

The Ethics and Compliance program is made up of the following areas:



Ethics



Health and Safety



Anti-corruption



Food Safety



Privacy



Environmental



Health & Wellness



Anti-money Laundering Prevention



Licenses and Permits



Product Safety



Labor and Employment



Trade



Antitrust




Responsible Sourcing



Consumer protection

## The most relevant results from each of the areas of Ethics and compliance:

### Ethics

Through our ethical behavior, we maintain the trust of our customers, local communities, and ourselves. Our [Ethics Statement](#)  is the guide and daily resource for making honest, fair, and objective decisions when operating in compliance with all laws and our own policies. This Ethics Statement applies to all associates at every level of our organization around the world and all Board and Committee members.

Walmart de México y Centroamérica expects all suppliers, consultants, and contractors to act right and in a consistent way. Our associates receive various resources to help them promote and recognize ethical choices. These resources include:

#### Annual training to our associates

GRI 410-1, 412-2

In 2019, we provided more than 106 hours of training on our Ethic's Statement to operations associates and staff, covering 93.5% and 99.5% in México and 93% and 95% in Central America.

#### [WalmartEthics.com](http://WalmartEthics.com)

Website available in 14 languages and accessible worldwide. It provides a platform where stakeholders can ask questions, read our Ethics' Statement, raise ethical concerns, and follow up on previously reported concerns.

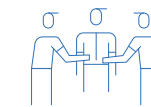
#### Integrity Awards in Action

Global recognition program for associates who are models of integrity or who encourage others to do so. Associates nominate candidates and Walmart recognizes the award winners at our shareholder meeting.

At Walmart, we are committed to maintaining an environment of integrity and respect in which everyone feels comfortable and free to express their concerns. As a result, associates can communicate their ideas or concerns and even report inappropriate behavior without fear of reprisal.



### We have different formal complaint mechanisms:



The Open Door Communication process is the most direct way to express any concerns to a leader through open communication



Global Ethics Hotline We have local telephone numbers available that any person can dial to ask questions or concerns 24/7. This hotline is equipped to serve in the local languages of all the markets where we operate, including Spanish. This line is managed by an independent third party



Web site and e mail. All the mechanisms available in our [Ethics Statement](#)



# Health and Safety

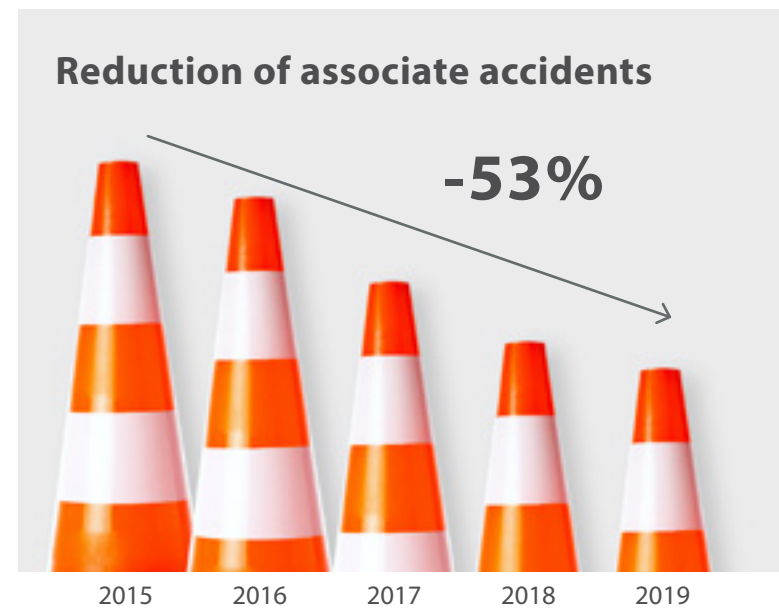
GRI 403-1, 403-2, 403-3, 403-4, 403-7, 403-8, 403: 103-1, 103-2, 103-3

Our vision: To be the safest company to buy and work, through the Zero Accidents Mission Initiative

We promote the care of our customers, members, and associates to avoid accidents. The pursuit of excellence to achieve an accident-free Walmart includes being 100% committed to taking care of each other and promoting risk-free productivity.

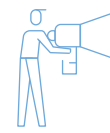
We ask our associates to remedy any unsafe acts or conditions immediately by notifying the responsible party. Likewise, encouraging and ensuring the use of personal protective equipment in the required positions is indispensable. As well as talking frequently with our associates, about how important security is to our company.

