



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

Double Materiality

Double Materiality is an assessment that emphasizes the need for organizations to consider not just the social and environmental effects of their operations, but also the potential influence these external factors may have on their financial performance. During 2023, in collaboration with Deloitte, we conducted our first Double Materiality Assessment in Mexico and Central America.





Double Materiality Assessment Methodology

1

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

2

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

3

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

4

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

5

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

6

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



Stakeholders



Associates

Safe and inclusive career opportunities and work environment.



Customers

Convenient access to affordable, reliable and sustainable products and services.



Suppliers

Access to markets and the ability to accelerate supply chain sustainability



Business Partners

Strategic alliances to strengthen the ecosystem.



Government and Trade Unions

Strategic alliances that benefit the communities and our associates.



Communities

Resources to build stronger, more inclusive communities.



Planet

Leadership to preserve, restore and regenerate the planet.



Shareholders

Long-term superior returns through financial and ESG leadership.

ESG Topics

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

OPPORTUNITY				
TOPIC	Subtopics	Definition	Indicators	
			GRI	SASB
Diversity	<ul style="list-style-type: none">Fair opportunitiesTalent with disabilitiesNon-discriminationPersonal identityEqual remuneration	Company processes and mechanisms to provide suitable conditions for increasing and maintaining workforce diversity, guaranteeing equal opportunities and non-discrimination of its associates. It includes fair, transparent, and equitable remuneration without regard to race, gender, age, cultural background, religion, or sexual orientation.	405 Diversity and equal opportunity 406 Non-discrimination	TC-IM-330a CG-EC-330a SV-AD-330a CG-MR-330a
Health and safety in the workplace	<ul style="list-style-type: none">Health and safety in the workplace	Mechanisms to ensure safe and healthy workspaces and conditions for associates, including the Health and Safety Management System. Addresses health and safety protocols and training to encourage risk prevention and reduce occupational injuries and illnesses. Ensures legal compliance in occupational health and safety matters.	403 Occupational health and safety	CG-AA-430b CF-AA-430b
Labor practices	<ul style="list-style-type: none">Benefits and incentives for associatesLabor rightsFreedom of association	It addresses employment practices, regulatory compliance, and internationally recognized labor standards in the workplace. It covers basic labor rights, respect for freedom of association, and fair compensation. It also includes activities to promote the physical, mental and emotional well-being of associates, considering work-life balance.	401 Employment 402 Labor-management relations 407 Freedom of association and collective bargaining	TC-IM-330a CG-EC-330a CG-AA-430b CG-MR-310a CG-TS-430a CG-MR-310a
Talent attraction, development and retention	<ul style="list-style-type: none">Associate satisfactionTraining and growth plansPeople analytics / Future of workOrganizational change management	Processes and measures to guarantee that the workforce performs effectively and successfully adapts to organizational changes. Including practices for hiring, retaining, satisfying and developing associates, ensuring a good working environment and open dialogue.	401 Employment 404 Training and education	TC-IM-330a CG-EC-330a CG-MR-310a
Supply chain management	<ul style="list-style-type: none">Supply chain assessmentResponsible and efficient procurementSupply chain environmental and social impacts	Defining commitments and policies for tracking, evaluating, monitoring, and following up on suppliers' performance and impact on ESG and compliance matters. Including strategies to maintain seamless communication and collaboration between the company and its suppliers. It covers processes to encourage responsible sourcing of products and services.	204 Procurement practices 301 Materials 308 Supplier environmental assessment 407 Freedom of association and collective bargaining 408 Child labor 409 Forced or compulsory labor 414 Supplier social assessment	CG-AA-440a CG-BF-430a CG-HP-430a CG-MR-410a CG-TS-430a CG-AA-430a CG-AA-430b HC-MC-260a CG-BF-410a
Inclusive supplier development	<ul style="list-style-type: none">Local supplier growth, including SMEsSupplier training and consultingImproving suppliers' ESG performance	Supplier development, accomplished through initiatives for training, supporting, and offering consultation to selected small producers, SMEs, and local suppliers. This, in order to improve their market access and ESG performance.		

