

Wal-Mart de Mexico

ISIN CODE: MX01WA000038

Overall score 36/100

Sector: Supermarkets Emerging Market

Companies in sector panel: 20

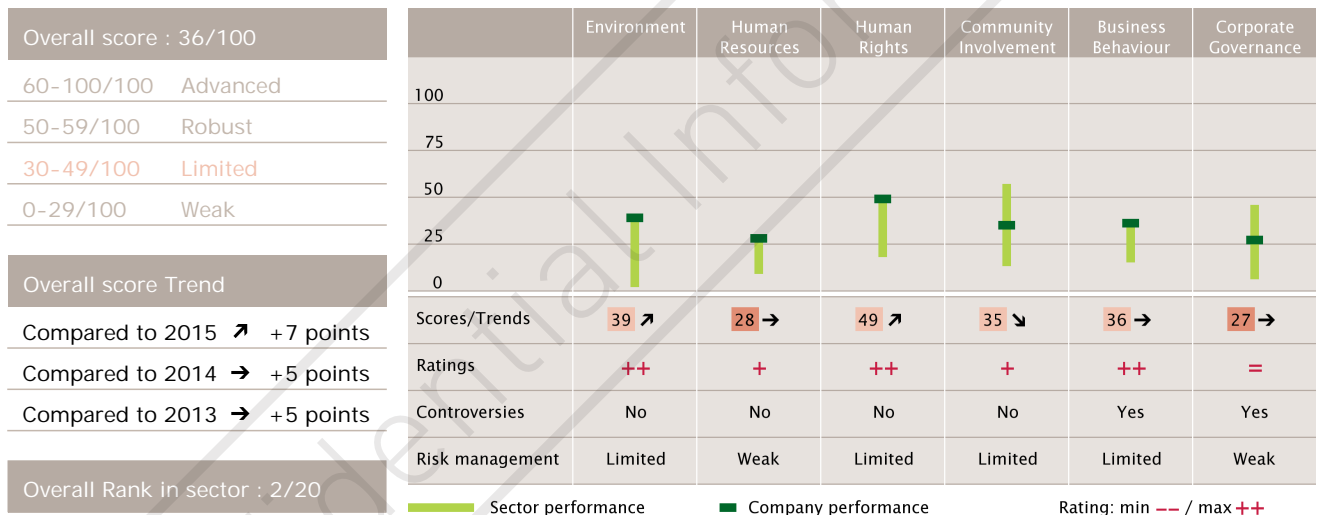
Information rate: 66% (Sector average: 39%)
Company cooperation level: Responsive *

General information

Wal-Mart de México y Centroamérica is Wal-Mart Inc.'s largest division outside of the USA, operating various stores under its own name as well as Bodega Aurrerá, Sam's Club and Superama. The company sells a range of general products, including apparel, electronic goods, groceries, hardware, homeware, pharmaceuticals and small appliances.

Main Economic Segment**	Turnover 2016
Retail	97.0 %
Other	3.0 %

Overall CSR performance & trends



- Wal-Mart de México y Centroamérica's overall CSR approach is still considered to be limited in absolute terms (36/100), but its score has increased by seven points since the previous review in May 2015.
- Overall, performances across all three pillars appear heterogeneous, as the Company's approach to Environmental and Social issues is noticeably better, with limited performances, than its approach to Corporate Governance, that is weak. This may be accounted for by a lack of independent Board members, the absence of a specific Nomination Committee and limited disclosure/shareholder input relating to Executive pay.
- The Company is involved in an ongoing controversy relating to allegations that it defrauded shareholders by concealing suspected bribery in Mexico, on which the Company does not report transparently.

Company inclusion in Vigeo Indices*** : NO

* On a 4-level scale: proactive, responsive, partially responsive, not responsive
 ** See detailed economic indicators in Selected financial data section
 *** Based on the most recent Index at the date of publication

Management of Risks and Opportunities

		Weaknesses		Strengths	
Weight of the Sustainability drivers	3	<ul style="list-style-type: none"> Product Safety Responsible Lobbying Reorganisation 	<ul style="list-style-type: none"> Social standards in the supply chain Board of Directors Fundamental labour rights Transportation Environmental strategy Atmospheric emissions Information to customers Social and economic development 	<ul style="list-style-type: none"> Energy 	<ul style="list-style-type: none"> Non-discrimination and diversity
	2	<ul style="list-style-type: none"> Working hours Executive Remuneration Social Dialogue Shareholders 	<ul style="list-style-type: none"> Fundamental human rights Anti-competitive practices Audit & Internal Controls Supplier relations Biodiversity Health and safety Use and disposal of products 	<ul style="list-style-type: none"> Career management Environmental standards in the supply chain 	
	1	<ul style="list-style-type: none"> Remuneration 	<ul style="list-style-type: none"> Prevention of corruption General interest causes 		
		Weak 0 to 29 points	Limited 30 to 49 points	Robust 50 to 59 points	Advanced 60 to 100 points

● Based on our latest review, Vigeo Eiris has identified the following risks and opportunities for Wal-Mart de México:

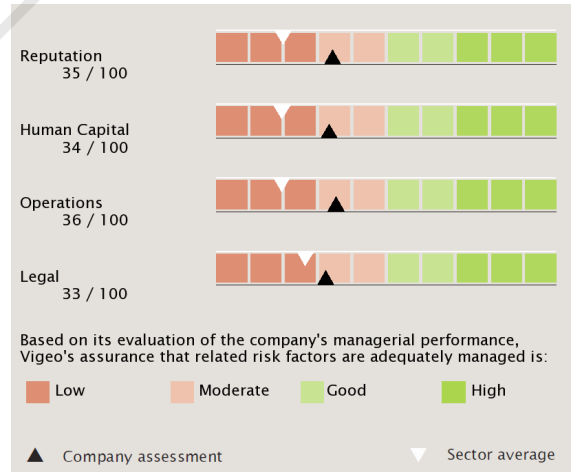
● One of its main strengths is **workforce development and inclusivity**, as its approach to **non-discrimination** is advanced and its **career management** systems robust. Given that large retailers need to employ a substantial number of customer-facing workers, promoting a culture of workplace diversity can encourage a greater number of prospective applicants; which may both ensure a stable workforce and reinforces a progressive consumer image. Continually developing employee skill-sets also allows individuals to advance within the company, meaning that positions may be filled quickly, internally and by people familiar with the business.

● **Fundamental labour rights**, however, are a potential risk. Despite operating in three countries which receive the International Trade Union Confederation's second-worst rating, the Company's performance in this area is limited. This could leave the Company open to strike action from dissatisfied workers.

● Another opportunity is the Company's **energy strategy**, which is robust. Its commitment to meet 100% of energy demand from renewables by 2025 has so far led to a 20% reduction in emissions and, in the future, could significantly reduce related operational costs. However, the Company's weak performance in the **transportation** domain may be problematic given the distance that many consumer products travel from manufacturer to retailer.

● The Company's approach to **product safety** is also a weakness, as the lack of comprehensive systems to monitor product quality and manage crises can heavily impact on consumer trust and may lead to litigations. Limited performance in terms of providing **information to customers** is a weakness for similar reasons, as consumers increasingly expect transparent labeling and traceability.

● Another relevant risk is its limited capacity to **prevent corruption**, especially in light of its ongoing controversy involvement. Despite a performance almost robust, the fact that it operates solely in countries with a very low ranking from Transparency International (excluding Costa Rica) raises concerns over the adequacy of its approach. It may not prevent the Company from facing lawsuits, as shown by the ongoing case, which may in turn lead to costly fines.



* We consider legal security as an element of a company's tangible or intangible assets. We define legal risk as the potential impact - negative or positive - on these assets, considering the management of CSR issues possibly involving the company's legal responsibility. Under no circumstances should our opinion be construed as a due diligence or an assurance in the meaning of regulations such as, for instance, the Sarbanes-Oxley Act in the USA or the Loi de Sécurité Financière in France

Company performance in all the Sustainability Drivers

Overall score 36/100

Weight of the Sustainability driver			Trend	Score
Environment				
ENV1.1	3	Environmental strategy	↗	39
ENV1.4	2	Biodiversity	↗	35
ENV2.2	3	Energy	→	53
ENV2.4	3	Atmospheric emissions	↗	36
ENV2.7	3	Transportation	↗	36
ENV3.1	2	Use and disposal of products	↗	33
Human resources				
HRS1.1	2	Social Dialogue	→	28
HRS2.3	3	Reorganisation	→	21
HRS2.4	2	Career management	↗	59
HRS3.1	1	Remuneration	↘	22
HRS3.2	2	Health and safety	↘	34
HRS3.3	2	Working hours	→	26
Human rights				
HRT1.1	2	Fundamental human rights	→	49
HRT2.1	3	Fundamental labour rights	↗	46
HRT2.4	3	Non-discrimination and diversity	↗	36
Community involvement				
CIN1.1	3	Social and economic development	↘	49
CIN2.2	1	General interest causes	↘	33
Business behaviour (c&s)				
C&S1.1	3	Product Safety	↘	40
C&S1.2	3	Information to customers	→	29
C&S2.2	2	Supplier relations	↗	36
C&S2.3	2	Environmental standards in the supply chain	↗	38
C&S2.4	3	Social standards in the supply chain	↗	51
C&S3.1	1	Prevention of corruption	↗	49
C&S3.2	2	Anti-competitive practices	↗	47
C&S3.3	2	Responsible Lobbying	→	41
Corporate governance				
CGV1.1	3	Board of Directors	↗	12
CGV2.1	2	Audit & Internal Controls	↘	37
CGV3.1	2	Shareholders	→	38
CGV4.1	2	Executive Remuneration	↗	6

Weak (0-29/100)
 Limited (30-49/100)
 Robust (50-59/100)
 Advanced (60-100/100)

⚠ Involvement in allegations
 ⚠ Involvement in allegations with evidence of corrective measures

N/R means that this Sustainability Driver is not analysed for this Company

Selected financial data

Key data	Revenue	EBIT	Employees
2016	MXN 532.40bn	MXN 39.5 bn	228,854
2015	MXN 475.91bn	MXN 32.8 bn	231,996
2014	MXN 440.99bn	MXN 34.0 bn	228,063
2013	MXN 423.82bn	MXN 31.0 bn	226,289
2012	MXN 412.06bn	MXN 31.4 bn	248,246

Main shareholders	2016
Wal-Mart Stores Inc.	70.51 %

Geographical breakdown	Revenue 2016	Employees 2016
Mexico	81 %	84.09 %
Central America	19 %	15.91 %

All Economic Segments	Turnover 2016
Retail	97.0 %
Other	3.0 %

Selected ESG Indicators

	2016	2014
Non-executive Board member(s) responsible for CSR issues	No	No
Executive remuneration linked to CSR performance	No Info	No Info
3-year energy consumption trend (normalized to turnover)	↗	↘
Percentage of independent Board members	27.27	27.27
Percentage of women on Board	36.36	18
Percentage of women in Executive team	23	18
Percentage of women in workforce	51	50.5
Percentage of employees covered by collective agreements on working conditions	N/A	N/A
3 year trend for safety at work	N/A	N/A
Involvement in armament	No	No
Management of social risks in supply chain	Limited	Limited
Transparency on lobbying budget	No	N/A

Involvement in disputable activities: summary

This section is dedicated to disputable activities in which the company is involved. 9 disputable activities are analyzed (see list below) following 30 parameters. Additional analysis and full database access are available as an option.

