GRUPO BIMBO
NOURISHING A BETTER WORLD

LOOKS AHEAD

2019
INTEGRATED
ANNUAL
REPORT

GRUPO BIMBO

NOURISHING A BETTER WORLD

GRUPO BIMBO IS THE LARGEST BAKING COMPANY IN THE WORLD AND A RELEVANT PARTICIPANT IN SNACKS. GRUPO BIMBO HAS 194 PLANTS AND MORE THAN 1,700 SALES CENTERS STRATEGICALLY LOCATED IN 32 COUNTRIES THROUGHOUT THE AMERICAS, EUROPE, ASIA AND AFRICA. ITS MAIN PRODUCT LINES INCLUDE SLICED BREAD, BUNS & ROLLS, PASTRIES, CAKES, COOKIES, ENGLISH MUFFINS, BAGELS, TORTILLAS AND FLATBREADS, SALTY SNACKS AND CONFECTIONERY PRODUCTS, AMONG OTHERS. GRUPO BIMBO PRODUCES OVER 13,000 PRODUCTS AND HAS ONE OF THE LARGEST DIRECT DISTRIBUTION NETWORKS IN THE WORLD, WITH APPROXIMATELY THREE MILLION POINTS OF SALE, AROUND 58,000 ROUTES AND MORE THAN 133,000 ASSOCIATES. ITS SHARES TRADE ON THE MEXICAN STOCK EXCHANGE (BMV) UNDER THE TICKER SYMBOL BIMBO, AND IN THE OVER-THE-COUNTER MARKET IN THE UNITED STATES WITH A LEVEL 1 ADR, UNDER THE TICKER SYMBOL BMBOY.

MISION

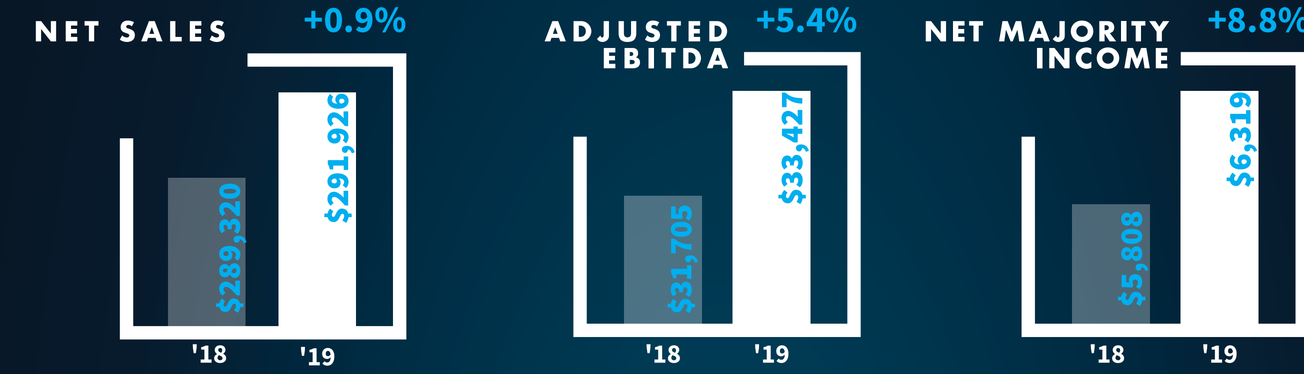
Delicious and nutritious baked goods and snacks in the hands of all.

BELIEFS

- We value the person
- We are a community
- We compete and win
- We act with integrity
- We get results
- We are sharp operators
- We transcend and endure

(GRI 102-1, 102-5, 102-2, 102-16)

"Building a sustainable, highly productive and deeply humane company."