In Mexico, we have had great achievements in recent years, thanks to all the effort and attention of our associates:



By maintaining our commitment and encouraging safe behavior, we will have Zero accidents.

At DC, the Safety Training Program was a key element in achieving the 31% accident reduction percentage through:



Communication and awareness campaigns: Ergonomics video, “Yo te cuido, tú me cuidas” video, 10 fundamental capsules



Training courses: Introduction to Safety and Environmental Compliance for DC and Workplace Safety, with the participation of more than 17,000 associates

GRI 403-8

We also implemented a new program for associates and customers called 3x2, it focuses on preventing the three most recurring accidents in the back and waist.

In Central America, we focused on creating a safety culture, so we launched 10 specific safety rules for each business unit. The Behavior-based Safety program for Cedis seeks to generate accident-free environments, based on the observation and correction of unsafe behaviors, focusing mainly on the six main causes of accidents in the region.

As part of the process to generate greater culture and safety awareness, we conducted a review of our current standards, finding opportunities to raise the level of safety, standardization, and their communication throughout the region. As a result, new security procedures were generated for previously uncontrolled risks: Safe unloading, safe use of machines, rules for the use of ladders, improvements in permits for dangerous work, a manual for contractors, etc.

**Reduction of customers accidents**



**13%**

in Mexico

**15%**

in Central America

**Reduction of associates accidents**



**10%**

in Mexico

**24%**

in Central America



**539,814 training**

sessions



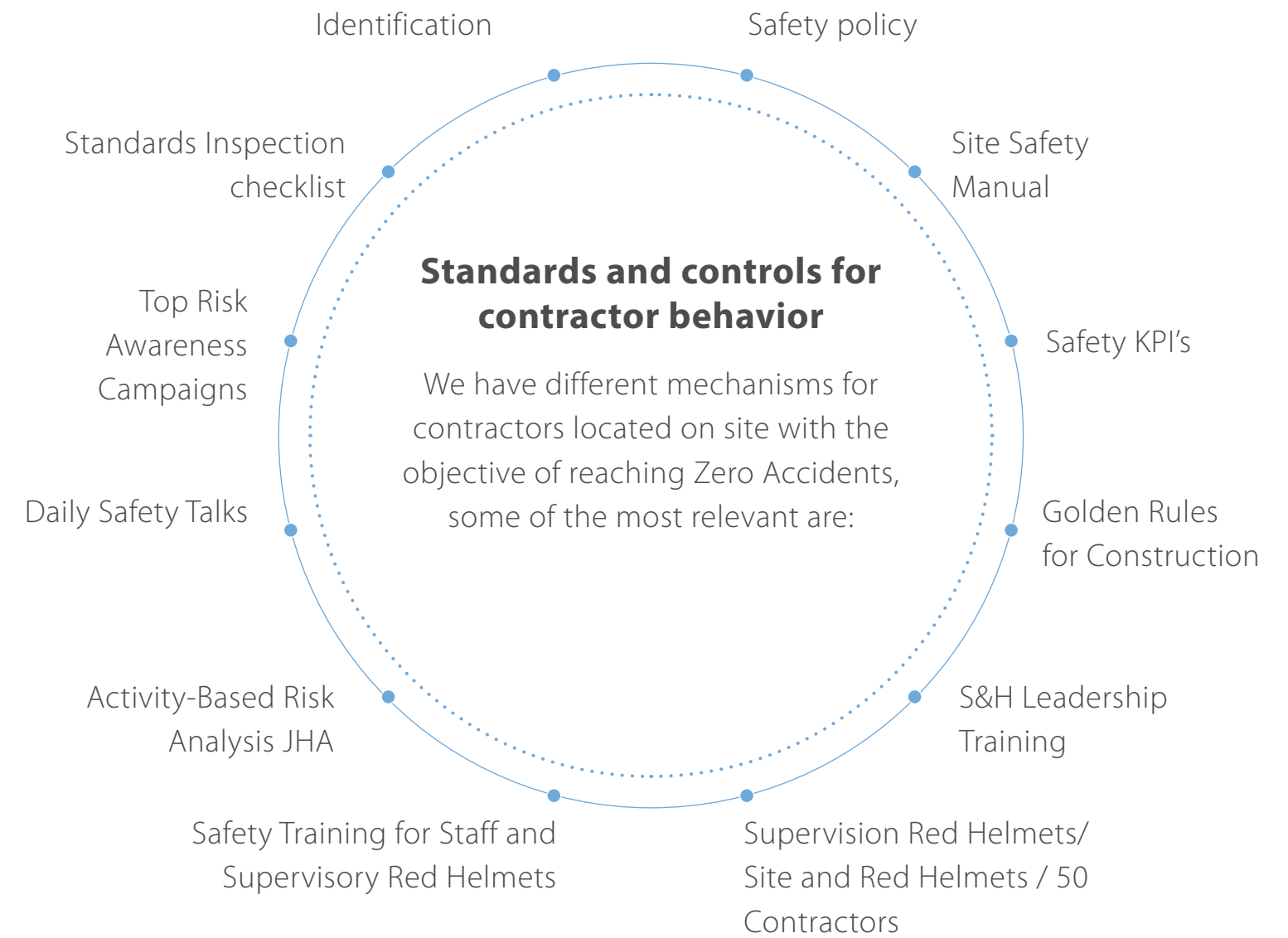
**187,796 trained**

associates

GRI 403-1, 403-5

## Contractor Zero Accident Program

Our Zero Accidents policy is not only focused on taking care of our associates and customers, but also our suppliers. This year, we implemented a safety program focused on our contractors:



We work with suppliers to establish remediation plans.

We also have different sanctions to guarantee the safety of all people involved. Construction, remodeling, maintenance, special projects and design contractors have security clauses in their contracts, which details the type of sanction according to the fault and the severity of the accident, which may reach the termination of the contract or suspension of projects assignment for six months.





# Anticorruption

GRI 205-2

We are committed to maintaining the highest standards of integrity and compliance, in accordance with the applicable laws of the markets in which we operate with our Global Policy and Global Anti-Corruption Procedures.

We always achieve our objectives with transparency, taking into account that we do not tolerate bribes, acts of corruption or dishonest practices of any kind. It is very important for us that in case our associates have any suspicions, information of violation of the [Global Anticorruption Policy](#) as well as the Company's AC Procedures, or have any information of improper requests (even if they are rejected), is reported immediately to the following Global Ethics contact points.

We provide anti-corruption training to 100% of our associates. It should be noted that AC training is valid for two years. In 2019, we trained 122,629 associates on anticorruption.

