing products and services: we are building and reinforcing trust amongst ourselves, with our customers and with the communities we serve.



This year the [Standards for Walmart Suppliers](#) were updated and their purpose is to share with the companies with which we do business our values and guidelines on the behavior we expect from them. These standards were reviewed and updated to supplement the new Code of Conduct, with the goal of broadening knowledge on ethics and compliance expectations.

These standards apply to suppliers for Walmart Inc. and its subsidiaries throughout the world. Walmart has very solid values and so we demand that our suppliers comply with all of them.

According to the new Standards, a supplier is defined as anyone supplying Walmart with products, including goods for sale and those for use by Walmart, that is, goods not for resale.



Suppliers are responsible of ensuring compliance with these standards in all their businesses and throughout their supply chains



Standards for Walmart Suppliers
encompass three comprehensive guidelines:



WORKING CORRECTLY:

Which implies compliance with the Law and with Walmart Policy; never engaging in bribery; creating a respectful workplace, and operating safe workplaces, among others.



PROVIDING EXCEPTIONAL GOODS:

Which implies maintaining high safety and quality standards; respecting guidelines and laws pertaining to commerce and labeling and marketing products accurately.



COLLABORATING WITH WALMART:

Which implies recognizing and avoiding conflicts of interest, competing fairly, acting as a partner and cooperating with us.



The updated version of the Standards for Walmart Suppliers -issued by the company worldwide- has been published on our [suppliers' platform](#), a link they can use to access the document. In this we reinforced the notice sent to the Merchandising Tribes, who helped us by transmitted said update to their supplier base.

We have also updated the **statement requirements** of the Responsible Sourcing program so suppliers may better distribute internal risk-based resources, provide greater flexibility to markets of face to and emerging risks, and increase the efficacy and efficiency when managing the Responsible Sourcing program in those markets.



EVALUATING SUPPLY CHAIN RISKS

GRI 102-11

Responsible Sourcing conducts an annual risk evaluation so we may better understand social compliance risks in the supply chain.

The criteria considered in the evaluation include the following:

The supply chain areas more prone to risk and with the greatest impact in key risks.

Country risk analysis based on internal and external data, including: the number of issues and their incident rates, as well as the relative seriousness and impact on people, operations, and reputation, where we consider the impact on people as having the greatest weight.

Specific risks for commodities and other products, based on data, local intelligence and experts, official publications and reports from the mass media and NGOs to have a better grasp of the places and supply chains where issues are particularly serious.



Final results from the evaluation vary according to the supply chains for certain products, countries, or both

These results are incorporated into the design process of the Responsible Sourcing Strategy, which include specifying the fundamental causes of the problem, evaluating possible solutions -including existing or emerging initiatives- and ways to mitigate these risks. The latter include changes to policies and procedures by influencing our approved audit programs, changing our monitoring process and scaling our supply chain, or implementing new initiatives.



Continuous efforts are made to improve our audit program, better allocate our resources to those facilities of greater risk and help increase overall compliance.



The approach used in auditing supplier facilities is based on risks

We allocate greater resources to those situated in countries with higher risk potential. These audits concentrate on a variety of matters, including worker compensation, voluntary labor practices, working-age laws and regulations, working hours, and the facilities' health and safety standards.

Should we discover that a supplier is producing merchandise in an unauthorized plant or outsourcing an unauthorized plant, said supplier may lose their right to do business with us.

The audits focus on a variety of matters, such as:



1.- WORKER COMPENSATION



2.- VOLUNTARY LABOR PRACTICES



3.- AGE-RELATED LAWS AND REGULATIONS



4.- WORKING HOURS



5.- FACILITY HEALTH AND SAFETY



6.- ENVIRONMENTAL LEGISLATION





Every audit report on the facilities is evaluated based on our supplier standards and in keeping with our [Policy on Supplier Audits and Evaluations](#). High-risk problems are identified, including forced labor, trafficking of persons, child labor, and unsafe working conditions.

GRI 102-15, 102-11

All audits are classified green, yellow, orange or red, depending on the level of compliance achieved, as follows:

GREEN:

Those facilities having overall compliance

YELLOW:

Facilities where audit results show overall compliance with our standards, but which have non-compliance in at least one major requirement

ORANGE AND RED:

These are for facilities where we have more serious violations such as withheld or irregular payment, forced labor, intimidation or discrimination of workers, unethical recruitment practices, and excessive working hours.



Suppliers with an orange rating can continue working with us, provided they remedy their violations, because we believe that by continuing to work with them, we can have a positive impact on the workers than by simply abandoning the commercial relationship.



They were done 7,060 audits in plants working with our markets in Mexico or Centroamerica

However, those facilities consecutively classified as orange, or with a single red designation indicate serious violations that may lead to either temporary or permanent termination of the commercial relationship with our company.