GRUPO BIMBO
NOURISHING A BETTER WORLD

32 COUNTRIES

+100 BRANDS

194 PLANTS

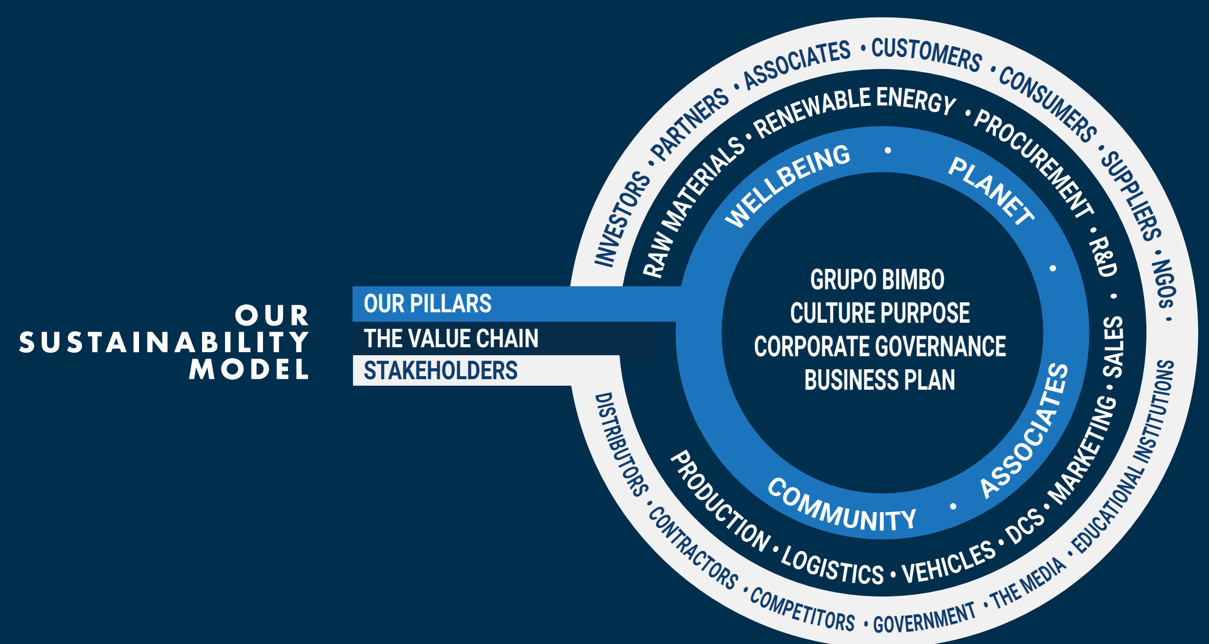
+13,000 PRODUCTS

+58,000 ROUTES

+133,000 ASSOCIATES

+3 MILLIONS POINTS OF SALE

ARGENTINA, BRAZIL, CANADA, CHILE, CHINA, COLOMBIA, COSTA RICA, ECUADOR, EL SALVADOR, FRANCE, GUATEMALA, HONDURAS, INDIA, ITALY, MEXICO, MOROCCO, NICARAGUA, PANAMA, PARAGUAY, PERU, PORTUGAL, RUSSIA, SOUTH AFRICA, SOUTH COREA, SPAIN, SWITZERLAND, TURKEY, UKRAINE, UNITED KINGDOM, UNITED STATES OF AMERICA, URUGUAY, VENEZUELA



(GRI 102-16, 102-4, 106)

(GRI 102-14, 102-15, 102-32, 201:103-1, 103-2, 103-3)

Throughout our history, we have strived to look further, to look beyond the present ...

... and anticipate the opportunities available to us in markets around the world, establishing Grupo Bimbo as the world's leading baking company.

DEAR SHAREHOLDERS:

We have learned to look closely at our consumers in their homes and at the point of sale, for opportunities that a global economy has to offer, and at the evolution that this planet and the talent of new generations demand.

In 2019, looking further produced several accomplishments:

- We achieved revenue of 292 billion pesos, grew EBITDA by 5.4% with good performance in most regions, expanded by 40 basis points our return on equity and continued to de-lever our balance sheet
- We strategically leveraged successful products, replicating them in other geographies, like Little Bites in 5 countries and Pinguinos in 18 countries
- We continued to invest in our health and wellness portfolio, implementing new nutritional guidelines and clean label solutions, such as our "No Added Nonsense" Oroweat bread in the U.S.
- We focused on having the right portfolio of brands and products in every market; in 2019 Sara Lee became a billion-dollar brand and Takis became a 500 million-dollar brand
- We captured growth opportunities, by integrating strategic acquisitions like Mankattan in China and Nutrabien in Chile
- We invested nearly US$680 million in capital expenditures, focused on increasing our production efficiency and capacity, streamlining our distribution network with one state of the art distribution center in Mexico City as well as targeted IT investments such as the implementation of Oracle in the cloud.

"We are commited to the planet, that is the reason for our concern with technological developments aimed at reducing emissions with electric and hybrid vehicles, in biodegradable and compostable packaging".

- We made investments such as electric and hybrid vehicles to decrease emissions, also in biodegradable and compostable packaging to reduce our environmental footprint, as well as in projects to diminish our water footprint and in waste management throughout our supply chain.

As we begin 2020, we are pursuing the following initiatives:

- We are re-inventing our go-to-market strategy, optimizing our direct store distribution network to serve new profitable channels
- We are leveraging technology, by:
  - Utilizing our route to market platform to drive productivity and improve execution at the point of sale,
  - Harnessing revenue growth management tools to maximize our revenue and market share, and
  - Developing advanced analytics capabilities to enable data driven decisions

- We are putting in place cost control efforts to reduce our selling, general and administrative expenses by:
  - Requiring Zero Based Budgeting
  - Scaling-up global procurement
  - Proactively investing in restructuring opportunities
  - Deploying digital tools throughout our supply chain.