For more information please contact us at customer.service@vigeo.com

	Level of involvement	% of revenues
<input type="checkbox"/>	Alcohol	%
<input type="checkbox"/>	Animal maltreatment	%
<input type="checkbox"/>	Armament	%
<input type="checkbox"/>	Hazardous chemicals	%
<input type="checkbox"/>	Gambling	%
<input type="checkbox"/>	GMOs in food & feed	%
<input type="checkbox"/>	Nuclear energy	%
<input type="checkbox"/>	Sex industry	%
<input type="checkbox"/>	Tobacco	%

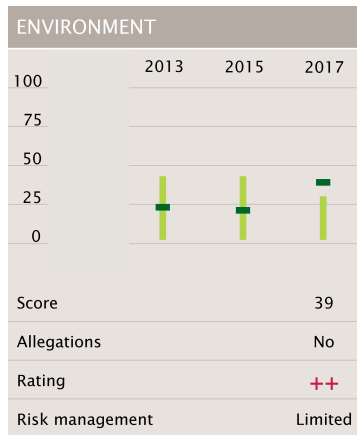
A company's level of involvement (Major, Minor, No) in a disputable activity is based on:

- An estimation of the revenues derived from disputable products or services
- The precise nature of the disputable products or services provided by the company

N/A means that the data is not available.

CSR performance per domain

■ Sector performance
■ Company performance
Rating: min -- / max ++

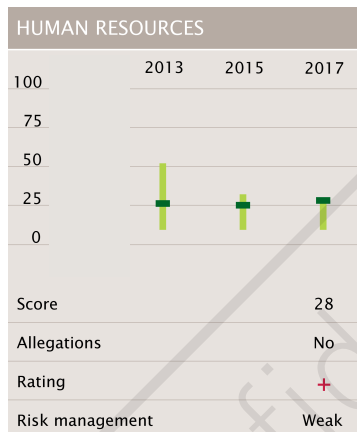


Key issues

The environmental strategy of a Supermarket company should address the reduction of its main impacts. These cover issues such as **energy use**, sustainable agricultural and animal rearing management, eco-design of own-branded product and packaging. To guarantee the continuity of the cold chain, companies must also manage responsibly **atmospheric emissions**. In addition, **transportation** is another key issue for supermarkets since long-distance transportation intervenes at all stages of the value-chain, with important consequences in terms of greenhouse effects and atmospheric pollution.

Company performance

- Wal-Mart de México y Centroamérica's absolute performance in the Environmental domain is limited, which represents an improvement compared to the last review.
- The Company's approach to minimizing environmental impacts from energy use remains robust, and it has committed to meet 100% of its energy demand from renewable sources by 2025. As a result of this, its emissions have decreased by 20% over the past five years. Some initiatives are reported to reduce impacts related to transportation of products, and carbon emissions related to transportation appear to have stabilized from between 2014 and 2016. The Company also appears to address the issue of food waste and disposal of own braded products, despite measures remaining limited. However, the Company's broader environmental strategy and eco-design remains limited, as it does not appear to have any certified environmental management systems in place.

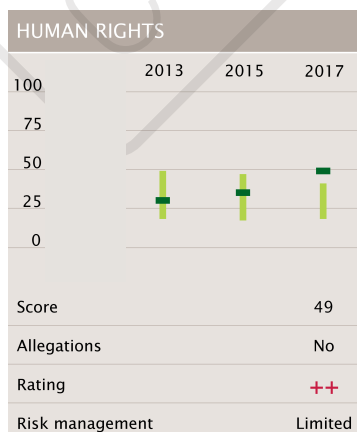


Key issues

In a context of restructurings, companies from the Supermarkets sector are expected to ensure employees' rights are respected and that employee representatives are consulted during **reorganisations**. Career management, payment of overtime and the quality of remuneration are among key issues to consider in the Supermarkets industry given their contribution to companies' operational efficiency and internal stability.

Company performance

- Although it has improved slightly since the last review, Wal-Mart de México y Centroamérica's absolute performance in the Human Rights domain remains weak.
- The Company's promotion of labour relations is particularly weak, and there is little information available on employee representatives, the promotion of trade unions or areas covered by collective bargaining. The Company also fails to report on how restructuring activities are being managed and on normalized health & safety indicators. However, its career management systems have improved significantly and are now robust. As well as evaluating all employees on their performance, the average number of training hours per employee has increased by 30% over the past three years.

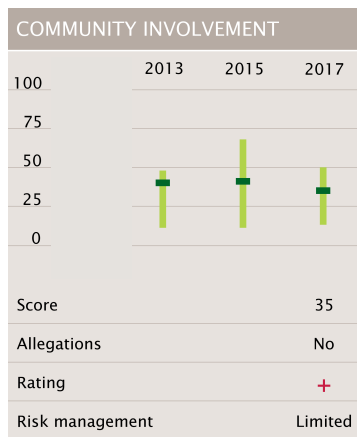


Key issues

Companies in this sector operate in some weak governance countries where **fundamental human and labour rights** might be compromised. Supermarkets are thus required to effectively ensure the respect of these rights throughout their operations. Finally, while women constitute the majority of workforce in stores, men are much more represented in managerial positions. These companies are, therefore, required to provide employees with equal opportunities which is a factor of internal cohesion and competitiveness.

Company performance

- Wal-Mart de México y Centroamérica's absolute performance in the Human Rights domain has improved significantly since the last review, and it is now nearly robust.
- In particular, the Company's approach to non-discrimination is now advanced, and it is the only Mexican retailer to have received certification from the National Council for the Prevention of Discrimination (CONAPRED). On the other hand, despite operating in three countries which receive the International Trade Union Confederation's second-worst rating (5 points), the Company does not report on any measure to promote fundamental labour rights.



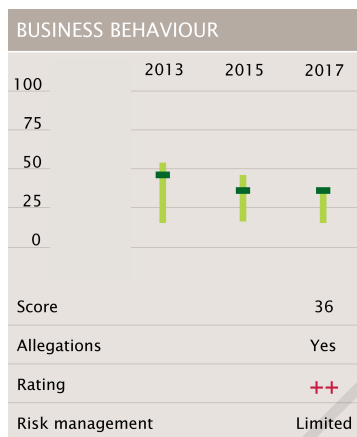
Key issues

Implantation of big supermarkets in inner cities is among the major challenges of the sector. Indeed, this expansion could have a detrimental effect on independent shops and small independent traders. In addition, supermarkets can contribute to poverty reduction through the development of local economies. **The promotion of the social and economic development** is therefore a key issue for the sector.

Company performance

- Walmart de México y Centroamérica's absolute performance in the Community Involvement domain is still limited, although there has been a slight deterioration compared to the previous review.

- The Company runs a separate foundation (the Walmart de México Foundation) that is responsible for non-profit activities, with particular focus on food security and disaster relief. Unfortunately, a lack of consolidated trend data for relevant indicators makes it difficult to measure performance. Similarly, despite operating in two countries which are not fully compliant with OECD tax transparency requirements, the Company does not provide a breakdown of taxes paid in individual countries. ON a more positive note, the Company reports on several initiatives aiming at the empowerment of small local farmers.



Key issues

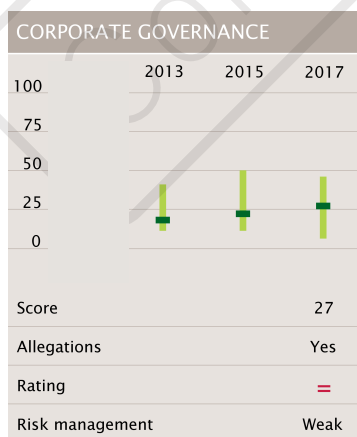
The rise of multiple health impacts from products significantly influenced customers' interest on **product safety** which continues to represent a major issue for supermarkets. **The transparency and integrity of the information** provided to customers through labeling is also an ongoing challenge for the industry alongside responsibility to ensure sustainable relations with suppliers. Finally, **Social standards in the supply chain** is another key sector issue for Supermarkets whose bargaining power with their suppliers to obtain better prices might be made at the expense of working conditions in the supply chain.

Company performance

- Wal-Mart de México y Centroamérica's absolute performance in the Business Behaviour domain remains limited, which is stable compared to the past review.

- No relevant information is publicly available on the Company's lobbying practices. As regards customers' issues, Wal-Mart de México still identifies its responsibilities, but fails to report on comprehensive measures, trainings, and control systems in place to support these commitments. Measures have been taken to prevent corruption as the Company's main responsibilities are addressed in its Global Anti-Corruption Policy and employees are held personally responsible. The integration of environmental and social factors in the supply chain has also improved, and, in addition to having formalised its commitment to address these issues, the Company uses several independent auditors to monitor supplier compliance.

- The Company is facing a controversy of high severity for corruption practices, on which it is non-communicative.



Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Vigeo's framework has been adapted to capture the level of integration of CSR topics at Board-level, supplementing traditional signals on efficient governance practices. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Shareholders are expected to have fair voting rights and access to all relevant information on material CSR issues (CGV3.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

Company performance

- As at the previous review, Walmart de México y Centroamérica's performance in the Corporate Governance domain is weak.

- The Company still does not appear to have a specific Nomination Committee, and fewer than a third of Board members are independent. Furthermore, executive remuneration is not put to shareholder vote and no information is being communicated on basic shareholders' rights. External auditor independence cannot be assessed because a breakdown of fees has not been provided. Finally, the Company is silent on the rules guiding executive remuneration.

- During the period under review, the Company continues to be involved in controversy relating to defrauding shareholders over its handling of bribery allegations in Mexico, on which it does not communicate.

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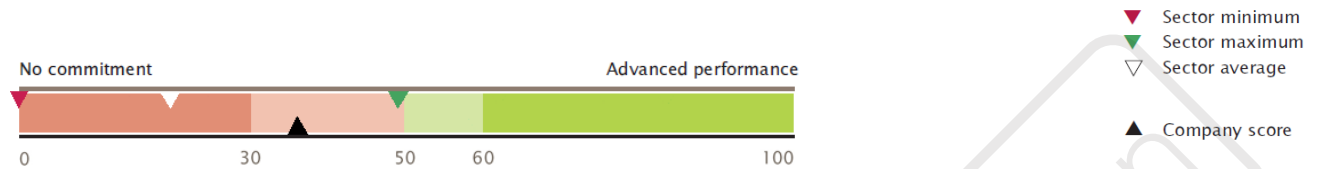
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Environment

Score : 39

ENV1.1 Environmental strategy and eco-design

(score: 36, weight: 3)



Visibility of commitment

The company has issued a formalized commitment to environmental protection in its Global Statement of Ethics and sets specific targets on waste management and renewable energy in its Annual Report 2016.

Relevance of the company's environmental strategy

The company commits to the majority of its responsibilities in terms of environmental protection:

- Minimize the environmental impacts from energy use,
- Management of environmental impacts from the disposal of products,
- Protection of biodiversity,
- Reduce the packaging of own-branded products,
- Manage the environmental impacts from transportation

Ownership of commitment

The commitment applies throughout the company, supported by the Executive Vice President and General Director for Legal and Corporate Affairs in Mexico and Central America. In addition, other employees are directly involved through the company's Sustainability Area which comprises 23 associates with responsibility for environmental commitments, including environmental strategy.

Resources allocated to environmental management

The company has allocated limited resources to environmental management:

- Environmental performance measured against targets.

Coverage of certified environmental management systems

Relevance of the company's commitment to eco-design

The company commits to some of its responsibilities in terms of eco-design:

- Integration of eco-design in buildings: Environmental impact assessments must be carried out before buying or selling property, and subsequent construction work must be compliant with environmental regulations as well as meeting other criteria related to waste treatment, biodiversity protection, emissions reduction and noise limitation.