COMMUNITY				
TOPIC	Subtopics	Definition	INDICATORS	
			GRI	SASB
Access to products / services	<ul style="list-style-type: none">Affordable products and servicesCompetitive pricesAccess to health servicesAccess to financial services	<p>Processes for ensuring that an adequate selection of high-quality products and services is available and accessible to consumers, regardless of race, physical abilities, and gender. It includes methods that enable competitive pricing for both products sold and services provided in the verticals.</p> <p>For the Health vertical, it includes procedures and mechanisms that ensure that health services are accessible to customers. Similarly, for the Financial Solutions vertical, this topic includes processes that ensure customers' accessibility to financial products and services.</p>	Not applicable	HC-MC-240a
Product / service quality and safety	<ul style="list-style-type: none">Product testingHealthy products and consumer nutritionFood safetyQuality of serviceGenetically modified organisms (GMO)	It refers to efforts, policies, procedures, personnel training, and selection criteria designed to ensure product and service quality as well as end-user safety. Including considerations on the product's origin and ingredients and its possible effects on the customer's health. This topic includes references to product or service quality and safety breaches.	416 Customer health and safety	CG-AA-250a CG-TS-250a CG-HP-250a CG-AM-250a
Responsible marketing and labeling	<ul style="list-style-type: none">Certifications / ecolabelsLabeling transparency and information availabilityResponsible advertising	Requirements, standards, certifications and practices established for the presentation of clear and transparent information in product advertising, labeling and sales (stores and e-commerce) and services (Financial Solutions, Bait and Health). It includes the management of social challenges related to the lack of transparent (right price, clear promotions, correct labeling, etc.), accurate and complete information.	417 Marketing and labeling	CG-AM-250a CG-MR-410a CG-AA-440a CG-AM-410a CG-BF-430a CG-HP-430 SV-AD-220a CG-EC-220a TC-IM-220a SV-AD-270a
Community relations	<ul style="list-style-type: none">Mechanisms for community dialogueCommunity support and developmentVolunteeringSupport during natural disastersFighting hunger	This topic describes how the company manages its relationship with the community, including dialogue mechanisms and disaster support to local communities. It includes projects implemented to boost the community's development and well-being, as well as volunteer activities conducted by the company. It considers contributions and donations to ensure food security and combat hunger.	413 Local communities	No aplica
Investment in local communities	<ul style="list-style-type: none">Investment in infrastructurePromotion of local employment	Investment programs that build the community's capacity and resilience. It includes, for example, infrastructure investments and community-based employment possibilities to boost the local economy.		
Customer / member satisfaction and experience	<ul style="list-style-type: none">Good and agile shopping experienceCustomer satisfaction	Processes to ensure customer satisfaction and loyalty, as well as to protect brand reputation through good and agile shopping experiences. It also includes customer service and treatment procedures that allow customers to provide feedback to the company on their needs and preferences.	Not applicable	HC-MC-250a
Innovation and technology	<ul style="list-style-type: none">Artificial IntelligenceBusiness model innovationDigital transformationInnovation management	Internal strategies for developing and implementing new technologies and digital innovations that increase process efficiency and improves the customer and stakeholder experience.	Not applicable	TC-TL-520a

