

Risk Assessment

GRI 102-11, 102-15, 102-30

Walmart de México y Centroamérica performs a Risk Assessment with the purpose of identify and reduce risks that could affect our operation.



Walmart de México
y Centroamérica

Transformación Ágil

Generamos Valor

Gobierno Corporativo

Risk Assessment

GRI 102-11, 102-15, 102-30

Every year, the Risk Assessment is performed by the Global Audit Services area following the methodology established by Walmart Inc, adapting it to the Mexico and Central America conditions.

External Risk Factors



Economic

Financial markets, unemployment, mergers & acquisitions



Political

Government/policy changes, laws and regulations



Natural Environment

Natural disasters such as hurricanes, earthquakes, global warming



Technological

Emerging technologies that represent competitive advantage/disadvantage



Social

Shifts in demographics or social behaviors



Competition

Financial condition and market share of competitors, new market entrants

Internal Risk Factors



Compliance

With laws and regulations, internal policies and standards



Technology

Systems and data availability and integrity, development and deployment



Process

complexity, level of automation



Personnel

Employee capability, fraud, health and safety



Infrastructure

Availability of assets

Relevance of the **eight** **major risk** **categories is** **considered:**



Regulatory Compliance

Compliance with laws and regulations



Financial Accuracy

Effectiveness of the entity's financial reporting



Customer Trust

Actions or conditions that degrade customer confidence in the Company brand, mission, or community standing



Support Business Operational Impact

interruptions resulting from inadequate or failed internal processes, people and systems within business support functions



Core Business Operational Impact

Loss (including risks to financial performance and condition) resulting from inadequate or failed internal processes, people and systems that support core business functions



Strategic

Relating to high-level goals, aligned with & supporting the entity's mission/vision



Internal Compliance

compliance with company policies and procedures, contracts, ethics and business conduct standards and other voluntary corporate standards



Efficiency and Effectiveness

Optimization of Company resources to support the business mission and reward shareholders

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In addition, risk considerations that help to define the magnitude and likelihood of losses resulting from unfavorable events or activities are taken into account. Examples:

Operational Disruption

Events such as natural disasters, terrorism, interruption of key suppliers, faulty process changes, system failures, prolonged adverse weather conditions

Impact on Earnings

competitive pressures, market economic conditions, financial governance, sustainability of the business model

Impact on Strategic Initiatives

changes in leadership, lack of access to capital or liquidity, actions of competitors, changes in broad economic conditions, adverse actions by foreign governments

Changes in Leadership

historical leadership change outcomes, succession planning, training and development

Level of Automation

business reliance on technology and systems, historical dependability, the ability to revert to manual alternatives, entity's adoption rate of emerging technology

Customer Insights

concerns expressed by business and technology leadership

Compliance Requirements

the ability of the entity to comply with laws, regulations and policies, occurrence of fraudulent, illegal or unethical acts, changing laws, ongoing liabilities and disputes, unsafe products or handling, etc.

Changes in Process

maturity of processes within the entity, process change management, quality assurance functions, process owner expertise, process documentation

Historic Audit Results

issues identified during previous audit activities that are relevant to the auditable group or component, management tone, status of remediation efforts

Other Risk Assessments

results of assessments conducted by internal and external parties that are relevant to the auditable group or component

GFT Insights

Guidance provide by Global Functional Teams in the form of questionnaires, newsletter, interactive meetings, etc