Resources allocated to eco-design of own-branded products

Information obtained from the company and public sources regarding resources allocated to own-branded products is insufficient.

Coverage of resources allocated to eco-design of own-branded products

Resources allocated to eco-design of stores and warehouses

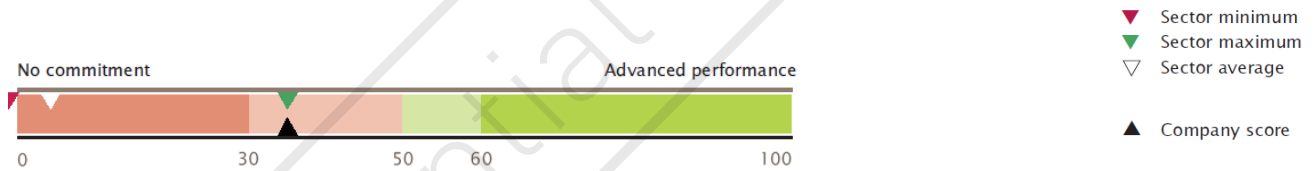
Information obtained from the company and public sources regarding resources allocated to eco-design of its stores and warehouses is insufficient.

Coverage of the resources allocated to eco-design of stores and warehouses

Leadership	65	Implementation	6	Results	N/A
Visibility	100	Means & resources	10	Performance	N/A
Relevance	53	Scope	N/A	Trends	N/A
Ownership	65	Coverage	0		

ENV1.4 Protection of biodiversity

(score: 35, weight: 2)



Relevance of commitment to biodiversity protection.

The company's commitment towards biodiversity protection addresses the main relevant impacts:

- Promotion of sustainable agriculture,
- Promotion of sustainable fishing,
- Promotion of sustainable forestry.

Means allocated to promote sustainable agriculture

The company has allocated some means to promote sustainable agriculture:
- Protection of soil from erosion and poverty: The company runs a Fertile Soil programme in Central America.
Of note: The company also runs a Sustainable Agriculture programme and promotes Good Agricultural Practice, training over 1,450 small farmers located in ten states throughout the country.

Means allocated to sustainable fisheries

The company has not allocated significant resources to promote sustainable fisheries. The company states that it implemented a new policy in conjunction with the Sustainable Fisheries Partnership in 2016, but little information is available, and only 8% of the fish purchased from suppliers was certified as sustainable.

Means allocated to sustainable animal rearing

Information obtained from the company and public sources regarding means allocated to promote sustainable animal rearing is insufficient.

Means allocated to sustainable forestry

The company has not allocated significant resources to promote sustainable forestry. Although the company states that it supports sustainable palm oil production, only 8% of its suppliers actually report using sustainable palm oil.

Means allocated to prevent GMO cross contamination

Information obtained from the company and public sources regarding means allocated to prevent cross contamination is insufficient.

Coverage of the measures allocated to the protection of biodiversity

There is no evidence that measures allocated to promote the protection of biodiversity cover a majority of operations.

Results with regard to biodiversity protection

The company does not disclose indicators on its impact on biodiversity.

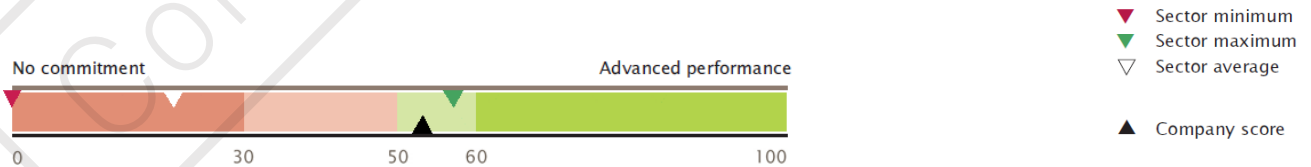
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

Leadership	65	Implementation	11	Results	28
Visibility	N/A	Means & resources	10	Performance	65
Relevance	65	Scope	N/A	Trends	0
Ownership	N/A	Coverage	12		

ENV2.2 Minimising environmental impacts from energy use

(score: 53, weight: 3)



Relevance of the company's commitment in terms of reducing its energy consumption.

The company's commitment to reduce its energy consumption is general. The company had previously committed to reducing energy consumption by 20% between 2014-2020, but this has not been restated in its current or previous year's Sustainability Reports.

Relevance of the company's commitment in terms of reducing its energy-related emissions.

The company has committed to meeting 100% of its energy demand from renewable sources by 2025 , compared to 2016 levels.

Resources allocated to reduce energy consumption and related emissions.

The company works to optimize its production processes in order to reduce its energy consumption and related emissions:
 - Energy-saving lighting solutions: LED lighting is now used in stores rather than fluorescent tubes,
 - Energy-saving air conditioning concepts: Electricity meters have been installed to monitor air conditioner usage,
 - Use of alternative more energy-effective methods of refrigeration: Doors have been fitted to open refrigeration units.

Coverage

The company has taken such measures throughout the company.

Energy consumption

Normalized to sales (GWh/million euros), the company's energy consumption has increased by a total of 2% over the past three years from 0.1 in 2014 to 0.1024 in 2016. However, the proportion of electricity coming from renewable sources has also increased to 49%.

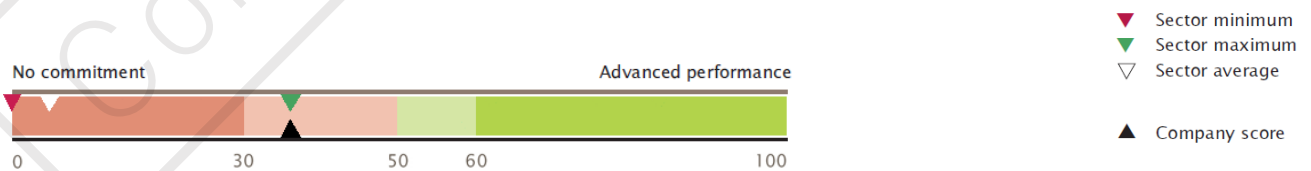
CO2 emissions linked to energy consumption

Normalized to sales (kt/million euros), the company's emissions have decreased, but not continuously, by a total of 20% over the past five years from 0.0619 in 2012 to 0.0496 in 2016.

Leadership	48	Implementation	79	Results	33
Visibility	N/A	Means & resources	65	Performance	32
Relevance	48	Scope	N/A	Trends	N/A
Ownership	N/A	Coverage	100		

ENV2.4 Management of atmospheric emissions

(score: 36, weight: 3)



Relevance of the company's commitment in terms of reducing its atmospheric emissions from refrigeration systems

The company does not commit to reduce its atmospheric emissions.

Means allocated to reduce emissions of HCFCs

The company has set up monitoring systems for its atmospheric emissions.

Coverage of HCFCs reduction matters

The company has taken such measures at a majority of the company's sites.

Greenhouse gas emissions not related to energy consumption (in CO2 equivalent)

Normalized to sales (tCO2e/million euros), the company's greenhouse gas emissions not related to energy consumption have decreased continuously over the past three years by a total of 15% from 40.55 in 2014 to 34.41 in 2016.

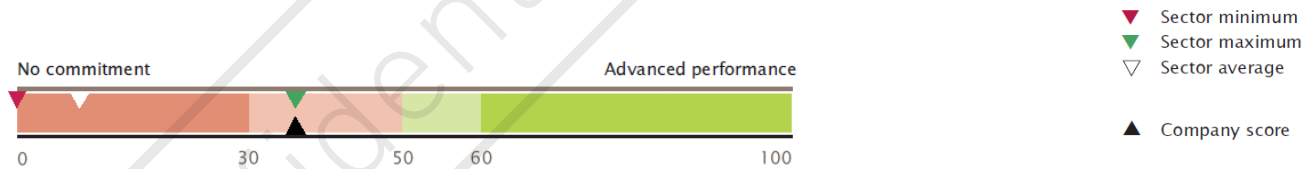
Ozone Depleting substances* (in CFC-11 equivalent)

Normalized to sales (kgCFC-11e/EUR million), the company's ozone depleting substance emissions have decreased by a total of 58% between 2012 and 2016, to stand at 0.03 kg per EUR million.

Leadership	0	Implementation	44	Results	65
Visibility	N/A	Means & resources	30	Performance	65
Relevance	0	Scope	N/A	Trends	N/A
Ownership	N/A	Coverage	65		

ENV2.7 Management of environmental impacts from transportation

(score: 36, weight: 3)



Relevance of the company's commitment with regard to the environmental impacts related to the transport of its products

The company's commitment to reduce the environmental impacts related to the transport of its products is general.

Means allocated to minimising the environmental impacts from the company's logistics

The company has set up some relevant measures to reduce its environmental impacts related to the transport of its products:
 - Monitoring of distances travelled, fuel consumption, transport-related CO2 emissions,
 - Optimization of logistics: The company won a national logistics award in 2016 for its reverse logistics system which reduced empty trips by 5%.

Coverage

The company has taken such measures throughout the company.

Means allocated to promoting the company's objectives amongst commercial partners

Information obtained from the company and public sources regarding initiatives involving transport logistics partners to minimise energy consumption and emissions is insufficient.

Energy consumption or CO2 emissions related to transportation

Normalized to sales (tCO2e/EUR million), the company's transport emissions have remained stable between 2014 and 2016, at about 9.57 t CO2 per EUR million.

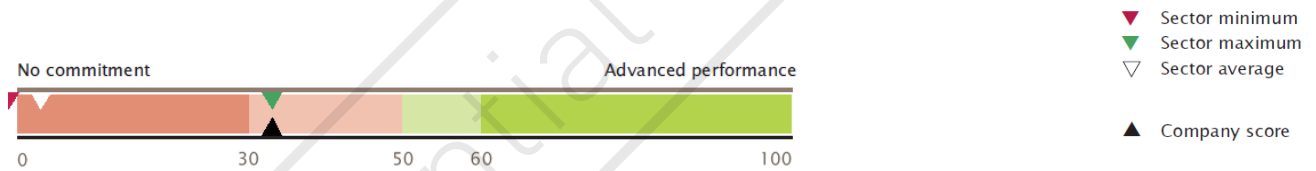
Trend in transport mix

The company does not provide a breakdown of the different modes of transport used internally.

Leadership	30	Implementation	40	Results	39
Visibility	N/A	Means & resources	20	Performance	65
Relevance	30	Scope	N/A	Trends	0
Ownership	N/A	Coverage	100		

ENV3.1 Management of environmental impacts from the disposal of products/ packaging

(score: 33, weight: 2)



Relevance of commitments related to packaging

The company's commitment to limiting impacts related to the disposal of its packaging is general.

Resources allocated to the disposal of packaging

Information obtained from the company and public sources regarding means allocated to limiting the environmental impacts related to the disposal of its products is insufficient.

Coverage with regard to resources allocated to the disposal of packaging

Relevance of commitments related to own-branded products

The company's commitment to limit the environmental impacts from its own-branded products is general.

Resources allocated to the disposal of own-branded products

The company provides some examples of own-branded products that reduce impacts at the disposal phase:
 - Development of own-branded products designed for recycling or dismantling: The company currently has 1,662 products with 'reduced environmental impact during one or more of their life cycles',
 - Take-back programmes: In 2016, the company's in-store collection programme expanded 6% on the previous year.

Coverage with regard to resources allocated to the disposal of own-branded products

The company has taken measures in a significant part of its product portfolio.

Share of products that are collected and reused

Company-wide recycling has improved by a total of 7% over the past five years from 62% of all waste in 2012 to 66.5% in 2016.

Reduction of the distribution of plastic bags at supermarket check-outs

Information disclosed on the reduction of the distribution of plastic bags at supermarket check-outs is insufficient to determine a trend.
 The Company stated that its Sam's Club stores do not distribute plastic bags, and Wal-Mart de México y Centroamérica's plastic bags use 22% recycled material.