SUSTAINABILITY				
TOPIC	Subtopics	Definition	Indicators	
			GRI	SASB
Climate change management	<ul style="list-style-type: none">Managing climate change physical risks and opportunitiesManaging risks and opportunities to transition to a low-carbon economyClimate change adaptation strategies	Identifying, classifying and managing climate risks and opportunities, both physical and transitional. It considers quantifying the impact of climate risks on the company and its value chain. It also covers the strategies in place to address the identified risks as well as the governance required to implement climate change adaptation plans.	201 Economic performance	HC-MC-450a CG-AA-440a
			TCFD Recommendations	
Energy	<ul style="list-style-type: none">Energy use, conservation and reductionEnergy efficiency in real estateAlternate fuelsTransitioning to renewable energy	Managing energy consumption, production, diversification, recovery and reduction. It includes obtaining energy from renewable sources and alternative fuels.	302 Energy	CG-MR-130a CG-EC-130a CG-BF-130a TC-TL-130a TC-IM-130a
Water	<ul style="list-style-type: none">Water extraction, consumption and dischargeWater pollution	Efficient and responsible management, conservation and consumption of water to meet our own needs and those of the value chain (customers, suppliers). It also includes water use, water use reduction measures, and water effluents. Includes wastewater recovery, recycling and treatment.	303 Water and effluents	CG-HP-140a TC-IM-130a CG-EC-130a CG-AA-430a
Natural capital	<ul style="list-style-type: none">Protecting biodiversityEcosystem conservation and restoration	Managing the impact that the company and its verticals have on biodiversity and ecosystems, including programs for ecosystem conservation, care, remediation, and restoration.	304 Biodiversity	CG-BF-430a CG-HP-430a CG-AA-440a
Greenhouse gas (GHG) emissions	<ul style="list-style-type: none">GHG emissions and reductionLow-emission distribution and transport fleet	Greenhouse gas emissions generated by the company from activities under its control (Scope 1), from energy used and purchased (Scope 2), and from business-related activities created from sources outside its ownership and control (Scope 3). It also includes disclosure on GHG emission reductions, as well as smarter and greener transportation systems, infrastructure planning and logistics management.	305 Emissions	CG-AA-430a CG-EC-410a
Waste management	<ul style="list-style-type: none">Hazardous waste management, including pharmaceutical (medicines) and biological-infectious wasteManagement of non-hazardous wasteRecycling, recovery and reduction	Circular economy practices in order to achieve zero waste to landfills in operations, plastics and packaging by 2025. Disposal, treatment, recovery, recycling, and reduction of hazardous and non-hazardous waste, as well as hazardous material handling and storage. It includes food waste management and minimization.	306 Waste	TC-TL-440a CG-HP-410a
Product lifecycle design and management	<ul style="list-style-type: none">Plastics managementCircular EconomySustainable packaging	Integrating environmental criteria into the product life cycle, from production and consumption/use, to the end of its useful life. It covers practices, measures and processes for reducing or eliminating the negative environmental effects of products and/or packaging.	301 Materials	CG-MR-410a CG-AM-410a CG-BF-410a TC-TL-440a CG-HP-410a CG-EC-410a CG-HP-250a