This kind of training is offered to the Board of Directors once a year.

We conduct an annual risk assessment to identify risks and allocate program resources accordingly. Our continuous improvement team regularly assesses and enhances the program's implementation, providing timely feedback and enabling early identification and problem solving. Additionally, the Global Internal Audit team performs periodic, independent audits of our program.

We use a customized electronic system to detect and conduct due diligence on external intermediaries seeking to represent us. Our contracts with external intermediaries require them to commit to our anti-corruption policy. Said process should be renewed at least every two years. Once approved, the supplier receives training on the Anti-corruption Policy to ensure their

awareness and adherence to it throughout the duration of their commercial relationship with Walmart. 595 suppliers completed or renewed their anticorruption training during 2019.

Each year, we proactively audit a sample of our third-party partners based on several factors, including the risks associated with the region where they operate and the type of service they provide. This process allows us to examine the way that third-parties respond to our anti-corruption program and identify areas where we can continue to improve our training and controls.



**595 suppliers**

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GRI 205-2

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# Food Safety

GRI 416-1

We are committed to complying with all applicable food safety laws and regulations in the markets we operate in and to providing safe, high-quality food so that people can save money and live better lives. To do this, the Food Safety team is responsible for overseeing the comprehensive food safety management system. This includes creating and ensuring compliance with policies and procedures that help us buy, store, transport, prepare, and sell food in a manner that meets all regulations, as well as our own strict food safety standards.



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## High Five Program

These principles are measured through a system of monthly Assessments in our stores with regular measurements and monitoring.

**199 units** have the H-Distinctive certification

**Clean and healthy**  
Wash your hands when necessary  
Not working with food when you are sick  
Never touch ready-to-eat foods without gloves



**Avoid cross-contamination**  
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



**It is based on five basic principles for the hygienic handling of food:**



**Wash, rinse, sanitize**  
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

**Cook and cool**

Cook the food until it reaches a suitable internal temperature  
Quickly cool food to the temperature required by local law



**Keep it cold, keep it hot**

Keep cold/hot food at the temperature indicated by law





# Food Fraud Program

Implemented in the reception area of Distribution centers to identify that the products we sell match the species we have declared in the packaging of our Private Brands products. This program includes a risk matrix by type of product, and and if we identify something not declared, we proceed according to the level of risk.