Relevance of commitments related to food waste

The company's commitment to limit the environmental impacts from food waste is general.

Resources allocated to address food waste

The company has allocated limited measures to address food waste:
 - Donations to food banks,
 - Composting.

Coverage of the resources allocated to address food waste

The company has taken measures throughout its operations.

Reduction of food waste

Information disclosed on the reduction of food waste is insufficient to determine a trend.
 The Company reports that it has managed to reduce by over 13,000 tons its food waste between 2015 and 2016, but without providing further details.

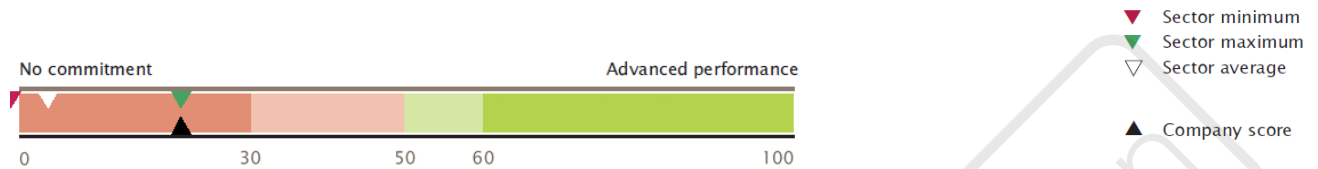
Leadership	30	Implementation	46	Results	23
Visibility	N/A	Means & resources	21	Performance	N/A
Relevance	30	Scope	N/A	Trends	23
Ownership	N/A	Coverage	70		

Human Resources

Score : 28

HRS1.1 Promotion of labour relations

(score: 21, weight: 2)



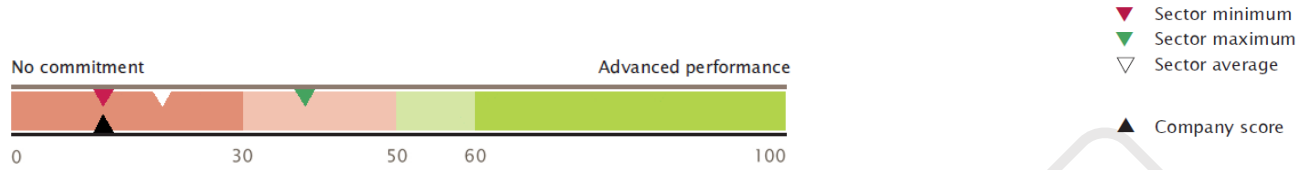
The company operates in Guatemala, Honduras and Mexico, which all receive a rating of 5 (no guarantee of workers' rights) in the International Trade Union Confederation's 2017 survey.

Visibility of commitment	<i>The company has made references to labour relations in its Annual Report 2016.</i>
Relevance of commitment	The company's commitment to promote labour relations is general.
Ownership of commitment	The commitment applies throughout the company and is supported by senior management. In addition, other employees are directly involved. <i>The Department of Human Resources is in charge of the commitment.</i>
Coverage of employee representative bodies	Information obtained from the company and public sources regarding the percentage of sites where employee representation structures are in place is insufficient.
Subjects covered by collective bargaining	<i>Information obtained from the company and public sources regarding the subjects covered by collective bargaining is insufficient.</i>
Employee representative bodies in countries with restrictive legislation	Information obtained from the company and public sources regarding how the company promotes employee representation in countries with restrictive legislations is insufficient.
Stakeholders' feedback	A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.
Coverage of collective agreements on working conditions	Information obtained from the company and public sources, regarding the percentage of the company's employees covered by collective agreements on working conditions, is insufficient.

Leadership	41	Implementation	0	Results	22
Visibility	30	Means & resources	0	Performance	22
Relevance	30	Scope	0	Trends	N/A
Ownership	65	Coverage	0		

HRS2.3 Responsible management of reorganisations

(score: 12, weight: 3)



Walmex does not report any information about employees' layoffs that occurred during the period under review, and no information was found in the media about any restructurings carried out by the company.

Relevance of commitment to manage reorganisations responsibly

The company does not disclose any commitment to manage reorganizations responsibly.

Involvement with employee representatives

The company does not disclose any commitment to inform and consult employee representatives on reorganizations.

Means allocated to prevent and manage reorganisations

Information obtained from the company and public sources regarding measures allocated to prevent and manage reorganizations is insufficient.

Coverage

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

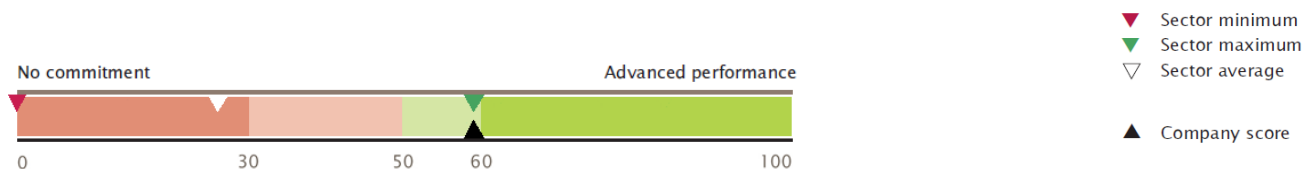
Result of the company's commitment to manage reorganisations responsibly

The company does not provide any information on the impacts of reorganizations on employment.

Leadership	0	Implementation	0	Results	35
Visibility	N/A	Means & resources	0	Performance	35
Relevance	0	Scope	N/A	Trends	N/A
Ownership	0	Coverage	0		

HRS2.4 Career management and promotion of employability

(score: 59, weight: 2)



Visibility of commitment *The company makes some general statements promoting career management and training in its Annual Report 2016.*

Relevance of commitment *The company's commitment to promoting career management and training addresses its main responsibilities:*
- Adapt employees' skill sets to their career paths,
- Enable the progressive improvement in employees' qualification levels,
- Put in place a concerted career management framework that is transparent and individualized.

Ownership of commitment *The Head of HR is part of the company's Executive Committee. However line managers do not appear to be evaluated on their performance in terms of HR management.*

Career management systems *The company has set up an internal job opportunity marketplace and has formalized the skill requirements for various job positions. Moreover, employees have regular performance assessment interviews. All employees receive performance assessments, and in 2016, 124,300 people were evaluated.*

Coverage of career management systems *Although performance evaluations cover all employees, it is not clear what percentage are covered by other measures.*

Types of training provided to non-managers *The training programmes are mostly aimed at adapting employees' skills to the requirements of their current position.*
The Company's Merchandising Trainee Programme helps buyers to develop negotiation abilities, merchandising skills, category management and imports, while the Center of Learning for Central America offer courses to employees of all levels.
The Company also reports there are also a number of initiatives aimed both at improving defined skill-sets for currently held positions and developing new ones for different roles but without providing further details.

Means allocated to training for all employees *The average number of training hours per employee has increased by 30% over the last three years from 8.74 hours in 2014 to 11.36 hours in 2016.*

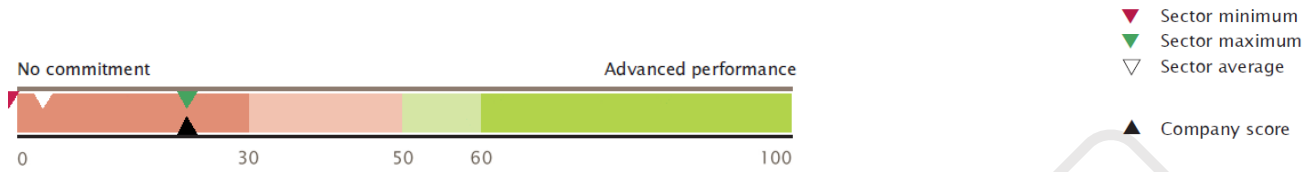
Mobility / turnover *The employee turnover rate has remained stable at about 47 % over the past three years.*

Training delivered during the year under review *All the company's employees received training during the year under review.*

Leadership	48	Implementation	56	Results	72
Visibility	30	Means & resources	82	Performance	72
Relevance	65	Scope	30	Trends	N/A
Ownership	30	Coverage	30		

HRS3.1 Quality of remuneration systems

(score: 22, weight: 1)



Visibility of commitment

The company has issued a largely publicized and formalized commitment to the quality of its remuneration systems in its Annual Report and Global Statement of Ethics.

Relevance of commitment

*The company's commitment only addresses part of its responsibilities:
- Guarantee decent remuneration,
- Take into account individual achievements in setting and reviewing remuneration.*

Ownership of commitment

The commitment applies throughout the company and is supported by senior management.

Means to ensure transparency of remuneration

Information obtained from the company and public sources regarding means allocated to ensure transparency of remuneration is insufficient.

Coverage of transparent and verifiable remuneration systems

Trend of quality of remuneration systems

The company does not disclose information on its remuneration system.

Stakeholders' feedback

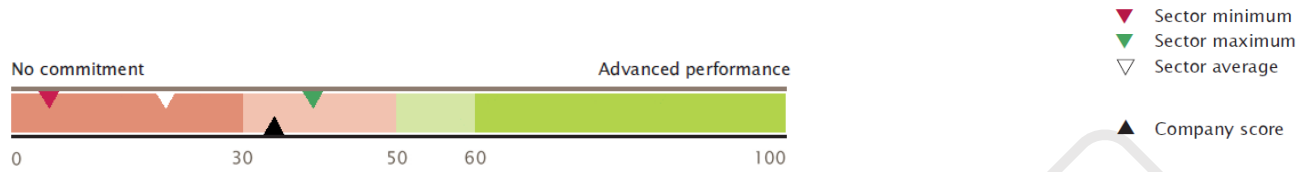
A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

Leadership	44	Implementation	0	Results	22
Visibility	100	Means & resources	0	Performance	65
Relevance	30	Scope	N/A	Trends	0
Ownership	30	Coverage	0		

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HRS3.2 Improvement of health and safety conditions

(score: 34, weight: 2)



Visibility of health & safety commitments

The company has made a formalized commitment to health and safety issues in its Annual Report and Global Statement of Ethics.

Relevance of commitment

*The company's commitment only addresses part of its responsibilities:
- Reduce the number of other labour accidents.*

Ownership of commitment

The commitment applies throughout the company and is supported by senior management. In addition, a team of Health & Safety (EH&S) compliance professionals has been set up, in charge of identifying the legal provisions that must be followed in each market; develop the necessary policies and procedures; train other employees in these matters.

Means allocated to health and safety

The company has allocated means to address health and safety issues, including:
 - *Training and awareness raising programmes: Employees receive digital and classroom training in different fields, such as health and safety, civil protection and emergency brigades,*
 - *Internal monitoring: The company has a Health and Safety Compliance Programme to monitor implementation and compliance.*
 - *Internal H&S audits.*

Coverage of health and safety system

The health and safety measures cover the majority of the company's employees.

Means allocated to reduce stress at work

The company has allocated basic means to address stress at work, including:
 - *measures to improve ergonomics: Walmex focused on improving work areas with better lighting to create a better work environment, reducing fatigue and stress. In addition, they set up the program for quality-of-life transfers, in which they moved 7,466 associates to work centers closer to their homes.*

Coverage of means allocated to address mental health

It remains unclear what percentage of employees benefited from measures to improve ergonomics.

Accident frequency rate

The company does not disclose quantitative data on accident frequency rates.

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Accident severity rate The company does not disclose quantitative data on accident severity rates.