Audit Results

- Has found the least severe violations
- Have failed to meet at least one important requirement
- Will continue to be allowed while the violations are remediated*

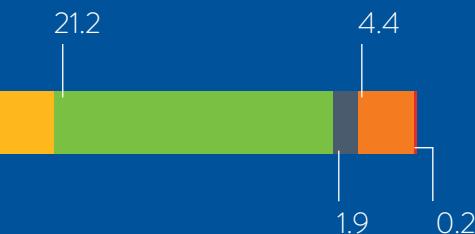
■ May make it appropriate to temporarily or permanently terminate the facility's ability to produce merchandise for sale by Walmart**

■ Other

Mexico



72.2%



Central America



71.1%



* 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.



CLAIM MECHANISMS

Responsible Sourcing conducts an annual risk assessment, which enables us to better understand the risks of social compliance in the supply chain.

We have different mechanisms to present claims on the violation of our standards and to seek correction. Our Ethics Hotline is the principal mechanism.

We use [posters](#)  as a tool to inform supply chain workers of our expectations and of the availability of channels to file claims. These posters, available in [24 languages](#) , focus on subjects of greatest risk for the workers, including forced labor, human trafficking, unsafe working conditions, working hours, wages, intimidation, and discrimination. They also include information on channels to make direct reports to Walmart on subjects of concern. These channels are also available on our [corporate website](#) .

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



Are you being intimidated or discriminated against?

Signs of unfair labor practices include:

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

If so, speak up.

Report if you experience or observe any of these situations

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

Walmart



Do you feel unsafe while working?

Signs of an unsafe workplace include:

- You are not provided personal protective equipment
- Exits, doorways and escape routes are not marked or not available for use
- Building, equipment, and fixtures are not maintained
- You are asked to operate machinery and handle materials without proper training

If so, speak up.

Report if you experience or observe any of these situations

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

Walmart



INVESTIGATIONS AND COMMITMENT TO OUR SUPPLIERS

Suppliers have the important responsibility of overseeing compliance throughout their supply chains and correcting any non-compliance, including in the plants that make products for the company.

We monitor supplier facilities through audits and investigate any possible violations to our **Supplier Standards** under our risk-based approach. This implies that suppliers with high-risk facilities located in countries having greater potential risk and which merchandise is imported directly to Walmart must present audits more frequently.

We, on the other hand, evaluate the findings in each audit report presented. Non-compliance and lack of remediation may have consequences, including the termination of the commercial relationship between the supplier and Walmart, and/or the possibility for the plant to produce merchandise to be sold by our company.

For more information about the initiatives we implement with different industries worldwide, visit our website **Responsible Sourcing**.



Those suppliers who are obligated to present an audit must work with an eligible program, follow program instructions, and send the full report to the company



CONSUMER PROTECTION

LABELING

GRI 414: 103-1, 103-3, 416-2, 417-1, 417-2, 417-3, 419: 103-1, 103-2, 103-3, 419-1
SASB FB-FR-270A.1

In keeping with our Policy on Labeling, reviews are conducted on the product labels and packaging used for Private Brands, to guarantee that all information provided is clear and correct, pursuant to applicable legislation and so this information does not mislead our customers.

Likewise, the teams that develop these products are trained annually, regarding the principles of Consumer Protection, the importance of complying with the specific Standards of each product is communicated and the corresponding information of those that most impact the business is exemplified.

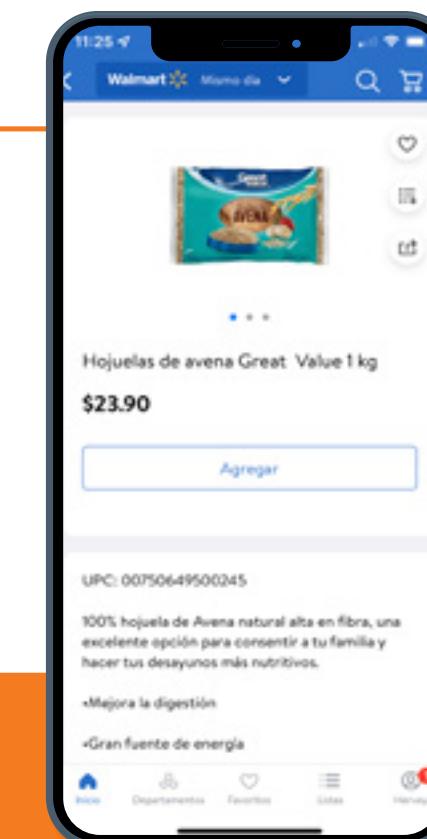
We verify that product labeling is in adherence to legislation in force. There are also guidelines for compliance with laws that govern labeling, and we train our associates so they are informed on the regulatory requirements to be followed.

The primary labeling requirements include:



Origin of product components or service

Content, especially regarding substances that may cause any environmental or social impacts



Hojuelas de avena Great Value 1 kg

\$23.90

Agregar

UPC: 00750649500245

100% hojuela de Avena natural alta en fibra, una excelente opción para consentir a tu familia y hacer tus desayunos más nutritivos.