## Analysis with certified external laboratories



### 154 analysis

for the identification of species in meat raw material and ready-to-eat food



### 56 analysis

to verify integrity of ingredients in Private Brands products (honey, milk, olive oil, 100% natural juices and coffee)



### 351 organic products

Certificate validation



### 149 products

Certificate validation for alcoholic beverages of (tequila/mezcal)

## Pest control Program



Our goal is to protect associates and customers visiting Walmart's facilities by keeping pest activity under control. We use different Integrated Pest Management tools. We contribute to health care by acting against incidences of disease-transmitting insects (zika, chikungunya, dengue), as well as reducing the loss of products derived from pest damage or contamination.

We have a monthly-unannounced international audit for pest control risk assessment in all

stores and clubs, and a monthly-unannounced national audit for pest control risk assessment in all Distribution Centers. We also visit all units at least twice a month for inspection and chemical application (if required) to identify and mitigate any pest activity.

# GFSI (Global Food Safety Initiative) Program

184 training hours to 27 safe food suppliers at GFSI school

We are members of the GFSI Mexico Local Group and all Private Brands suppliers are required to be certified in this type of system within a reasonable period of time if they do not have their own system certified.

## Mexico

\* **299 suppliers**

of Private Brands audited by GFSI and Global Markets certifiers

\* **339 processing plants**

from certified suppliers, meaning, 95%

\* **17 supplier processing plants**

with Global Market Audit

\* **5 courses**

to 43 food suppliers

## Central America

### % GFSI Certificates

- Local private brand
- Import private brand
- Local Da-comanufactor
- Direct import



### % Approved Global Market

- Small and developing supplier - pb - manufactor
- Small and developing supplier - pb - Da co-manufactor



In Central America, we developed a Training Plan for suppliers of Private Brands and national brands products of high-risk categories that have not achieved a GFSI or Global Market Intermediate certificate. They received free training and workshops on the topics that need to be reinforced in order to comply with the GFSI requirement requested by Walmart.



## Audits

We have an intensive program of audits of our units, suppliers, plants, and Distribution Centers to ensure food safety in each of them:

### Private Brands, Food-Mexico

Suppliers	299
Facilities	356
Audits	356
- Good Practices Global Markets	17
- Global Food Safety Initiative Certification (GFSI)	339
% certified facilities	95.2%
Audits of Good Practices in Storage and Distribution to Distribution Centers and deconsolidators of fresh products	34



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## Food Safety Program for POS



In Central America, this program allows us to maintain store Sanitary Status by ensuring the best practices for food handling, thus, contributing to our customers' health. Stores are audited under our five basic rules of food safety and Integrated Pest Management, which are implemented by the stores to guarantee safe food.

2019 was a challenging year in which, through teamwork with Operations, we improved our stores indicators and practices by reinforcing daily habits that allow us to perform more effective reviews and cleaning. In 2020 we will launch our "Cuida tu tienda como a tu casa" initiative.



## Food Safety at Distribution centers

In 2019, we obtained the BRC international certification for three Distribution Centers, with a score of AA that guarantees the operational processes for food products handling. This was achieved thanks to:

-  Technical support and training of DCs staff in food handling
-  Procedure standardization
-  Reduced complaints and product damage due to cold chain opportunities, quality damage, or safety risks
-  Compliance with national regulations and internal policies on food safety and quality

This certification consists of:

-  Pre-assessment tours to comply with BRC standard requirements
-  Operational process documentation
-  Personnel training regarding standard requirements and operational process updates
-  Definition of KPIs and improvement actions
-  Conducting an audit with an external company to verify compliance with the GFSI BRC standard in food storage and distribution v3.



# Privacy

GRI 418-1

We focus on raising awareness about privacy rights and practices, as well as personal data protection. We are committed to taking care of our associates, customers, members, and third parties' information at all times, in compliance with the law and our global policies. One of the keys to achieving this is through trust, which we can earn, strengthen and maintain by being transparent, and using personal information responsibly and ethically.

Without a doubt, new technologies open up a range of possibilities for us to take advantage of our customers' personal information, helping us to understand them better, customizing, and making their experience with us unique. That is why we must be careful in handling this information, to avoid failures that impact our goal.