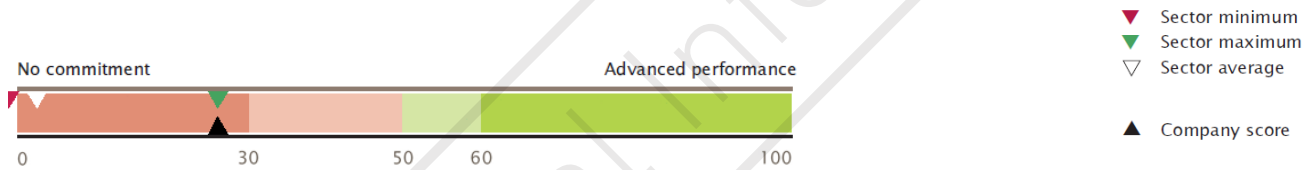
Other health and safety indicators The company does not disclose quantitative data on occupational disease rates.

Stakeholders' feedback A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

Leadership	55	Implementation	31	Results	16
Visibility	65	Means & resources	15	Performance	16
Relevance	30	Scope	N/A	Trends	N/A
Ownership	65	Coverage	48		

HRS3.3 Respect and management of working hours

(score: 26, weight: 2)



Visibility of commitment *The company has issued a largely publicized and formalized commitment to the respect and management of working hours in its Global Statement of Ethics.*

Relevance of commitment *The company's commitment to promoting the respect and management of working hours is general.*

Ownership of commitment The commitment applies throughout the company and is supported by senior management.

Means to compensate for atypical working hours (including overtime, night work) Information obtained from the company and public sources regarding means allocated to reduce the impact of atypical working hours is insufficient.

Coverage of measures to compensate for atypical working hours

Means to promote work/life balance

The company has taken measures to take into account employee preferences in setting working hours, such as:
 - Voluntary flex-time schemes: The Company has implemented a Flexible Work Week Program for staff associates which consists of adjusted work hours from Monday to Thursday so that Friday afternoons are free,
 - Additional paternity leave: Paternity leave in Mexico is greater than that which is required by law, and although paternity leave is not required by law in Central America, it is granted anyway.

Amount of overtime

Information obtained from the company and public sources regarding the amount of overtime is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

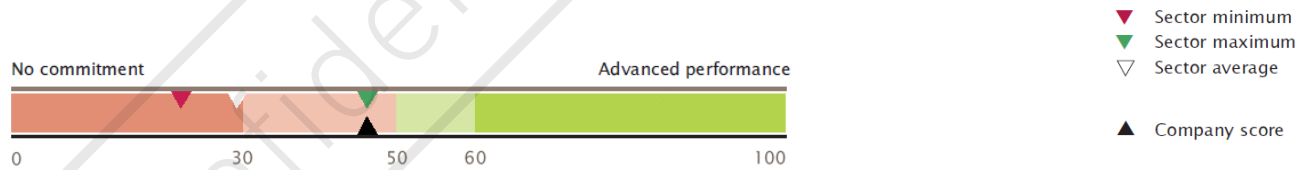
Leadership	44	Implementation	13	Results	22
Visibility	100	Means & resources	19	Performance	22
Relevance	30	Scope	N/A	Trends	N/A
Ownership	30	Coverage	0		

Human Rights

Score : 49

HRT1.1 Respect for human rights standards and prevention of violations

(score: 46, weight: 2)



The company has operations in Guatemala, Honduras, Mexico and Nicaragua, which are rated as 'partly free' in terms of political rights and civil liberties by Freedom House. It also operates in Costa Rica and Salvador, which are rated as 'free' by Freedom House.

Visibility of commitment

The company has made references to respect and promote human rights in society in its Annual Report and Global Statement of Ethics.

Relevance of commitment

The company's commitment to respect and promote human rights in society is general and focusses on preventing inappropriate, threatening or violent conduct and promoting 'respect for the individual'.

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Ownership of commitment

The commitment applies throughout the company, supported by the Ethics and Compliance Vice President for Latin America. In addition, other employees are directly involved through the company's Compliance Program which comprises 310 associates specializing in 14 compliance areas, including work and employment.

Means allocated

The company has set up a basic system to ensure the respect and promotion of human rights in society that includes:
 - Awareness-raising programmes for employees: the company offers courses on its Global Statement of Ethics but does not provide specific human rights training,
 - Grievance mechanisms: the company has a Global Ethics Hotline which is run independently and is available in local languages; investigations are conducted confidentially and reported to the Audit Committee.

Coverage

The Global Statement of Ethics applies to all employees, and the Global Ethics Hotline is open to all employees. In 2016, 87.5% of employees received training on the Global Statement of Ethics.

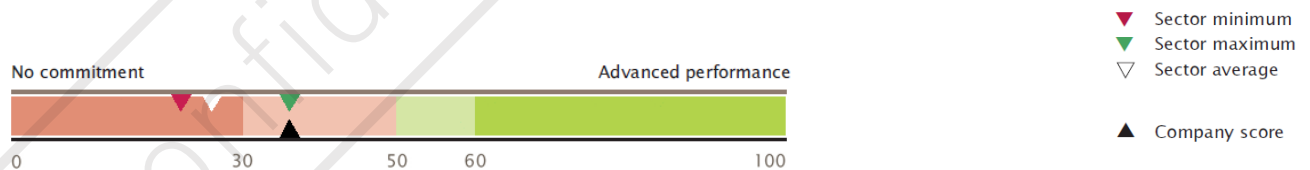
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

Leadership	44	Implementation	30	Results	65
Visibility	30	Means & resources	30	Performance	65
Relevance	30	Scope	N/A	Trends	N/A
Ownership	65	Coverage	30		

HRT2.1 Respect for freedom of association and the right to collective bargaining

(score: 36, weight: 3)



The company operates in Guatemala, Honduras and Mexico, which all receive a rating of 5 (no guarantee of workers' rights) in the International Trade Union Confederation's 2017 survey.

Visibility of commitment

The company has made references to freedom of association, but not collective bargaining, in its Annual Report 2016.

Relevance of commitment

The company's commitment generally addresses freedom of association.

Ownership of commitment

The commitment applies throughout the company, supported by the Ethics and Compliance Vice President for Latin America. In addition, other employees are directly involved through the company's Compliance Program which comprises 310 associates specializing in 14 compliance areas, including work and employment.

Monitoring

It is not clear what steps the company takes to ensure that freedom of association is respected throughout the company's operations.

Promotion of collective bargaining

Information obtained from the company and public sources regarding measures in place to inform employees about their trade union rights is insufficient.

Coverage of the monitoring systems

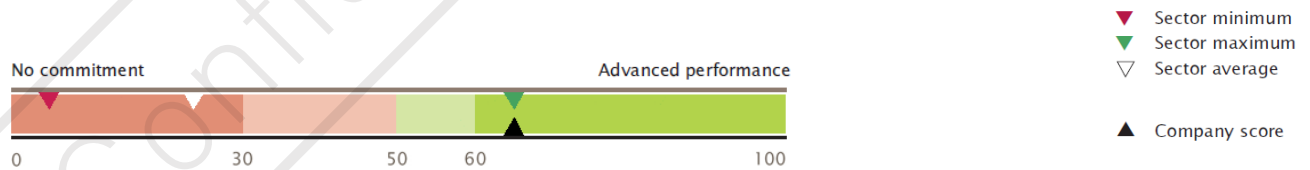
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review.

Leadership	44	Implementation	0	Results	65
Visibility	30	Means & resources	0	Performance	65
Relevance	30	Scope	N/A	Trends	N/A
Ownership	65	Coverage	0		

HRT2.4 Non-discrimination

(score: 65, weight: 3)



Visibility of commitment

The company has issued a formalized commitment to non-discrimination in its Annual Report and Global Statement of Ethics.

Relevance of commitment

The company's commitment to non-discrimination explicitly defines most of the categories covered:

- Gender,
- Race/ethnicity/nationality,
- Religion,
- Sexual orientation,
- Family responsibilities (including pregnancy),
- Disabilities,
- Age.

Ownership of commitment

The commitment applies throughout the company, supported by the Ethics and Compliance Vice President for Latin America. In addition, other employees are directly involved through the company's Compliance Program which comprises 310 associates specializing in 14 compliance areas, including work and employment.

Means allocated

The company has set up significant measures to prevent discrimination and promote diversity:

- Awareness raising: The company offers courses on its Global Statement of Ethics but does not provide specific diversity training,
- Monitoring: Age, disability and gender data is recorded and disclosed,
- Confidential reporting system/grievance procedures: As well as having a Global Ethics Hotline, the company has an Open-Door Policy for employees to express concerns directly to managers,
- Disciplinary procedures/corrective measures: Following instances of misconduct, the 'disciplinary measures applied may vary from verbal coaching to dismissal, depending on the resolution adopted',
- Affirmative action programmes: The company runs three programs for women (Reach High!, Women in Business and the Female Leadership Certificate Course),
- Flexitime initiatives: Work hours can be adjusted as part of the company's Flexible Work Week Programme in order to take Friday afternoons off.

Of note: The company is the only retailer to have received certification from Mexico's National Council for the Prevention of Discrimination (CONAPRED).

Coverage

The Global Statement of Ethics applies to all employees, the Global Ethics Hotline is open to all employees, and the diversity data disclosed covers all operations. In 2016, 87.5% of employees received training on the Global Ethics Standards.

Women in management positions

The share of women in management positions has increased, but not continuously, by a total of 3 percentage points over the past five years from 30% in 2012 to 33% in 2016.

Results in terms of employment of people with disabilities

The share of people with disabilities in the total workforce has increased, but not continuously, by a total of 0.6 percentage points over the past five years from 5.8% in 2012 to 6.4% in 2016.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review.

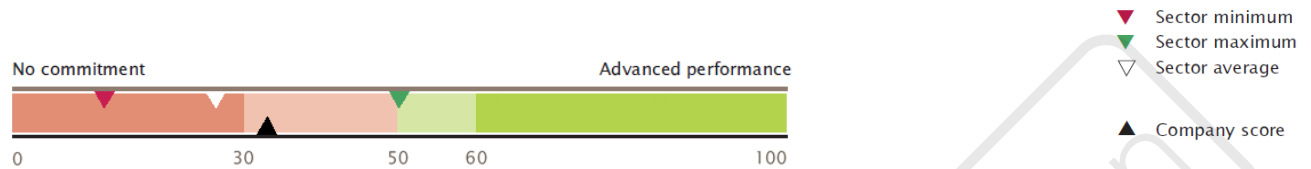
Leadership	65	Implementation	65	Results	65
Visibility	65	Means & resources	65	Performance	65
Relevance	65	Scope	N/A	Trends	65
Ownership	65	Coverage	65		

Community Involvement

Score : 35

CIN1.1 Promotion of the social and economic development

(score: 33, weight: 3)



Visibility of the policy

The company makes references to promote local social and economic development in its Annual Report 2016. However, the visibility of this policy is lowered by its absence of formalization.

Relevance of commitment

The company's commitment to promote local social and economic development is general.

Ownership of commitment

The commitment applies throughout the company, supported by senior management. In addition, other employees are directly involved.
The Walmart Mexico Foundation is specifically in charge of community development activities.

Resources allocated to the mitigation of the Company's operations

Information obtained from the company and public sources regarding resources allocated to the mitigation of the company's operations is insufficient.

Geographical coverage

Resources allocated to promotion of the social and economic development

The company has allocated some means to address social and economic development, including:
 - *Support of the development of local business: The company's Specialized Volunteerism Programme pairs small suppliers with top executives who provide mentoring to help develop their businesses.*
 - *Promotion of local suppliers (in particular farmers) : Through the Fertile Soil programme, the Company purchases directly from small and medium-sized farmers.*

Geographical coverage

These means are allocated in the majority of the company's countries of operations.