ETHICS AND INTEGRITY				
TOPIC	Subtopics	Definition	INDICATORS	
			GRI	SASB
Ethical behavior	<ul style="list-style-type: none">Corporate EthicsCorporate cultureCorporate reputationAnticorruptionWhistleblowing mechanismsDiversity on the Board of DirectorsBoard of Directors’ performance evaluationRegulatory complianceResponsible tax practices	This topic refers to the moral code of conduct and guiding principles that ensure ethical behavior and foster trust among customers, suppliers, and within the company. It addresses the management of risks and opportunities related to ethical considerations, legal behavior and compliance standards, and the connection with regulatory agencies.	205 Anticorruption 207 Tax 415 Public Policy	CG-AA-430b SV-AD-270a HC-MC-250a
Corporate governance	<ul style="list-style-type: none">Effectiveness of government bodiesESG governance structure	Mechanisms, procedures, and regulations related to the internal control system, monitoring, reporting, and decision making that add value for all stakeholders.	2 General contents	No aplica
Market and competition practices	<ul style="list-style-type: none">Fair competitionIntellectual propertyFair market access	Practices to prevent anticompetitive activities and behaviors. This includes the processes to protect the company’s intellectual property rights.	206 Anti-competitive behavior	TC-IM-520a TC-TL-220a TC-TL-520a
Transparency	<ul style="list-style-type: none">Investor RelationsDisclosure of non-financial informationStakeholder engagement / outreach	Comprehensive management of internal and external corporate communication, including the monitoring, reporting, and disclosure of financial and non-financial information to stakeholders. It allows for accountability to stakeholders on the company’s progress, results and performance.	2 General contents	No aplica
Managing risks in operations and supply chain	<ul style="list-style-type: none">Business resilience and continuityDisaster and crisis managementPhysical, socio-political and ESG risk managementCreation of long-term valueAdaptation to demographic trends	Properly identifying and managing environmental, social and economic risk, as well as operational and supply chain risks as part of business model planning. It considers how the company responds and adapts to major trends in order to continue creating value for its stakeholders. The topic also integrates protocols, plans and actions to enable business continuity in crisis situations.	201 Economic performance	TC-TL-550a CG-AA-440a CG-AA-430b CG-HP-430a
Privacy and information security	<ul style="list-style-type: none">CybersecurityData security	It includes methods, procedures, and technologies for protecting the privacy and security of associates, customers, members, and third parties’ personal data. In addition, it includes cybersecurity processes for safeguarding the company’s computers, networks, and software in the event of a security breach. The topic covers mechanisms of consolidation, storage, processing and transmission of personal and sensitive information. In the context of the Health vertical, it includes the specific handling of personal and sensitive data related to customers / patients’ health status.	418 Customer privacy	CG-MR-230a HC-MC-230a TC-TL-230a TC-IM-230a TC-TL-550a CG-EC-230a TC-IM-220a CG-EC-220a SV-AD-220a TC-TL-220a
Human rights	<ul style="list-style-type: none">Human rights risks in the operationsHuman rights risks in the supply chain	Respect for the fundamental rights and freedoms inherent to all human beings to ensure that they can live with dignity, freedom, equality, justice and peace, as well as the measures required to make these rights effective with associates, suppliers, customers and citizens of the communities in which we operate.	408 Child labor 409 Forced or compulsory labor 410 Security practices 411 Rights of indigenous peoples	CG-AA-430b Ética e Integridad Tema



Approach

For stakeholder outreach, two channels were used: digital surveys and focus groups. Through them, we gathered information on each stakeholder's priorities in order to perform a quantitative and qualitative assessment of the material topics for Walmart de México y Centroamérica.

5,352
Total Surveys

3,446
Mexico

1,906
Central America

FOCUS GROUPS:



Priorities and Alignment

Based on the analysis of internal and external group reports, we identified the ESG issues relevant to the company.

This was accomplished using an artificial intelligence tool that determines the most important ESG topics in the industry. Furthermore, a benchmark was developed with the objective of measuring the level of maturity of ESG management across leading companies in the field. Finally, the study included our telephony, health, connectivity, and financial services verticals, analyzing the most relevant topics in each of their respective sectors.

This is how we selected the priority topics to be included in the assessment.





WALMART DE MÉXICO Y CENTROAMÉRICA'S ESG TOPICS

Opportunity

Health and safety in the workplace

Labor practices

Inclusive supplier development

Talent attraction, development and retention

Supply chain management

Diversity



Community

Access to products / services

Product / service quality and safety

Investment in local communities

Community relations

Responsible marketing and labeling

Customer / member satisfaction and experience

Innovation and technology

MATERIALITY

Based on the results of our Double Materiality assessment, we identified the material ESG topics for the company and our stakeholders, as well as the risks, opportunities and financial impacts.

