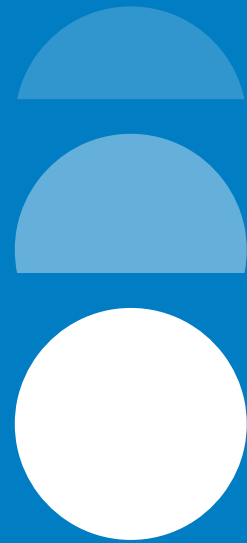




RISK ASSESSMENT

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



ASSESSMENT ASSESSMENT ASSESSMENT ASSESSMENT ASSESSMENT



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



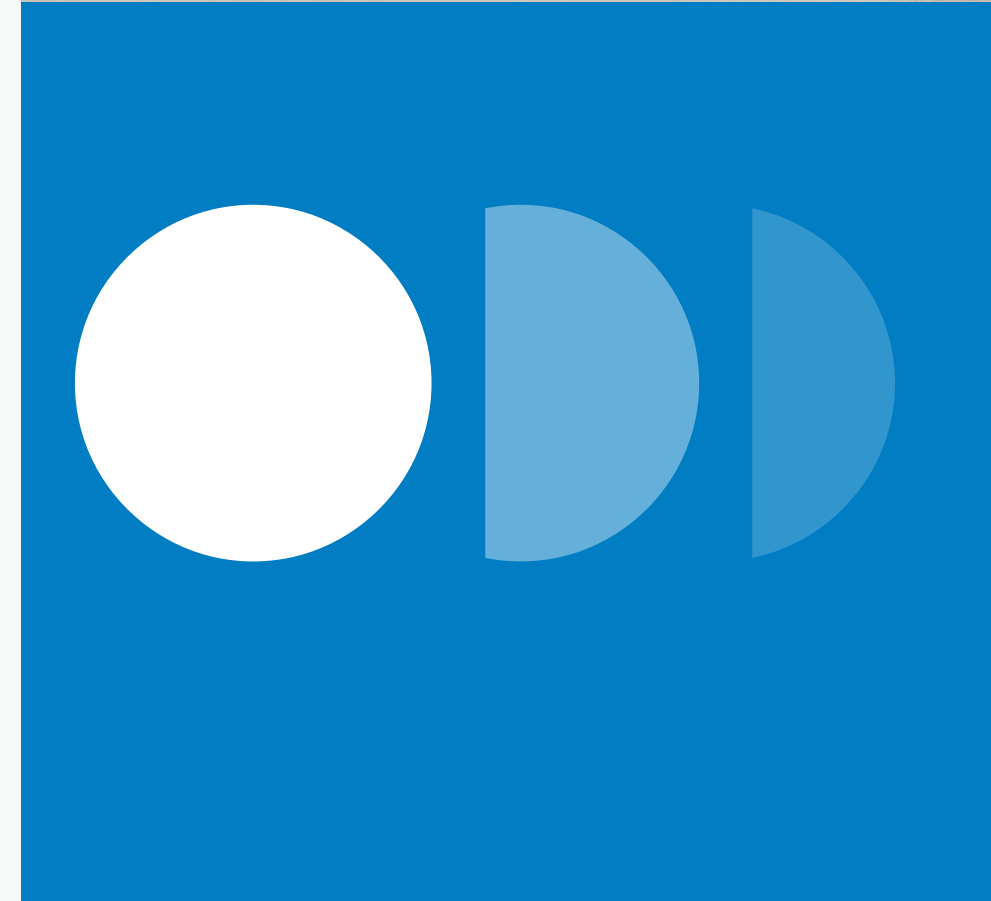
Infrastructure

Asset availability














The importance of the top eight risk categories is considered:

<p>1 Regulatory compliance Compliance with laws and regulations</p>	<p>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</p>
<p>2 Financial certainty Effectiveness of company's financial reports</p>	<p>6 Strategy Relative to top-level goals and aligned with the company vision</p>
<p>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</p>	<p>7 Internal compliance Compliance company policies and procedures, agreements, business ethics and behavior standards, and other voluntary corporate regulations</p>
<p>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</p>	<p>8 Efficiency and effectiveness Optimization of company resources to support the mission of the company and returns for its shareholders</p>





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:

 <p>Operating alterations Events such as disasters, acts of terrorism, interruptions in primary supplier operations, failed process changes, system failures, and prolonged adverse climate conditions</p>	 <p>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</p>	 <p>Process changes The maturity of processes within the organization, process change management, quality assurance functions, expertise of process owners, process documentation</p>
 <p>Impact or profits Competitive pressures, economic market conditions, financial management, business model sustainability</p>	 <p>Customer Insight Concerns expressed by business and technology leaders</p>	 <p>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</p>
 <p>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</p>	 <p>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</p>	 <p>Other risk assessments Results from assessments conducted internally and externally, that are material to the company and components susceptible to being audited</p>
 <p>Changes in leadership Results from record changes in leadership, succession planning, training, and development</p>		 <p>Perceptions of GFTs The Global Functional Teams (GFT) provide guidance in the way of questionnaires, newsletters, interactive meetings, etc.</p>



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.

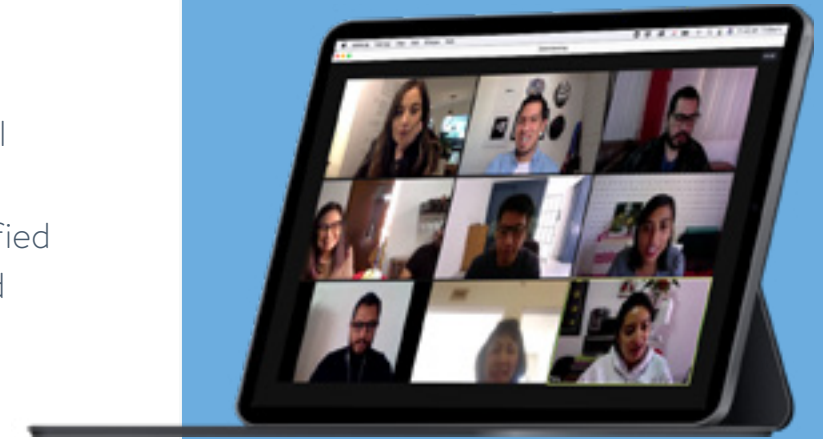


The risk assessment process consists of three major steps and is conducted every quarter:



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 risks 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 majeure