Performance trend

Information obtained from company and public sources regarding the quantitative outcomes of local social and economic development projects is insufficient to determine a trend.

Transparency of tax reporting

The company reports only on gross taxes paid. There is no breakdown on a regional or country basis.

Presence in IMF 'offshore financial centers' and/ or in jurisdictions considered by the OECD as not compliant enough with tax transparency rules

The company operates in jurisdictions considered by the OECD as insufficiently transparent in terms of tax transparency, and it justifies its presence in most of them. The company operates stores in Costa Rica and Guatemala, neither of which are fully compliant with OECD requirements.

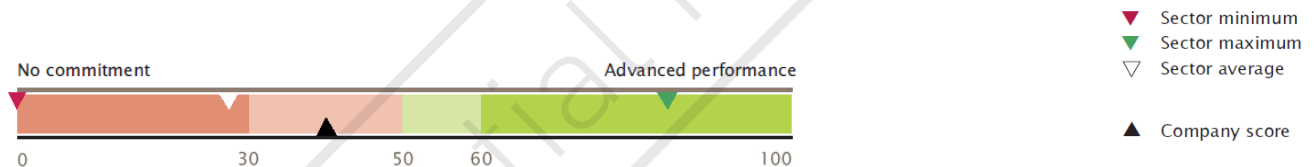
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Leadership	41	Implementation	24	Results	35
Visibility	30	Means & resources	15	Performance	47
Relevance	30	Scope	N/A	Trends	0
Ownership	65	Coverage	32		

CIN2.2 Contribution to general interest causes

(score: 40, weight: 1)



Relevance of commitment

The company's commitment to supporting general interest causes is general.

Ownership of commitment

The commitment applies throughout the company and is supported by senior management. In addition, other employees are directly involved.
The Walmart Mexico Foundation is specifically in charge of community development activities.

Means allocated

The company has allocated significant means to general interest causes, including:
 - *In-kind donations: The company runs a Center for Emergency Assistance, collaborating with the Mexican and Costa Rican Red Cross to provide relief for victims of natural disasters; it also promotes food security in local communities and has assisted in the building of 1,438 backyard gardens, farms, ecological stoves and rainwater catchment systems, as well as donating MXN 4 million to the NGO Alimento para Todos I.A.P. to help train organizations involved with charitable food distribution,*
 - *Sponsoring employee volunteering: As part of the company's Volunteerism Program, 113,411 volunteers participated in 2,465 activities in 2016.*

Geographical coverage

These means are allocated throughout the company.

Trend in contributions to general interest causes

Information obtained from company and public sources regarding the company's contributions to general interest causes is insufficient to determine a trend.

Information regarding the company's contributions to general interest causes has been disclosed only for 2016.

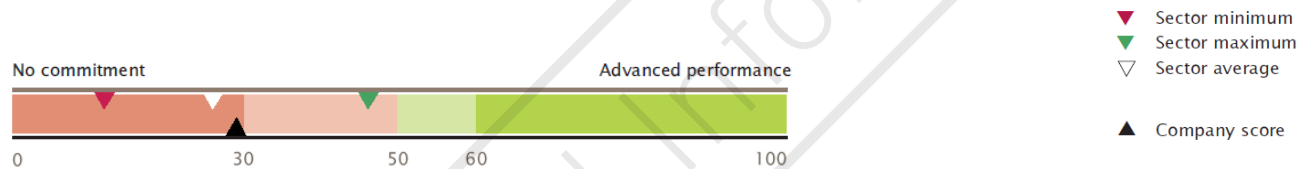
Leadership	41	Implementation	79	Results	0
Visibility	N/A	Means & resources	65	Performance	N/R
Relevance	30	Scope	N/A	Trends	0
Ownership	65	Coverage	100		

Business Behaviour (C&S)

Score : 36

C&S1.1 Product Safety

(score: 29, weight: 3)



Visibility of commitment

The company has made references to product safety in its Annual Report 2016.

Relevance of commitment

The company's commitment addresses some of its responsibilities on product safety, including:
 - Food safety.

Ownership of commitment

The commitment applies throughout the company, supported by the Ethics and Compliance Vice President for Latin America. In addition, other employees are directly involved through the company's Compliance Program which comprises 310 associates specializing in 14 compliance areas, including product safety.

Food safety management systems

The company has allocated some resources to ensure food safety that include:
 - Food certification schemes: the company verifies compliance with the Global Food Safety Initiative and as well as validating certificates issued for organic production,
 - External food safety audits: The Mexican Secretary of Tourism has issued 'H Certificates' for good practices in food preparation and serving hygiene to 175 sites in Mexico.

Non food products safety management systems

The company has not allocated significant resources to address these issues.

- External product safety audits
- Quality management system
- Follow up of customers claims
- Product specific certification schemes
- R&D to develop safer products
- Preventative measures to fight counterfeiting

The company audits some own brand suppliers and distribution centers, but it is not clear whether external audits are also performed.

Coverage for prevention system

Both own brand and banner products are mentioned in relation to product safety, but an exact percentage is not given.

Crisis management system

Information obtained from the company and public sources regarding crisis management system is insufficient.

The Company reports on having conducted recalls of products in the course of 2016, but there are no further details communicated on the crisis management system in place.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral.

Transparency and trends of indicators relative to product safety

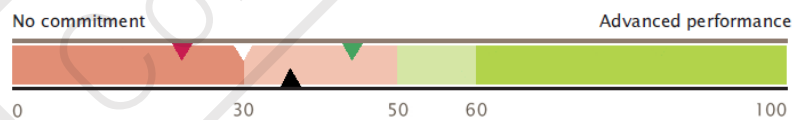
The company discloses relevant indicators on the outcomes of its product safety policy, but those have deteriorated over the past three years.

The company received 364 fines or sanctions in 2016, compared to 409 in 2015 and 220 in 2014.

Leadership	37	Implementation	15	Results	35
Visibility	30	Means & resources	10	Performance	65
Relevance	30	Scope	N/A	Trends	0
Ownership	65	Coverage	30		

C&S1.2 Information to customers

(score: 36, weight: 3)



- ▼ Sector minimum
- ▼ Sector maximum
- ▽ Sector average
- ▲ Company score

Visibility of commitment

The company has made references to informing customers about its products and services in its Annual Report.

Relevance of commitment

The company's commitment only addresses part of its responsibilities:

- Transparent labelling of products,
- Of note: In Central America, the company declares the marketing of products that originate from countries on sanctions lists, but this is a legal obligation rather than a voluntary measure.

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Systems to monitor information to customers on Nutrition

The company has set up a comprehensive internal system to ensure customers are informed properly through:

- Detailed information for customers on products on website: for each product available in Walmart de Mexico's online supermarkets, characteristics and nutritional information are disclosed.
- Transparent labeling of products: Labels are disclosing the following information - origin of product or service components; content, especially pertaining to substances that can cause environmental or social impacts; product safety instructions; product elimination and environmental or social impact.
- Review ingredients of own brand products: The company conducted 49 ingredients tests on own brand products in 2016 and states that 76% of own brand products are certified according to Global Food Safety Initiative requirements.

Coverage for Systems to monitor information to customers on Nutrition

The company has set up systems for its own brand products. In 2016, a total of 1,762 labels were reviewed.

Systems to monitor information to customers on engineered products

Information obtained from the company and public sources regarding the information to customers on engineered products labelling is insufficient.

Systems to monitor information to customers on over indebtedness

Information obtained from the company and public sources regarding private loans granted to customers is insufficient.

Coverage for systems to monitor Consumer credit

Systems to monitor information to customers on negative impacts of tobacco

Information obtained from the company and public sources regarding the information to customers on negative impacts of tobacco is insufficient.

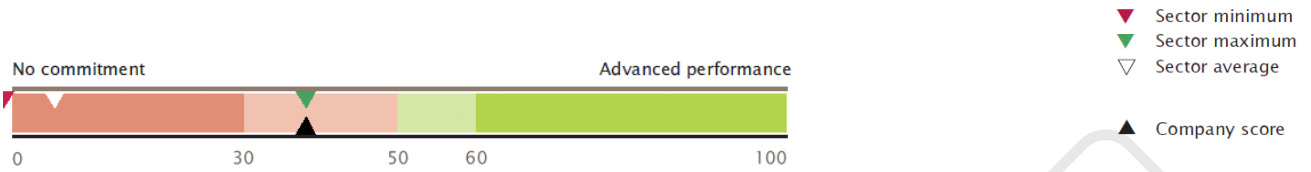
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Leadership	23	Implementation	19	Results	65
Visibility	30	Means & resources	20	Performance	65
Relevance	30	Scope	N/A	Trends	N/A
Ownership	0	Coverage	15		

C&S2.2 Sustainable Relationships with suppliers

(score: 38, weight: 2)



Visibility of commitment

The company has made references to establishing sustainable relationships with its suppliers and subcontractors in its Annual Report 2016.

Relevance of commitment

The company's commitment addresses part of its responsibilities:
 - Promoting long-term partnerships,
 - Ensuring cooperation/support with suppliers.

Ownership of commitment

It is unclear who is responsible for the company's commitment or to which parts of the company it applies.

Measures established to manage supplier relations

The company has allocated significant resources to manage sustainable relations with its suppliers that include:
 - Technical assistance: The company provided consultancy services to 1,800 low-income growers in 2016; it is also a member of the Mexican/Central American Supplier Advisory Board, a body that facilitates idea exchange with suppliers,
 - Verification systems to ensure respect of payment delays: Training is provided to small suppliers to help educate them about payment terms and letters of intent for purchase,
 - Joint development projects: The company has partnered with Women-Owned Businesses and Adopt and SME in Mexico, as well as the Fertile Soil program and A Growing Hand in Central America in order to promote supplier development.

Coverage

As of 2016, 78% of suppliers have received some sort of development assistance.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

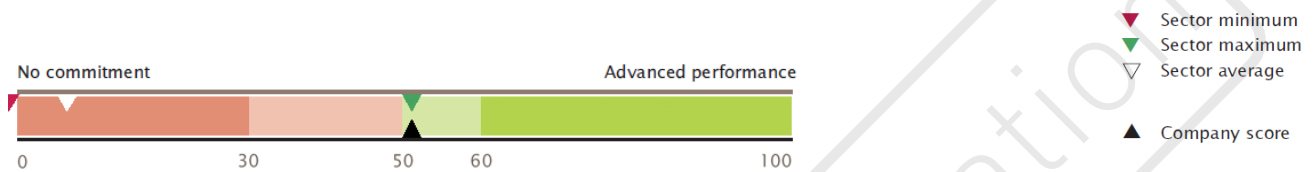
Transparency and trends of indicators relative to the outcomes of the company's commitment to ensure balanced and sustainable relations with suppliers

The company discloses relevant indicators on the outcomes of its commitment to ensure balanced and sustainable relations with suppliers, but those have deteriorated over the past three years.
The company states that the number of lawsuits filed by suppliers over the last three years increased from 361 in 2014 to 793 in 2015 and 975 in 2016.

Leadership	21	Implementation	65	Results	28
Visibility	30	Means & resources	65	Performance	65
Relevance	30	Scope	N/A	Trends	0
Ownership	0	Coverage	65		

C&S2.3 Integration of environmental factors in the supply chain

(score: 51, weight: 2)



Visibility of commitment

The company has issued a formalised commitment to including environmental factors in supply chain management in its Standards for Suppliers Manual.