Sustainability

Product lifecycle design and management

Energy

Waste management

Climate change management

Greenhouse gas (GHG) emissions

Water

Natural capital



Ethics and integrity

Privacy and information security

Human Rights

Ethical behavior

Market and competition practices

Corporate Governance

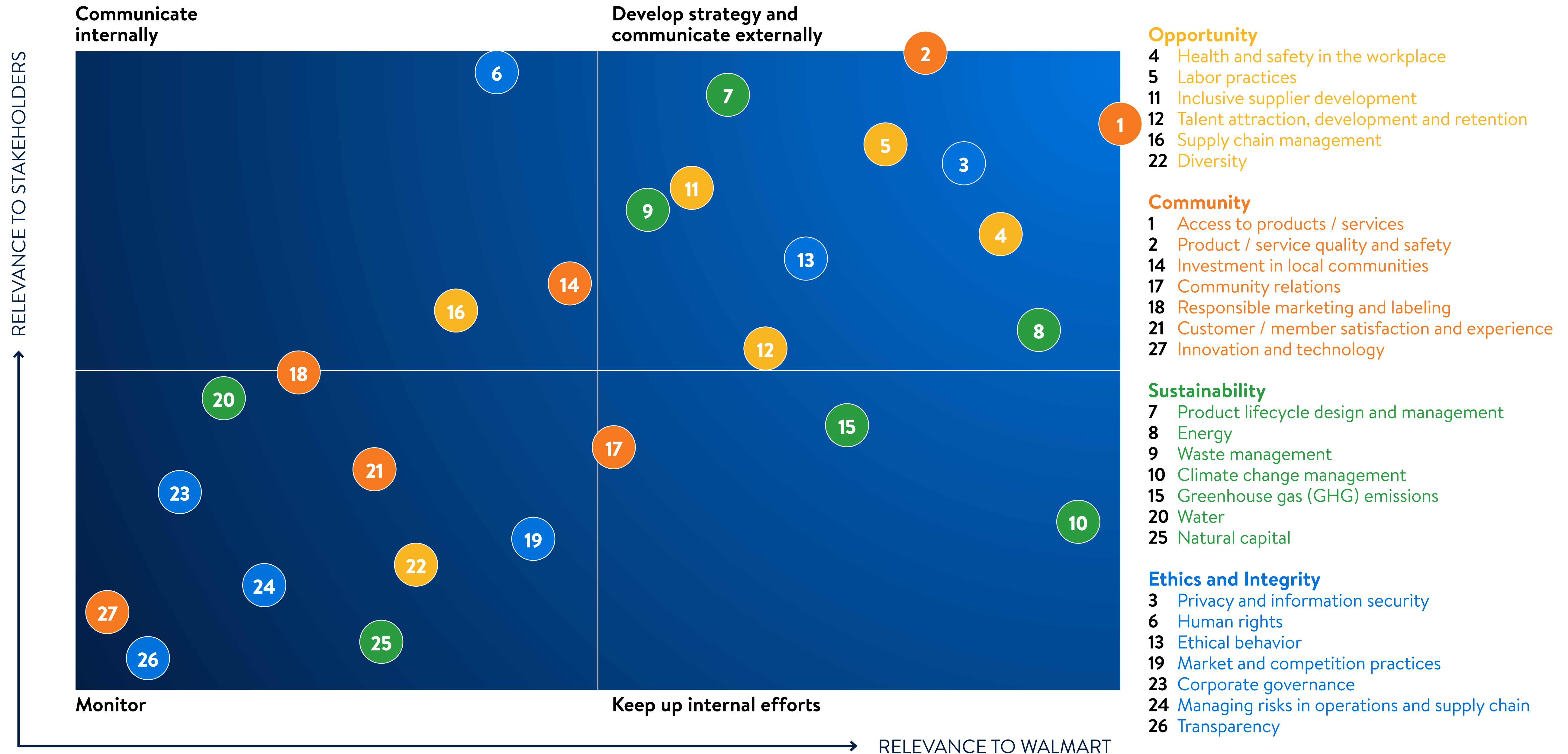
Managing risks in operations and supply chain