• Mejora la digestión

• Gran fuente de energía



Product or service safety instructions



GRI 417-3

MEXICO

In Mexico, 100% of Our Brand products are validated by third-party agencies who provide validation or issue a certificate of compliance with overall labeling regulations and with specific standards per product.



CENTRAL AMERICA

We focus on five major categories due to volume and product sensitivity:



National food products and beverages



Imported food products and beverages



Hygiene products



Cosmetics



Pharmaceutical products



AGREEMENT ON BEST TRADE PRACTICES

It is a source of pride for Walmart to work every day with more than 86,000 suppliers, who are our commercial allies and key to fulfilling our mission and commitment to helping families in Mexico save money and live better.

Mindful of our goal to care for them and maintain a healthy relationship between buyer and suppliers, we are part of the Agreement on Best Trade Practices, which encompasses 16 points, which we are committed to honor. We also have the figure of Promoter of Good Practices to support our buyers when solving conflicts with suppliers.



Throughout the year we invite our buyers to follow basic advice that helps strengthen the commercial relations with our suppliers:



1. Respond, always

We stress the importance of always responding in writing to the supplier.



2. Conduct clear agreements

At the end of a meeting, always have in writing the agreements reached, either via email or with the minutes of the meeting.



3. Price changes

Provide a written response for the supplier vis-à-vis any price changes.



INFORMATION SECURITY

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



The information security program was created to provide our brand portfolio worldwide with comprehensive, profitable and risk-based security services



Our objective is to maintain company information secure through enhanced understanding of this subject and corresponding guidelines by our associates and business partners

We guarantee protection for information and information systems against unauthorized access, use, alteration, modification, or destruction, thus providing confidentiality, integrity, and availability.

We also ensure best practices are followed to identify risks, protect information, detect suspicious activities, in addition to being prepared to respond to future incidents.

Our company has policies, standards, procedures and information security guidelines, with the purpose of regulating and raising awareness among our associates and suppliers concerning the importance of the information and the technological resources used in the company. Our associates are offered training so they may better understand the importance of adopting behaviors in line with our information security guidelines.

Vulnerabilities present in company information assets are identified and managed with the following elements in mind: vulnerability-analysis scheduling; results documenting; and results classifying, with attention prioritization based on the severity of the risk.

Moreover, guidelines are provided for the design of vulnerability remediation plans; for penetration-testing protocols for critical assets; and for documentation of test results, requesting correction of any opportunities detected.

The time needed to create identities is reduced, thereby guaranteeing the uniqueness of over 170,000 associates. Furthermore, we guarantee faster access removal for those associates whose work contract has been terminated, in addition to having control over unauthorized access to tools and apps by suppliers.





Our Audit and Corporate Practices Committees are committed to the strategy of information security

Thus making the review process a fundamental part of their activities. A review is conducted every three months of all mitigation initiatives, trends, risks, and strategies. Furthermore, each market where we operate has its own information security leader who is also part of the committee that reviews and defines the cybersecurity strategy.

Our ecosystem is complex, as we handle millions of transactions per day. Each year we receive upwards of 1.5 billion global cyberattacks. Subsequently we have business continuity plans, enabling us to establish controls that supply the tools and resources needed to resume critical activities after any contingency jeopardizing operability of crucial processes by impacting the pillars of continuity: associates, facilities, systems, and third parties. Moreover, safety and surveillance incidents regarding the data extraction with unauthorized or coded devices are closely monitored.