Relevance of commitment

The company's environmental requirements for suppliers only address some of the relevant issues in the sector:
 - Protection of water resources

Ownership of commitment

The commitment applies throughout the company, supported by the Executive Vice President and General Director for Legal and Corporate Affairs in Mexico and Central America. In addition, other employees are directly involved through the company's Sustainability Area which comprises 23 associates with responsibility for environmental commitments, including within the supply chain.

Resources allocated to integrate environmental issues in the supply chain

The company has set up some measures to include environmental factors in supply chain management:
 - Supplier questionnaires/evaluation: The company is a member of the Supply Chain Carbon Disclosure Project and received responses from 154 suppliers in 2016,
 - Non-compliance procedures for suppliers: Non-compliance with the company's Supplier Standards will result in corrective measures or contract termination if there is no improvement,
 - Risk assessments for suppliers: The company conducts risk assessments as part of its Responsible Sourcing Program to identify country- and supplier-specific ESG risks.

Coverage of the measures allocated

The measures implemented cover own brand products suppliers and some other suppliers.

Audits of suppliers/subcontractors

The company uses the independent firms Accordia, Bureau Veritas, Elevate, Intertek, UL, SGS and TUV to conduct its audits, but these are general audits under its Responsible Sourcing programme rather than specifically relating to environmental standards. Audits are conducted every two years for low risk suppliers and up to every 6 months for high risk suppliers.

Coverage of audits

The measures implemented cover own brand products suppliers and some other suppliers.

Share of corrective measures vs problems uncovered

The company discloses general data on audit results but does not provide a breakdown of the issues discovered.

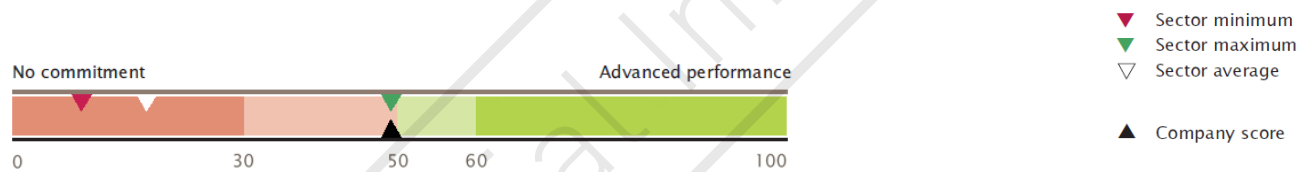
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Leadership	48	Implementation	76	Results	28
Visibility	65	Means & resources	82	Performance	28
Relevance	30	Scope	N/A	Trends	N/A
Ownership	65	Coverage	65		

C&S2.4 Integration of social factors in the supply chain

(score: 49, weight: 3)



Visibility of commitment

The company has issued a formalised commitment to including social factors in supply chain management in its Standards for Suppliers Manual.

Relevance of commitment

The company's social requirements for suppliers address the main relevant issues in the sector:

- Freedom of association,
- Abolition of child labour,
- Abolition of forced labour,
- Health and Safety,
- Decent wages,
- Working hours,
- Good labour standards for migrant workers .

Ownership of commitment

The commitment applies throughout the company, supported by the Ethics and Compliance Vice President for Latin America. In addition, other employees are directly involved through the company's Compliance Program which comprises 310 associates specializing in 14 compliance areas, including responsible sourcing.

Resources allocated to integrate social issues in the supply chain

The company has set up some measures to include social factors in supply chain management:
 - Non-compliance procedures for suppliers: Non-compliance with the company's Supplier Standards will result in corrective measures or contract termination if there is no improvement,
 - Risk assessments for suppliers: The company conducts risk assessments as part of its Responsible Sourcing Program to identify country- and supplier-specific ESG risks.

Coverage of the measures allocated

The audits performed cover the own brand suppliers and some other suppliers.

Audits of suppliers/subcontractors

The company uses the independent firms Accordia, Bureau Veritas, Elevate, Intertek, UL, SGS and TUV to conduct its audits, but these are general audits under its Responsible Sourcing programme rather than specifically relating to labour standards. Audits are conducted every two years for low risk suppliers and up to every 6 months for high risk suppliers.

Coverage of audits

The audits performed cover the own brand suppliers and some other suppliers.

Share of corrective measures / problems uncovered

The company discloses general data on audit results but does not provide a breakdown of the issues discovered.

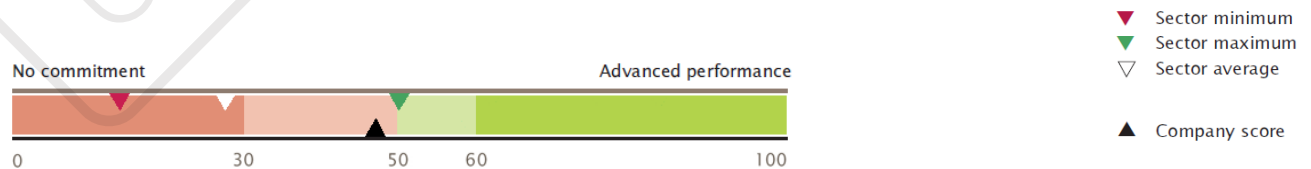
Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Leadership	65	Implementation	55	Results	28
Visibility	65	Means & resources	48	Performance	28
Relevance	65	Scope	N/A	Trends	N/A
Ownership	65	Coverage	65		

C&S3.1 Prevention of corruption

(score: 47, weight: 1)



Visibility of commitment

The company has issued a formalized commitment to preventing corruption in its Global Anti-Corruption Policy and Global Statement of Ethics.

Relevance of commitment

The company's commitment to preventing corruption addresses its main responsibilities including:

- Giving/receiving bribes,
- Gifts and invitations,
- Fraud,
- Money laundering,
- Conflicts of interest,
- Illegal financing of political parties,
- Prohibition of facilitation payments.

Ownership of commitment

The commitment applies throughout the company, supported by the Ethics and Compliance Vice President for Latin America. In addition, other employees are directly involved through the company's Compliance Program which comprises 310 associates specializing in 14 compliance areas, including anti-corruption.

Involvement of employees

The company has instituted a system to ensure that relevant employees are made personally responsible for preventing corruption.

As well as providing Global Statement of Ethics courses for 87.5% of employees in 2016, and dedicated trainings to associates and suppliers on anti-corruption, the company implemented 'compliance indicators' for top management which directly affects their performance evaluations.

Means allocated

The company has set up internal controls to prevent corruption that include:

- The possibility to contact internal audit, legal or compliance departments directly and confidentially: The company has an Open Door Communications process for employees to directly contact managers,
- A dedicated confidential hotline or email address: The Global Ethics Helpline is accessible by email, post or telephone,
- Due diligence in evaluating suppliers: Due diligence processes for higher risk suppliers are repeated once every other year.

Coverage

The measures implemented cover all significant parts of the company as well as sales agents.

Reporting

The company does not disclose any quantitative data on the number or nature of corruption incidents reported internally.



Stakeholders' feedback

A review of stakeholder sources revealed that the Company is involved in isolated or occasional controversies of high or critical severity

As of 09/2017, Wal-Mart de Mexico was involved in 1 controversy

- Case 1 (11/05/2017): Wal-Mart CEO can be deposed in a securities class action over Wal-Mart's alleged Mexican bribery scheme

A complete analysis of the severity of each case mentioned is available in Vigeo Controversy Product.

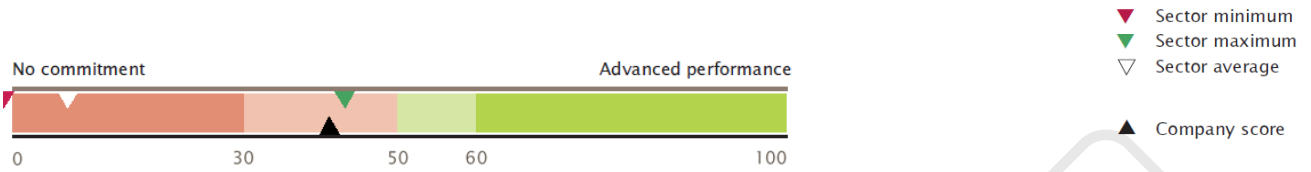
Company's responsiveness

Overall, the company is non-communicative

Leadership	65	Implementation	77	Results	0
Visibility	65	Means & resources	82	Performance	0
Relevance	65	Scope	N/A	Trends	N/A
Ownership	65	Coverage	65		

C&S3.2 Prevention of anti-competitive practices

(score: 41, weight: 2)



Visibility of commitment

The company has issued a formalized commitment to prevent anti-competitive practices in its Annual Report and Global Statement of Ethics.

Relevance of commitment

The company's commitment to preventing anti-competitive practices is very general and only addresses compliance with local laws on fair competition.

Ownership of commitment

The commitment applies throughout the company, supported by the Ethics and Compliance Vice President for Latin America. In addition, other employees are directly involved through the company's Compliance Program which comprises 310 associates specializing in 14 compliance areas, including anti-competitive practices.

Involvement of employees

The company has instituted formal training programmes for relevant employees on the prevention of anti-competitive practices.
In 2016, 1,618 members of staff received training on the prevention of anti-competitive practices.

Means allocated to prevention of anti-competitive practices.

The company has set up reporting systems to prevent anti-competitive practices that include:
- The possibility to contact internal audit, legal or compliance departments directly and confidentially: The company has an Open Door Communications process for employees to directly contact managers,
- A dedicated confidential hotline or email address: The Global Ethics Helpline is accessible by email, post or telephone.

Coverage to means allocated to prevention of anti-competitive practices.

The measures implemented cover all significant parts of the company.

Reporting

The company does not disclose any quantitative data on the number or nature of antitrust incidents reported internally.

Stakeholders' feedback

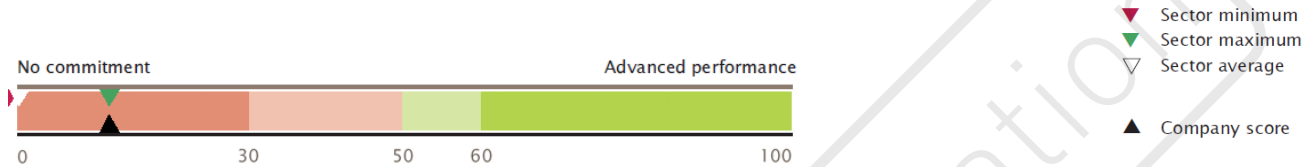
A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

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Leadership	51	Implementation	30	Results	43
Visibility	65	Means & resources	30	Performance	43
Relevance	30	Scope	N/A	Trends	N/A
Ownership	65	Coverage	30		

C&S3.3 Transparency and integrity of influence strategies and practices

(score: 12, weight: 3)



Visibility towards stakeholders

The visibility of the company's commitment to ensuring transparency and integrity of lobbying practices is insufficient.

Comprehensiveness of the commitment

Ownership of commitment

Involvement of employees

Information regarding the involvement of employees in ensuring transparency and integrity of lobbying practices is insufficient.

Measures allocated

Information regarding measure allocated to ensure transparency and integrity of lobbying practices is insufficient.

Coverage

Reporting

The company does not disclose the budget directly and indirectly dedicated to lobbying practices.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Leadership	0	Implementation	0	Results	35
Visibility	0	Means & resources	0	Performance	35
Relevance	0	Scope	N/A	Trends	N/A
Ownership	0	Coverage	0		

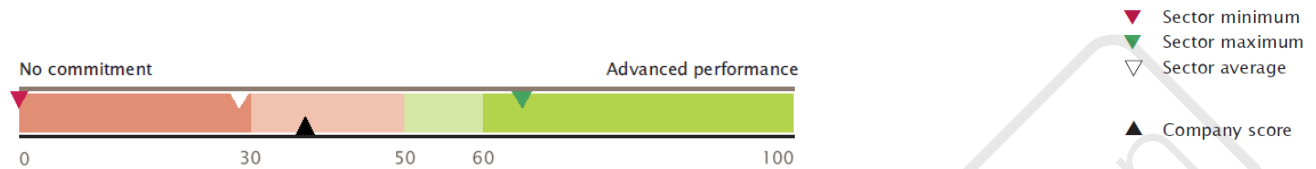
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Corporate Governance

Score : 27

CGV1.1 Board of Directors

(score: 37, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

No specific committee is in charge of director nomination, which might raise concerns.