Transparency



Traditional Materiality

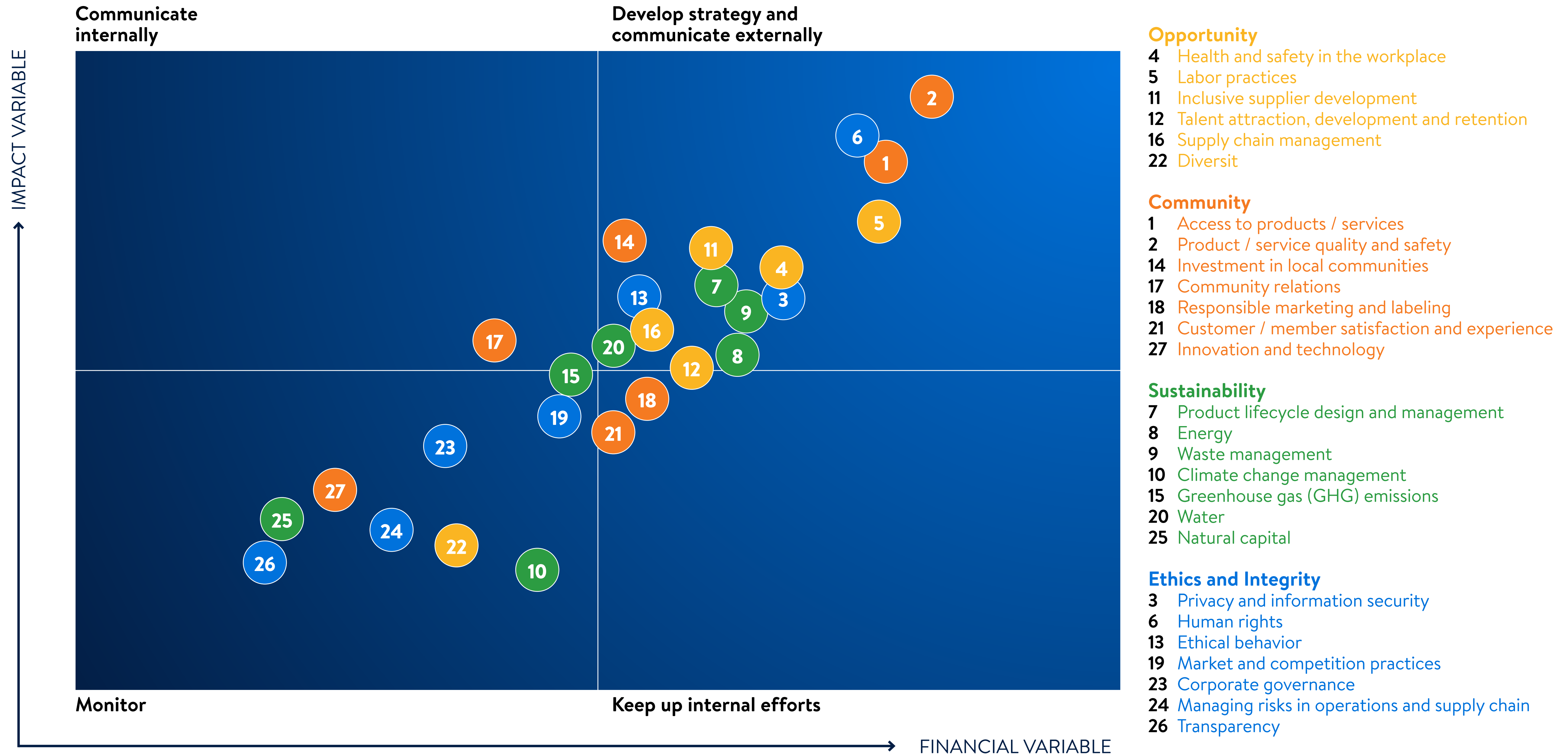
Our traditional Materiality matrix shows the material topics from an impact perspective, that is, the substantial repercussions that Walmart de México y Centroamérica can have on society or the environment through its operations.