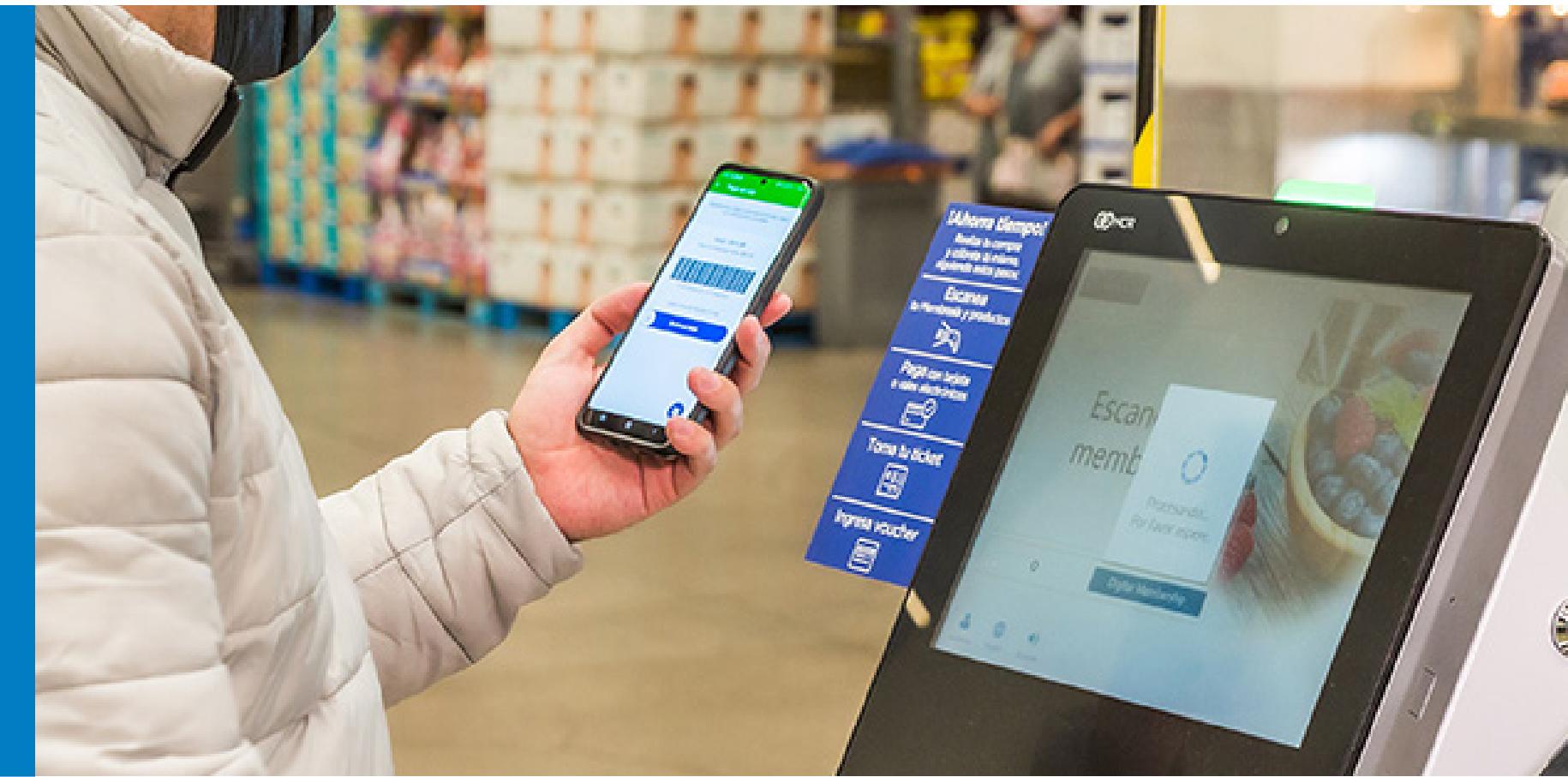
In 2021, vulnerabilities were reduced by 57%, as compared to 2020. Annual certification from PCI Security Standards was obtained, with no findings noted. Our NIST CSF (National Institute of Standards and Technology Cyber Security Framework) maturity level was improved, going from 3.64 obtained in 2020, to 3.83 in 2021, where level 4 is the highest for this benchmark. We are working jointly with Infosec International on the consolidation of our response and prevention protocols to improve our reaction capabilities regarding any ransomware attack.

Insofar as security, information requests on internal and external audits doubled. We were audited 22 times by the Internal Audit team and outside financial-sector agencies so we could provide proof of compliance regarding banking correspondence services, in addition to independent audits relative to NIST, Sarbanes & Oxley, and PCI (Payment Card Industry).





DIGITAL CITIZENSHIP



ODD
DIGITAL DIGITAL
AL DIGITAL DIGIT
DIGITAL DIGITAL
A DIGITAL DIGIT



In 2021, we continued working with the global area of Digital Citizenship. This area focuses on ensuring data management and technology based on our goal of being the most reliable omnichannel chain.



Digital Citizenship advises the company on matters related to privacy; the ethical use of data and governing the same; emerging technologies; cybersecurity; and record management. It is charged not only with legal ramifications related to the use of data or technology in any specific manner, but also the effect of its use on our relationship of trust with our customers and stakeholders.

Our goal is to create and maintain the trust of customers, associates, and communities alike regarding the use of technology and data, always in keeping with our values of services, excellence, integrity, and respect for the individual.

Technology will continue to modify the way we work, however, our values are steadfast. Our Commitment to Digital Trust is the foundation to earning and keeping the trust of our customers in an omnichannel world that is data and technology driven.

These commitments have four key areas of focus:



Promoting equality

Configure decisions on new technologies, services, and data utilization -as per guidelines from the Digital Citizenship team of Walmart— so they are aligned with the Commitments for Digital Trust of Walmart.



Cybersecurity

Protect our digital information and infrastructure against hacking, through compliance with third-party standards, incident reporting policies and scaling practices, vulnerability testing, and continuous improvement.



Privacy protection

Maintain policies and controls for the use and exchange of customer and associate information, so as to create trust and to safeguard confidentiality while also providing excellent customer service.



Managing data, records, and information

Backup the use of data and technology through policies and procedures, associate training, monitoring, and evaluation.