Independence of the Board Chairman

The roles of Chairman and CEO are separated, but the Chairman is not considered independent.

Responsibility allocated over CSR issues

The Company's Corporate Responsibility Committee comprises the CEO and VPs for each area of the Company, and it reports directly to the Board.

Share of independent shareholder-elected Board members

The Board is between 21% and 33% independent, which is less than the recommended level. Three members of the eleven-member Board are considered independent.

Diversity of the skills and backgrounds of the Board

The Board of Directors diversity appears to be robust:

- At least 30% of directors are women,
- The majority of Board members have significant experience in the retail sector and are either current or former professionals within the industry.

Training and expertise provided to board members

Information obtained from company and public sources regarding training provided to board members is insufficient.

Regular election of Board members

Board members are elected annually.

Evaluation of Board's functioning and performance

The Company states that Board members are evaluated but does not provide further information.

Review of CSR issues at Board meeting

The formal CSR reporting has been signed by CEO and Chairman, but there is no evidence that relevant CSR issues are reviewed at Board meetings.

Regularity of and attendance at Board meetings

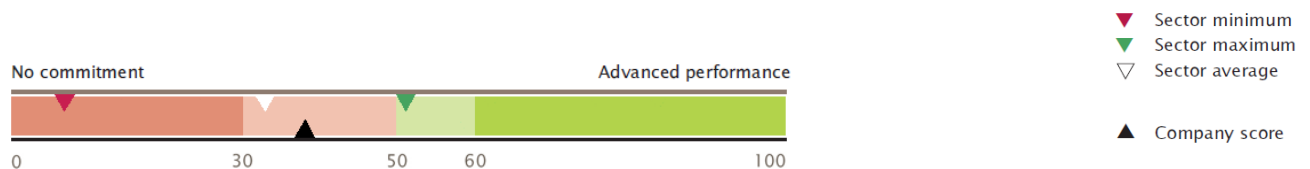
Regular meetings are held, but no attendance rates are disclosed.
Six Board meetings were held in the last fiscal year.

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	> 9 years on Board	Stock options	Paid > 1/2 executive salary	Represent > 3% company's shares	Other	Independence
Adolfo Cerezo	Chairman of the Audit Committee and Corporate Practices Committee		X			X	X							X
Ernesto Cervera			X			X	X							X
Lori Flees			X										Walmart Inc. Senior VP. Declared non-independent by Company.	
Guilherme Loureiro		X											Walmart México President and CEO.	
Rafael Matute			X					X	X					
Richard Mayfield			X										Walmart International Executive VP and CFO. Declared non-independent by Company.	
Anne Myong			X										Walmart Inc. eCommerce CFO and Senior VP. Declared non-independent by Company.	
Roberto Newell			X			X	X							X
Enrique Ostalé	Chairman		X					X					Walmart Inc. Regional CEO for UK, Latin America and Africa.	
Gisel Ruiz			X										Sam's Club (Walmart Inc. Subsidiary) Executive VP.	
Blanca Treviño			X			X	X		X					

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CGV2.1 Audit & Internal Controls

(score: 38, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee

All members are non-executive directors, and the majority, including the committee's chair, are independent. Three members of the four-member Audit Committee are considered independent.

Skills and backgrounds of Audit Committee members

Members appear to have financial experience and relevant operational experience.

Operational and CSR risks covered by the company's internal controls system

The system covers the standard issues related to financial, operational, and legal risks.

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee has a comprehensive role that includes:
 - Oversee internal audit and internal controls,
 - Review accounting policies and be responsible for updates,
 - Nominate the statutory auditor,
 - Oversee the work of the external auditor,
 - Approve the type of audit and non-audit services provided and fees paid to the external auditor.

Management of the CSR risks

Information obtained from company and public sources regarding the management of the CSR risks is insufficient.

Independence of the firm's external auditors

Information obtained from company and public sources regarding the independence of the firm's external auditors is insufficient.

Inclusion of CSR issues in the company's reporting

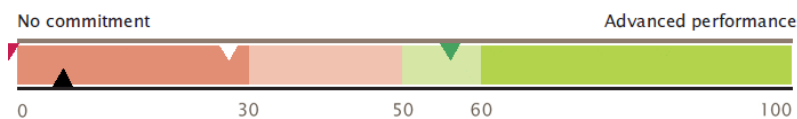
The company publishes significant CSR reporting on key material issues.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

CGV3.1 Shareholders

(score: 6, weight: 2)



Nonexistence of voting rights restrictions

Information disclosed on voting rights restrictions is insufficient or not relevant.

Safeguards on transactions with major shareholder(s)

Less than half of the board is independent. However, there are other safeguards in place to monitor transactions between the company and its major shareholder. The Audit and Corporate Practices Committees, which are composed by a majority of independent members, are in charge of reviewing and approving transactions with related parties.

Ability to add items to the agenda of the AGM and to convene an EGM

Information obtained from company and public sources regarding the ability to add items to the agenda of the AGM and to convene an EGM, is insufficient.

Access to voting at General Meetings

There are no major restrictions on shareholders' ability to vote. However, there is no possibility of voting through online services.

Ability to vote on relevant issues in separate resolutions at AGM

The following items are not put to a vote at the AGM:
 - Selection of external auditors,
 - Executive remuneration.

Presentation of CSR strategy to shareholders and investors

Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

Board's attitude towards CSR-related shareholder resolutions

Information obtained from company and public sources, regarding the Board's attitude toward legitimate CSR related shareholder resolutions is insufficient.



Stakeholders' feedback

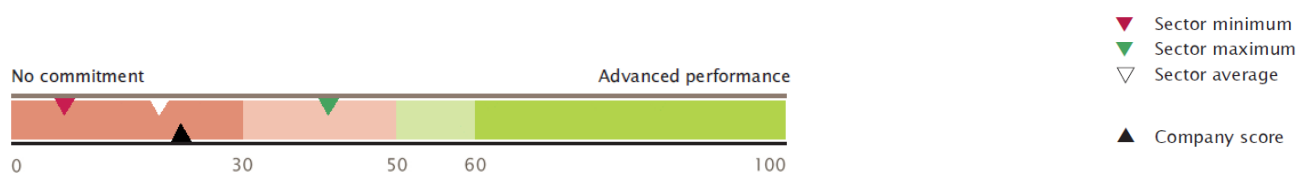
A review of stakeholder sources revealed that the Company is involved in isolated or occasional controversies of high or critical severity
As of 09/2017, Wal-Mart de Mexico was involved in 1 controversy
 - Case 1 (11/05/2017): Wal-Mart CEO can be deposed in a securities class action over Wal-Mart's alleged Mexican bribery scheme
 A complete analysis of the severity of each case mentioned is available in Vigeo Controversy Product.

Company's responsiveness

Overall, the company is non-communicative

CGV4.1 Executive Remuneration

(score: 22, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

All members are non-executive directors, and the majority, including the committee's chair, are independent.
Three members of the four-member Remuneration Committee are considered independent.

Disclosure of senior executives' individual remuneration

Executive remuneration is disclosed on a collective rather than an individual basis.

Link between Short Term Incentive Plans and the performance of the company

There is no disclosure on what rules guide the company in allocating bonuses and other short-term incentives to senior executives.

Link between the main Long Term Incentive Plan and the performance of the company

Information on the rules and performance conditions guiding the allocation of long-term incentives to senior executives is insufficient.

Link between variable remuneration and CSR performance of the company

There is no disclosure on the links between variable remuneration of executive and the CSR performance of the company.

Severance pay for senior executives

Information obtained from company and public sources regarding severance pay for senior executives is insufficient.

Evolution of CEO-to-employee compensation ratio

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral



Allegations and controversies

Domain	Sustainability driver	Page
C&S	C&S3.1 - Prevention of corruption	35
CGV	CGV3.1 - Shareholders	41

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Detailed Scores And Ratings

Current and previous ratings

Period	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance
2017/10	++	+	++	+	++	=
2015/05	=	=	+	+	+	-
2014/05	+	+	=	+	+	=

Scores per domain

Domain	Average score	Leadership	Implementation	Results
Environment	39	39	39	32
Human Resources	28	35	17	33
Human Rights	49	52	32	65
Community Involvement	35	41	38	26
Business Behaviour (C&S)	36	36	36	36
Corporate Governance	27	33	21	27

Scores per criteria

Sub-domain	Criterion	Score
Environment 1	1	36
	4	35
Environment 2	2	53
	4	36
	7	36
Environment 3	1	33
Sub-domain	Criterion	Score
Human Resources 1	1	21
	3	12
Human Resources 2	4	59
	1	22
Human Resources 3	2	34
	3	26
Sub-domain	Criterion	Score
Human Rights 1	1	46
Human Rights 2	1	36
	4	65

Sub-domain	Criterion	Score
Community Involvement 1	1	33
	2	40
Sub-domain	Criterion	Score
Business Behaviour (C&S) 1	1	29
	2	36
Business Behaviour (C&S) 2	2	38
	3	51
	4	49
Business Behaviour (C&S) 3	1	47
	2	41
	3	12
Sub-domain	Criterion	Score
Corporate Governance 1	1	37
Corporate Governance 2	1	38
Corporate Governance 3	1	6
Corporate Governance 4	1	22

General Overview

Position versus sector peers Rest of the World	Environment	Human Resources	Human Rights	Community Involvement	Business Behaviour (C&S)	Corporate Governance	Overall score
KR7027410000 BGF retail	-	-	-	-	-	-	8
TREBIMM00018 BIM Birlesik Magazalar	-	=	-	-	=	=	18
CL0000000100 Cencosud	=	-	+	=	+	+	22
MXP200821413 Controladora Comercial Mexicana	-	-	=	-	-	-	11
TH0737010R15 CP All	+	+	++	+	+	=	28
KR7139480008 E-mart	=	-	-	=	=	=	17
PLEURCH00011 Eurocash	=	+	=	=	=	=	22
MX01CH170002 Grupo Chedraui	=	=	=	+	=	=	22
BRPCARACNPRO Grupo Pao de Acucar	++	=	++	=	+	=	30
KR7007070006 GS Retail	-	-	-	-	-	-	8
MA0000011801 Label Vie	-	+	-	=	=	-	15
US55953Q2021 Magnit	-	-	=	-	-	=	13
ZAE000005443 Pick N Pay Stores	++	+	++	++	++	+	37
TW0002912003 President Chain Store	=	+	=	=	=	=	22
ZAE000012084 Shoprite	+	+	=	+	+	+	31
HK0000083920 Sun Art Retail Group	=	-	-	=	-	+	17
ZAE000058517 The Spar Group	+	+	=	+	=	+	29
CNE100000544 Wumart Stores	=	=	-	=	=	-	17
COG31PA00010 Almacenes Exito	+	+	++	++	+	+	31
MX01WA000038 Wal-Mart de Mexico	++	+	++	+	++	=	36

Contacts

Analyst : John Forster • John.Forster@eiris.org
Sector Lead: Céline Bonnenfant • celine.bonnenfant@vigeo.com

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