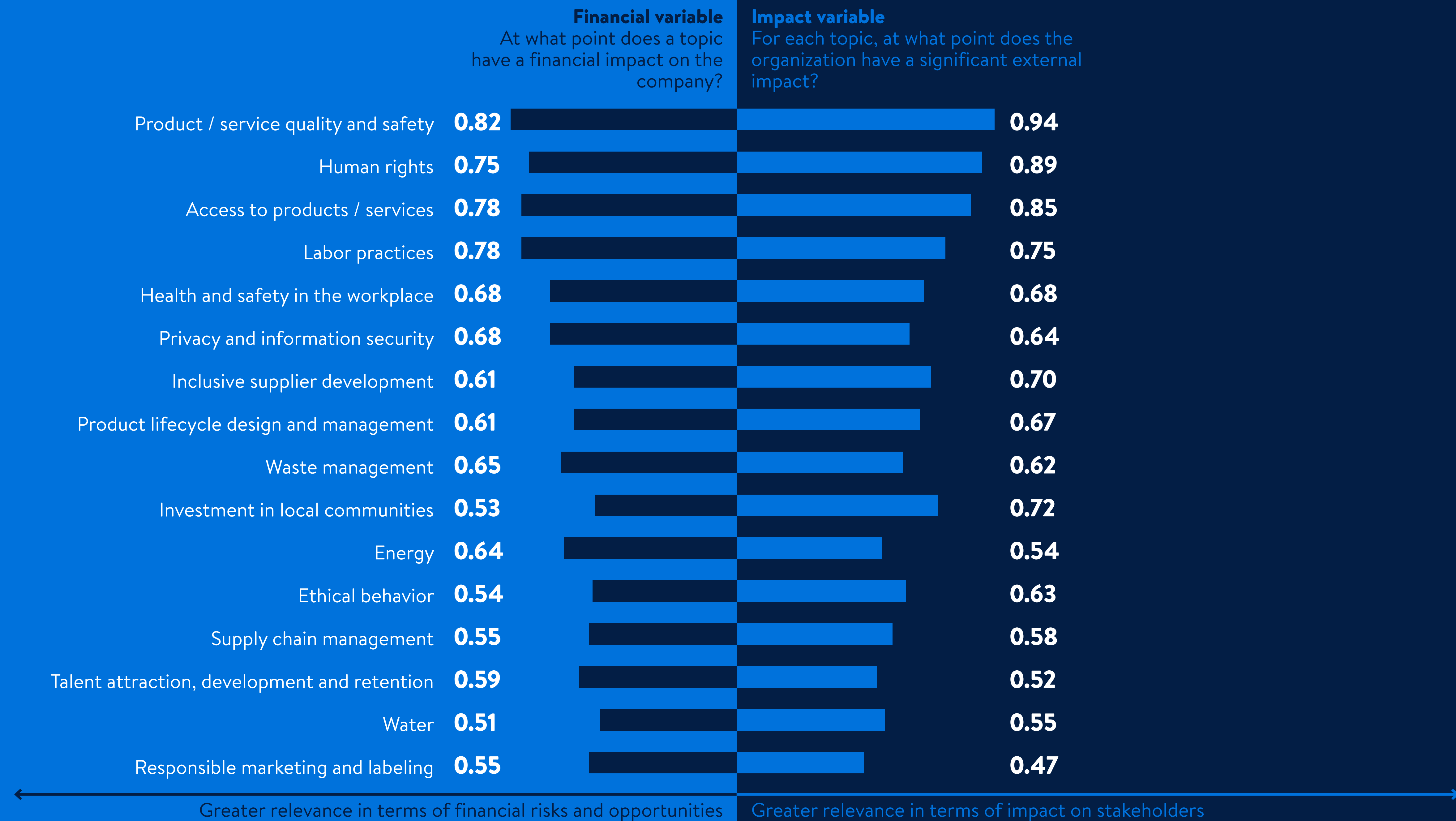
Double Materiality

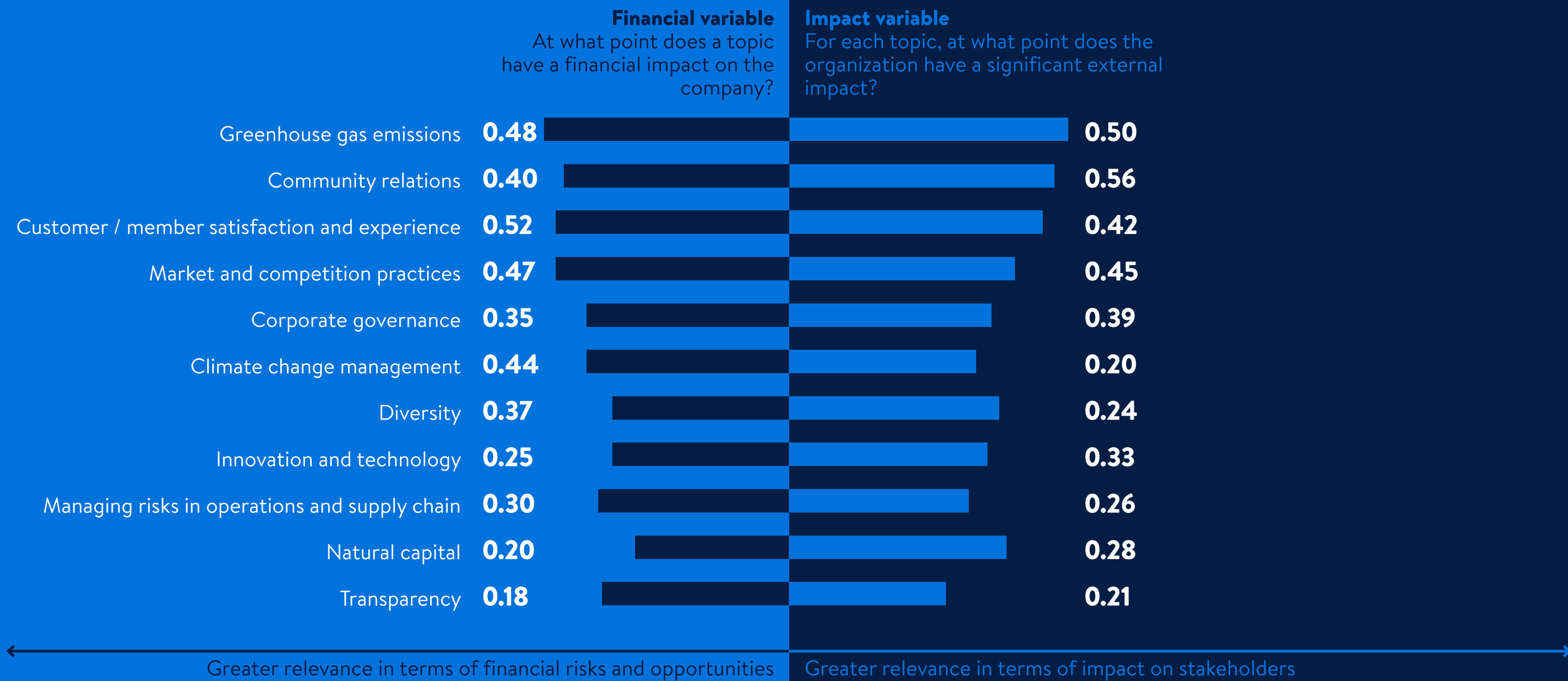
Our Double Materiality matrix graphically represents the relationship between the company's influence on the environment and the financial relevance of external factors to the company. This matrix helps visualize and weigh the importance of different ESG topics, which simplifies strategic decision-making.





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

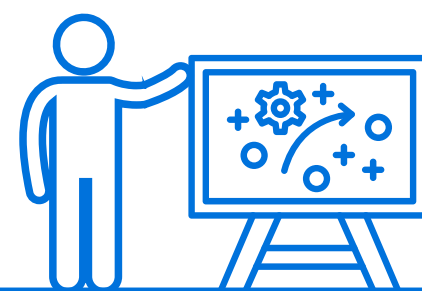




Based on the results, we will implement the following actions:



Improve the measurement of material topics using financial and impact variables.



Develop governance metrics, strategies and systems related to the topics identified.



Manage risks and seize opportunities.



Improve the reporting of material topics based on international standards.