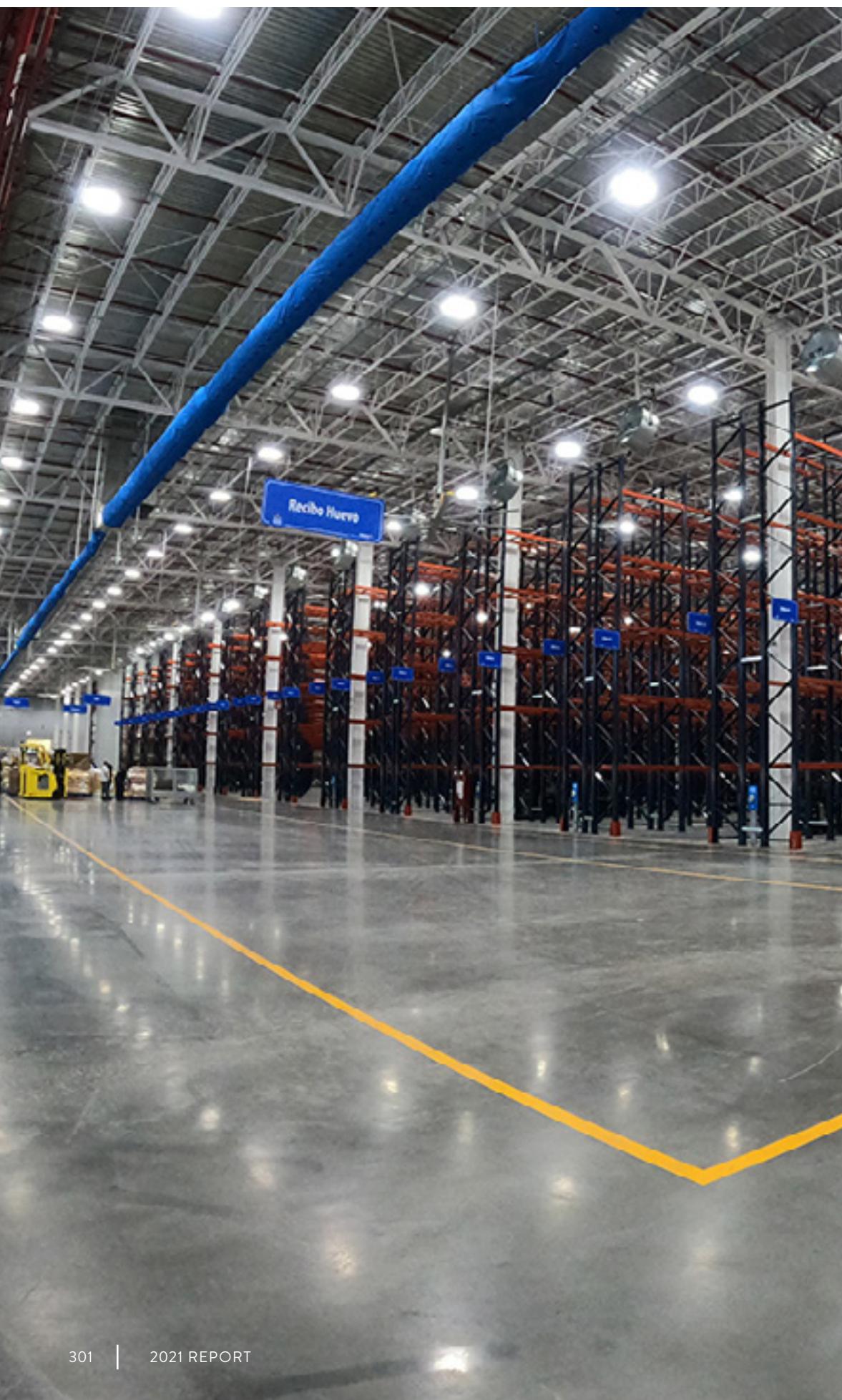


RISK ASSESSMENT

GRI 102-111,102-15, 102-30



Each year, Global Auditing Services conducts a Risk Assessment through the use of methodology established by Walmart Inc., adapting it to the reality of Mexico and Central America



External risk factors



Economic

Financial markets, unemployment, mergers, and acquisitions



Political

Government/politician changes, legislation, and regulations



Environmental

Natural disasters such as hurricanes, earthquakes, and global warming



Technological

Emerging technologies representing competitive advantages or disadvantages



Social

Demographic or social behavioral changes



Competitors

Financial conditions, competitive market share, and new players in the market

Internal risk factors



Compliance

Regarding legislation, regulations, internal policies and standards



Technology

Availability and integrity of systems and data, development and implementation



Processes

Complexity, automation levels



Personnel

Associates' competencies, fraud, safety and hygiene



Infrastructure

Asset availability



**The importance of the top eight risk categories
is considered:**

1 Regulatory compliance

Compliance with laws and regulations

2 Financial certainty

Effectiveness of company's financial reports

3 Customer confidence

Actions or conditions that erode the trust that customers have in the brand, our company vision, or in our position within the community