We are transparent when communicating in our Privacy Notices how we may use and protect our customers', members', associates', and suppliers' personal information.

We have mechanisms in place for owners of personal data to make informed decisions about the use of their data, as well as the means for them to exercise their rights of access, rectification, cancellation, and opposition (ARCO).

We have formal channels for our associates or third parties to report any leaks of personal information, so take action to protect it, as well as protocols for responding quickly and effectively to information leaks, including an Incident Response Committee in place, with representatives from various key areas in the organization.

In 2019, we did not receive complaints about privacy violations or data leaks from our customers.



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# Environmental

The Environmental Compliance area ensures that the company complies with applicable regulatory obligations during all its business activities, from prospecting, design, and construction of new stores to its operation. Implementing controls to comply with obligations relating to environmental impact, generation of non-hazardous and hazardous waste, wastewater quality, and air emissions

As a result, there were no significant fines in the region, namely those over 1 million pesos. Likewise, no water bodies were affected by discharges or runoff from spills. However in Superama Bonampak in Quintana Roo, we had a spill caused by the theft of diesel in the unit's emergency plant. The approximate volume spilled was 4,637 liters, of which a part reached natural soil, having had to remove the amount of 178,640 kg of contaminated soil. It was later refilled with clean soil.

## In 2019, we had two projects with protected species:

GRI 304-1, 304-2



1. Bodega Aurrera Cabo Miramar (impacted surface 0.012763 km<sup>2</sup>). It was verified in the Environmental Impact Authorization that it will not cause significant adverse environmental impacts.



2. "Mi Bodega Tanquian de Escobedo" (impacted surface 0.004900 km<sup>2</sup>). In the Technical Opinion on Environmental Impact, it is determined that construction would not cause a significant environmental impact.

We have a project with a change of forest land use, Bodega Las Palmas. The surface for land use change comprises only vegetation composed of crasicaule scrub, which shows signs of disturbance and is used as a clandestine dumping ground for debris and solid waste, making it a risk or focal point for infection of the surrounding neighborhoods and communities. (surface area 0.013013 km<sup>2</sup>).



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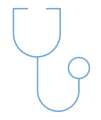
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# Health & Wellness

The purpose of the Health & Wellness area is to guarantee optimal functioning with respect to legal requirements and best market practices of our pharmacies and clinics. Currently, in Mexico we have more than 250 doctor's offices and more than 1,300 pharmacies where nearly 7,500 drugs, supplements, and medical devices are sold. The Health and Wellnes team establishes and implements regulatory controls to be met and works with the Operations team in supervising pharmacies to ensure compliance.

The team also participates in the validation of all products sold in our units to guarantee their quality and correct dispensing. During 2018, the Integral Pharmacy System was developed. The system will, improve medicine control in stores using digital solutions. An external review was to confirm the robustness of the program in relation to applicable legal obligations.



## Medimart

\* **31 suppliers**

\* **90 facilities**

\* **13 audits**

\* **95 analysis**  
with laboratories approved by Cofepris for quality parameters

## Store Clinics

\* **437 internal audits**

\* **6 external audits**

## Pharmacies

\* **5,284 internal audits**  
In store

\* **988 external audits**  
Cofepris

## Medicines

\* **31 suppliers**

\* **13 audits**



# Anti-money Laundering Prevention

At Walmart de México, we are committed to complying with all applicable Laws and Regulations to prevent, detect, and fight Money Laundering. We have policies, procedures, guidelines, and controls in place to prevent and detect acts or operations that involve resources of illegal origin and prevent criminal organizations from using the company to commit this crime..

We have technological tools that allow monitoring, analysis, and reporting of potential unusual transactions, based on risk. We train our associates to learn to identify and report warning signs regarding potential transactions with resources of illegal origin. In addition, we also have official channels for associates and thrid parties to report unusual activities. We keep track of our financial services to prevent and detect transactions with resources of illegal origin.

Representatives of different areas are part of an Anti-Money Laundering Committee that meets on a bimonthly basis where visibility is given on the main risks and decisions are made for mitigation.



## Licenses and Permits

The GLM (Global License Management System) manages more than 20,000 licenses required to build and operate our stores. This allows us to reduce expiration risks and track licenses throughout their cycle from start to finish, including the request and monitoring payment of fees for procedures.