4 Impact caused by business operation-support areas

Interruptions stemming from processes and other inadequate or failed voluntary internal standards of the company, its people, or systems within business support functions

5 Impact of operating areas on the core business

Losses (encompassing performance risks and financial conditions) stemming from inadequate or failed internal processes, its people, and systems that support core-business functions

6 Strategy

Relative to top-level goals and aligned with the company vision

7 Internal compliance

Compliance company policies and procedures, agreements, business ethics and behavior standards, and other voluntary corporate regulations

8 Efficiency and effectiveness

Optimization of company resources to support the mission of the company and returns for its shareholders





Furthermore, we take into account the risk considerations that help define the magnitude and probability of losses stemming from unfavorable events or activities such as:

 Operating alterations Events such as disasters, acts of terrorism, interruptions in primary supplier operations, failed process changes, system failures, and prolonged adverse climate conditions	 Automation level Business dependency on systems and technology, historical credibility, capability to return to manual alternatives, and adoption rate of emerging technology by the organization	 Process changes The maturity of processes within the organization, process change management, quality assurance functions, expertise of process owners, process documentation
 Impact or profits Competitive pressures, economic market conditions, financial management, business model sustainability	 Customer Insight Concerns expressed by business and technology leaders	 History of audit findings Issues identified during previous audit processes that are material to the company or a component susceptible to being audited, administration mindset, status of remediation efforts
 Impact on strategic initiatives Changes in leadership, lack of access to capital or lack of liquidity, competitor actions, overall changes in economic conditions, and adverse actions by foreign governments	 Compliance requirements The ability of the organization to comply with laws, regulations and policies; frequency with which fraud, illicit, or unethical cases take place; changing legislation; recurring liabilities and litigation, unsafe products or handling, etc	 Other risk assessments Results from assessments conducted internally and externally, that are material to the company and components susceptible to being audited
 Changes in leadership Results from record changes in leadership, succession planning, training, and development	 Perceptions of GFTs The Global Functional Teams (GFT) provide guidance in the way of questionnaires, newsletters, interactive meetings, etc.	



ENTERPRISE RISK MANAGEMENT (ERM)

Part of the culture of Walmart de México y Centroamérica is reasonable and responsible risk-taking during the day-to-day business, with sights set on the future. Furthermore, it is fundamental to our continuous innovation, growth and compliance with strategic objectives. In conjunction with different business leaders, the Executive Committee manages, monitors, and actively evaluates the risks that could affect our company during the ERM (Enterprise Risk Management) exercise, which was first implemented in 2020. Ever since then, Risk Owners have undergone training sessions with the central ERM team. The methodology and process are in keeping with those of Walmart Inc., to guarantee the proper use of best practices tried and proven in our markets.

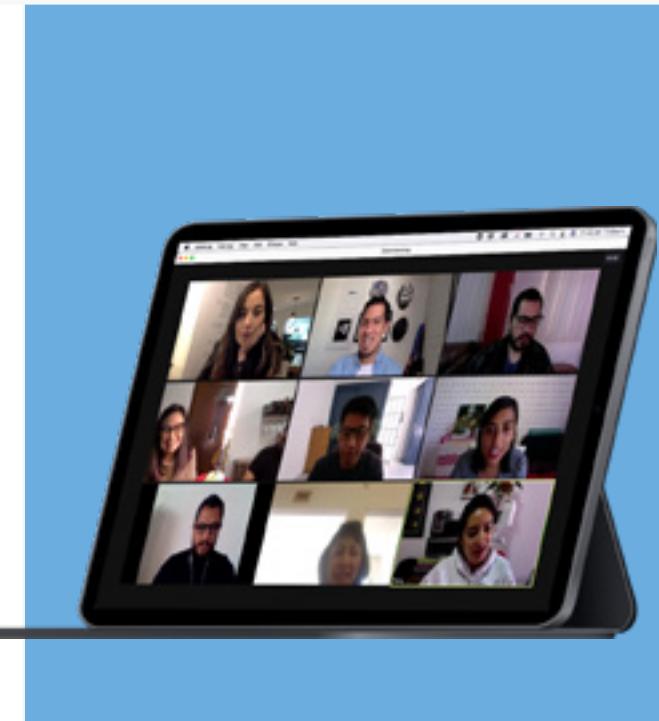
Risk structure is considered for the short, medium, and long terms, and is divided into five categories. The impact and probability that these risks may occur are periodically evaluated. Action plans are designed and verification that implementation actually helps in risk control and establish limits.

The risk assessment process consists of three major steps and is conducted every quarter:



1. Evaluation

Risk managers and the central teams are called together to reassess risk previously identified and any new ones; impact and probability are then scored.



2. Report

Risks are recorded under an impact/probability matrix; then risked are classified by priority, providing this "Risk Register" to Risk Owners so they in turn may review the status.



3. Management

The mitigation needed is determined, action plans designed with and assigned head, and Risk Champions, jointly with the Executive Committee, oversee the execution.



This assessment led to the identification of priority risks in the short, medium, and long terms, for example, the risk of an increase in the cost of doing business and interruptions in the supply chain

The following is an example of the ERM process:



The ERM process considers five categories

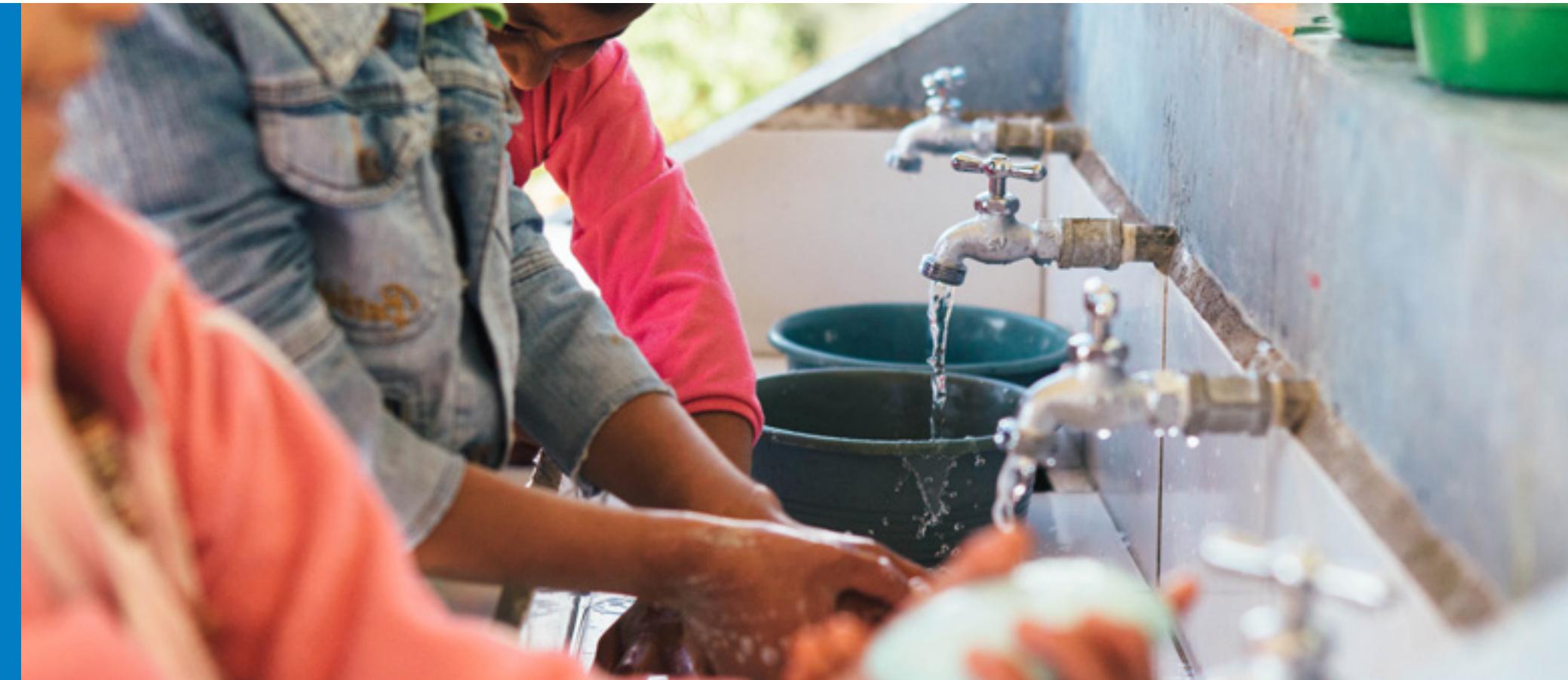


*Includes COVID-19 impact and any other natural disaster or cases of force majeur



STATEMENT ON HUMAN RIGHTS

GRI 411:103-1, 103-2, 103-3, 411-1 412:103-1,103-2,103-3



We respect all human rights and strive to use our capacities and influence to help individuals and communities live better.

In line with our values of respect, integrity, service, and excellence, we firmly believe all people are equal and are born with certain inherent rights. The respect for human rights is essential to earn and maintain the trust of our customers, associates, and stakeholders.

Furthermore, we believe that by creating positive opportunities for people contributes to creating important and lasting corporate values: our business prospers when our associates, the people who are part

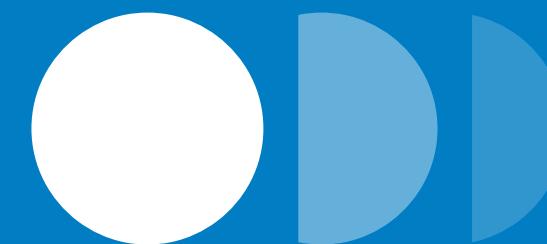
of our supply chain, our customers, and all communities prosper as well.