Within the standard procedures is the accompaniment of this area from the location of a new site, in which an expert assesses the feasibility of licenses before the authorization of a new project, in order to control the risk of low feasibility projects. Also, to begin construction and operation of a new business, a Licensing and Permitting Committee, consisting of experts other than those who manage, analyze all documents and assess whether the project is released or not.



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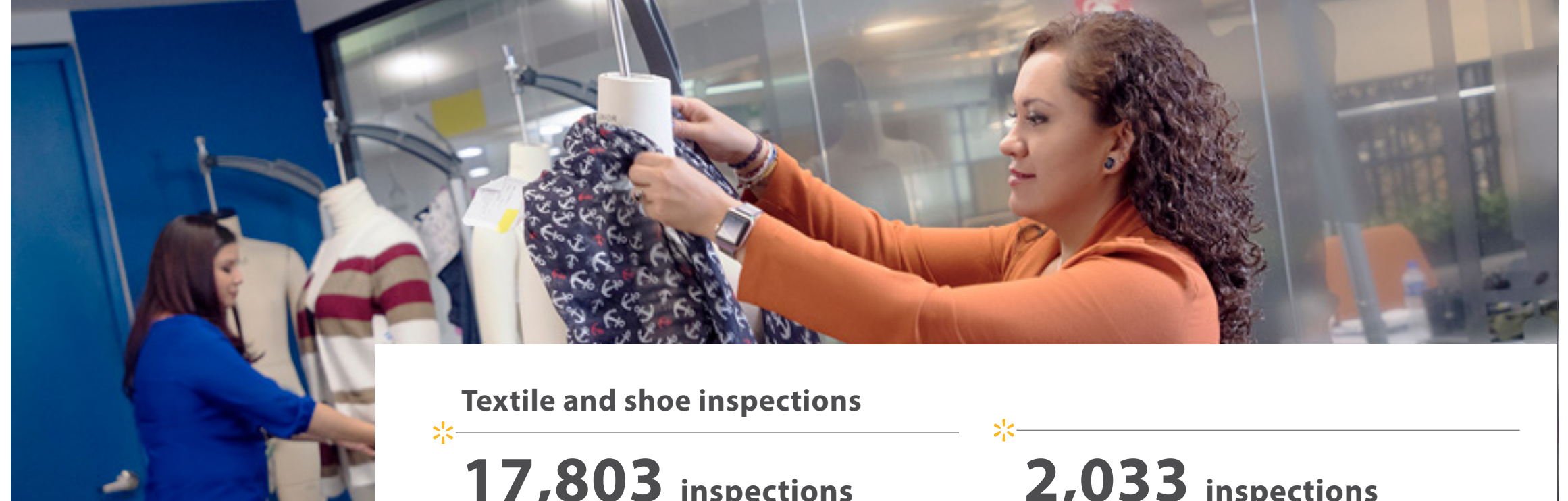
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# Product Safety

Our goal is to comply with safety and regulations for products, cosmetics, consumables, apparel, footwear, and general merchandise sold by the company, in order to ensure product safety for our customers.

We have a monitoring protocol in place for high-risk products in our stores and clubs. A means of verifying compliance with safety and regulatory requirements are the certifications in the current standards delivered by the suppliers of products classified as high risk. It is also possible to verify compliance, through factory audits where, among other requirements, product safety is reviewed with emphasis on our Private Brands.