We published our Statement on Human Rights in 2018, which confirms our respect for human rights and articulates our Culture and Beliefs, based on international instruments such as the UN Guiding Principles on Business and Human Rights (UNGPs) and the International Labor Organization Declaration on Fundamental Principles and Rights at Work of 1998.



CORPORATE GOVERNANCE

GRI 102-18



Our company is built on the foundations of integrity and the highest of standards in ethics; we always guarantee strict adherence to all applicable legislation in those countries where we are present

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BOARD OF DIRECTORS

GRI 102-22, 102-24, 405-1 SASB CG-EC-330A.3, CG-MR-330A.1

Makeup and frequency

- The Board is comprised solely by statutory members
- Members are appointed each year by the Ordinary Shareholders' Assembly
- Independent Directors must constitute a minimum of 25% of total amount; at December 31st, 2021, 55% of all Directors are independent
- Minority shareholders, whose shares represent a minimum of 10% of owners' equity have the right to choose a Director, who in turn may be removed only when other Board members are so removed

- At the close of 2021, 29.49 % of company shares are traded among the investor public
- The participation of officers of the company and its subsidiaries is limited, only to that of the executive president and general director
- The Board of Directors meets a minimum of four times a year; during 2021 they held five meetings. The average attendance at these meetings was 85%
- The average time the Directors remain on the board is 5.45 years

** This Board shall remain in effect until the next annual shareholders' assembly to be held on April 7, 2022

To learn more about the proposals that will be made to the assembly, [click here](#)

Chairman

GRI 102-23

Members**

* Independent Director

- Enrique Ostalé*

Member since:
2013

- Adolfo Cerezo*
- Ernesto Cervera*
- Kirsten Evans
- Guilherme Loureiro
- Richard Mayfield
- Roberto Newell*
- Eric Perez Grovas*
- Blanca Treviño*
- Tom Ward
- Amanda Whalen

2012
2014
2018
2016
2015
2014
2018
2006
2021
2021



36% of the members are women
55% of the members are independent

**Other practices:**

- Independent Directors are experienced in the core business and strategic areas of the company
- The Board has access to independent consultants
- The Chairman of the Board acts as secretary and does not preside over any Board Committees

The Board of Directors receives the support of two committees for its duties; said committees are charged with in-depth analysis of matters related to its field of expertise and offer recommendations to the Board so it may study the information and make the best decision, creating value for our shareholders and stakeholders.

Primary responsibilities:

GRI 405-1, 102-20, 102-22, 102-26, 102-27



- Appoint the President and CEO of the company



- Work with Top Management to develop overall strategies for the company and its subsidiaries



- Approve information and communication policies regarding shareholders and the market



- Act as adviser/consultant for the company's Top Management



- Oversee management and operation of the company and its subsidiaries



- Ensure that overall strategy is in line with company principles on ESG



We continued working on specific gender equality guidelines for the Board of Directors and on defining proper profiles and improving the selection process for Directors



AUDIT AND CORPORATE PRACTICES COMMITTEES

GRI, 102-22, 102-35, 102- 36, 207-2, 405-1

Primary responsibilities

- Voice opinions on the hiring of the independent auditor for the company and establishing fees
- Ensuring the existence of a proper internal control system for the company and subsidiaries and that it meets any and all applicable accounting and legal provisions and reviewing company transactions with related parties
- Reviewing financial statements and ensuring they are a true and accurate reflection of the financial situation for the company. There is also a set procedure for receiving, retaining, and responding to claims concerning accounting practices and controls, and any audit-related issues. Moreover, they have the authority and necessary resources to retain the services of legal counsel and any other outside consultant needed to perform their duties

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

These committees have five Directors, all of them independent

Members at December 31st, 2021

Chairman

GRI 102-23

Members*

* Independent members

- Adolfo Cerezo

- Ernesto Cervera
- Roberto Newell
- Eric Pérez-Grovas
- Blanca Treviño

Principal requisites and practices



All members are independent directors, experts in finance, auditing, systems, economics and private equity



Ensure independent auditors do not provide consultancy services for the Company



Ensure that the partner from the independent auditing firm that renders the opinion on the financial statements is periodically rotated



WALMART DE MÉXICO FOUNDATION BOARD OF TRUSTEES

GRI 405-1, 102-20, 102-22

The Board of Trustee has 10 members, of which four are independent trustees, who meet a minimum of four times a year

The Walmart Mexico Foundation was created in 2003 as a not-for-profit organization that channels community support of the company, assisting in the improved development of different communities through the community support program.



Trustees at Dec. 31, 2021

Statutory Trustees

*Independent trustees

- Cristian Barrientos
- Eduardo de la Garza
- Roberto Delgado Gallart*
- Jorge Familiar Haro*
- Guilherme Loureiro
- Kathleen McLaughlin
- Alberto Sepúlveda
- Marinela Servitje*
- José Luis Torres*
- Adriana Velázquez

Alternate Trustees

- Mariano Fiscela
- Julie Gehrki