## Textile and shoe inspections

\* **17,803 inspections**  
to national suppliers at DC

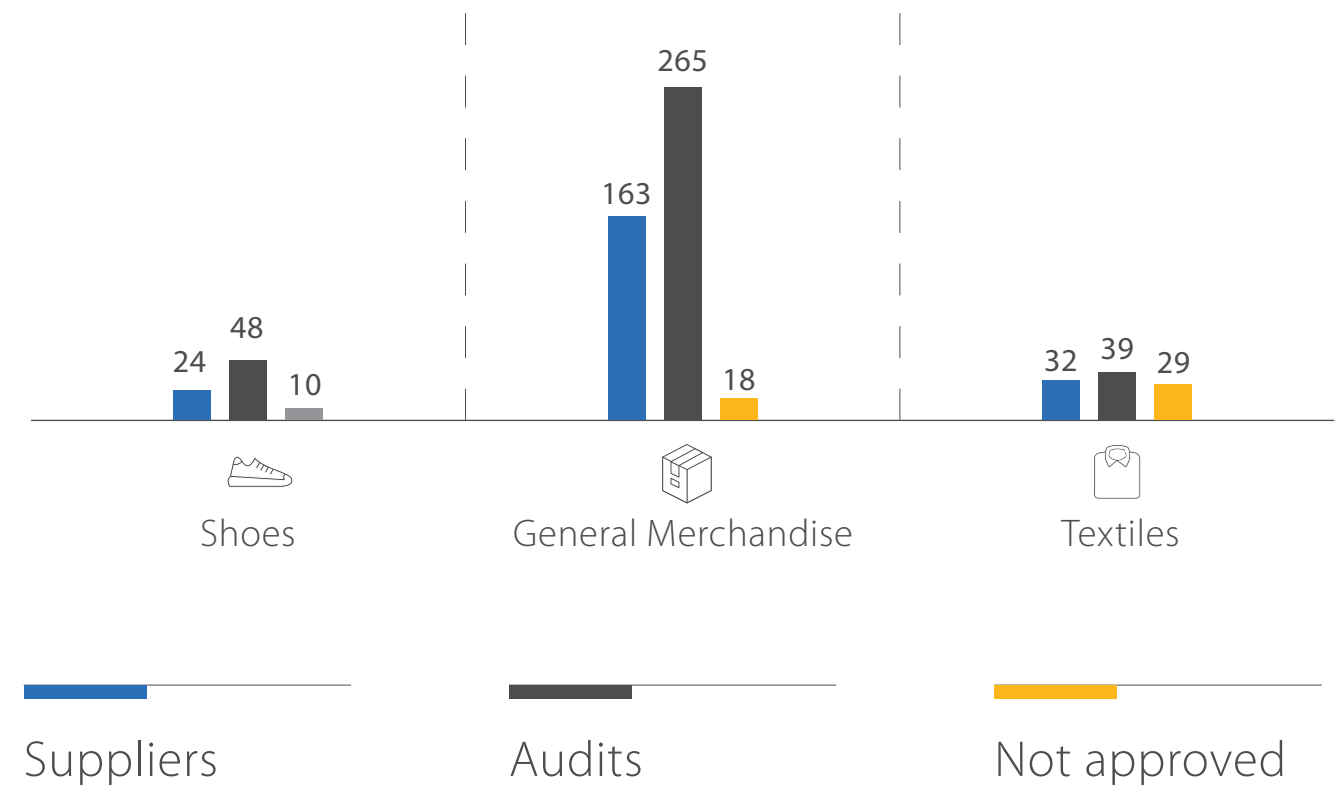
\* **2,033 inspections**  
to import suppliers at origin

There are also safety, regulatory, and quality review protocols for textile and footwear products through laboratory tests, as well as national and in-origin inspections, reviews in distribution centers or stores, and follow-up and control of complaints. When the case deserves it, we recall products from stores and clubs.

Through these actions, it is possible to design and provide training for suppliers and buyers, on product safety and quality control to establish compliance indicators that measure performance in each delivery and develop improvement plans.

We constantly assess our suppliers

### Our Brands' suppliers assessed in Mexico GRI 416-1



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# Labor and Employment

GRI 401: 103-2, 103-3

Our goal is to guarantee our associates their rights in accordance with labor regulations regarding salaries and payments, benefits, fair, equal, and inclusive treatment, in order to develop a positive working environment and to have a company that respects the rights of all employees and third parties within our workplaces.

To accomplish this, we have permanent campaigns in all our units to ensure payment of overtime work, respect to breaks and schedules, to avoid and prevent harassment, and to have internal regulations for promoters.



## Trade

It is a program that aims to ensure compliance with requirements of foreign trade regulations in relation to the import and export of the Company's goods, in order to ensure the obtaining of permits, certifications, as well as payment of appropriate taxes for foreign trade operations.

Furthermore, our program aims to ensure that the company does not do business with or trade in products originating in and coming from countries sanctioned by the Office of Foreign Assets Control (OFAC).

To ensure this, we have a specific program for imports, we make the digital registration of products, which identifies the country of origin and we have a protocol for monitoring exports and customs agents.



## Antitrust

It is our obligation to comply with the requirements of the economic competition law, establishing controls to avoid anticompetitive behaviors or practices and thus guarantee the best value offer to our clients and partners.

Within our main controls to achieve this are the guidelines and rules of behavior, as well as campaigns within the purchasing areas, in order to ensure that negotiations and / or contact with suppliers and / or competitors are attached to regulations on the subject of economic competition.



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