- We continue to attract and develop talent, valuing our associates as the center of our culture, investing in the development of their capabilities, reinforcing our safety measures and promoting diversity and gender equality
- We promote the well-being of society through projects that encourage physical activity, healthy lifestyles and eating
- We reinforce our ongoing commitment to our stakeholders, our communities, the planet, and to the ten principles of the United Nations Global Compact, as well as to the 17 Sustainable Development Goals of the United Nations Development Program.

I am pleased with how we have started 2020. However, we are now facing a very challenging global environment in the midst of the COVID-19 pandemic. Is certainly the most serious health crisis we have ever faced.

We have a great responsibility with our millions of customers and consumers: reinforce our commitment within our Beliefs, Purpose, and Mission to keep nourishing a better world.

We sincerely thank our more than 133,000 associates for their engagement and commitment. Grupo Bimbo has a bright future full of opportunities; as we look further, we will continue to transform ourselves in order to capture them and better serve our consumers all over the world.

Thank you for your support and trust.

Daniel Servitje

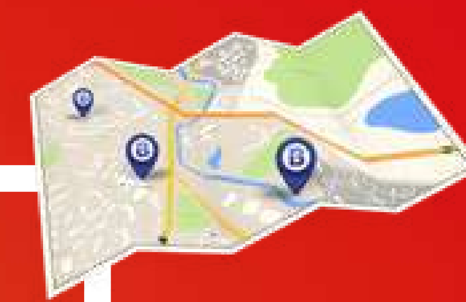
Chairman of the Board and CEO

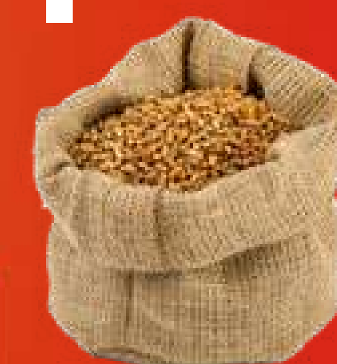
1.

MORE THAN GLOBAL...

WE RESPOND TO THE NEEDS OF MARKETS LOCALLY, IMPLEMENTING THE BEST GLOBAL PRACTICES

GLOCAL





GRUPO BIMBO - ar 2019

GLOBAL
MARKET SHARE

To look ahead is to look at our consumers, understand and meet their needs with nutritional and affordable products that are always available in more than three million points of sale, in the 32 countries where we are present.

To be Glocal is to take the best from other markets to new countries, use the synergies of our operation and make technology our best ally, all with a single purpose in mind:

To nourish a better world.

Today we are global leaders in the baking industry.

OUR MAIN
CATEGORIES

OUR LEADING BRANDS

+US$1,000

BIMBO
Marinela
OROWEAT
Entenmann's
THOMAS'
BARCEL
Sara Lee

+US$500

Takis

+100 BRANDS

Internal information based on estimated sales by brand during the last 12 months as of December 31, 2019.

+US$250

Ricolino
Tía Rosa
Artesano pan artesanal
Dempster's Bakery
Ball Park Buns & Rolls

+US$100

Villaggio
donuts
IDEAL
Lara
POM
PULLMAN
MRS BAIRD'S

GRUPO BIMBO - ar 2019

WE REPLICATE OUR SUCCESSFUL BRANDS **THROUGHOUT THE WORLD**

(GRI 106, 102-2)

SUCCESS FACTORS

1. SCALE AND GLOBAL DIVERSIFICATION
2. DISTRIBUTION EFFICIENCY
3. VALUE OF A SOLID BRAND
4. INNOVATION CAPACITY
5. PRODUCT QUALITY

SUPPLY CHAIN

(GRI 102-9)

We work very closely and efficiently with farmers and suppliers to optimize our environmental and social performance

For this reason we have established valuable internal and external alliances throughout our supply chain, from our suppliers and distributors to our customers and consumers.

Guided by our policies*, a sound Environmental Policy that is in line with global standards, and our sustainability policies, we are committed to implementing best practices and working on the continuous improvement of each part of our process.

Moreover, we regulate our performance management by applying quality standards, implementing the company`s best practices, and complying with the legislation of each of the countries where we operate.

This, together with the constant search for new technologies, allows us to contribute towards the lowering of pollution levels by mitigating and better managing wastes related to carbon footprints and our water use.

* For further information: https://grupobimbo.com/es/nuestro-grupo/politicas

VALUE CHAIN

1. SUPPLY
AUDITED SUPPLIERS OF RAW MATERIALS

2. OPERATIONS
194 PLANTS IN 32 COUNTRIES AND 7 INNOVATION AND NUTRITION CENTERS

3. DISTRIBUTION AND SALES
+58,000 ROUTES
1,700 SALES CENTERS

4. MARKETING
+100 BRANDS
+ 13,000 PRODUCTS

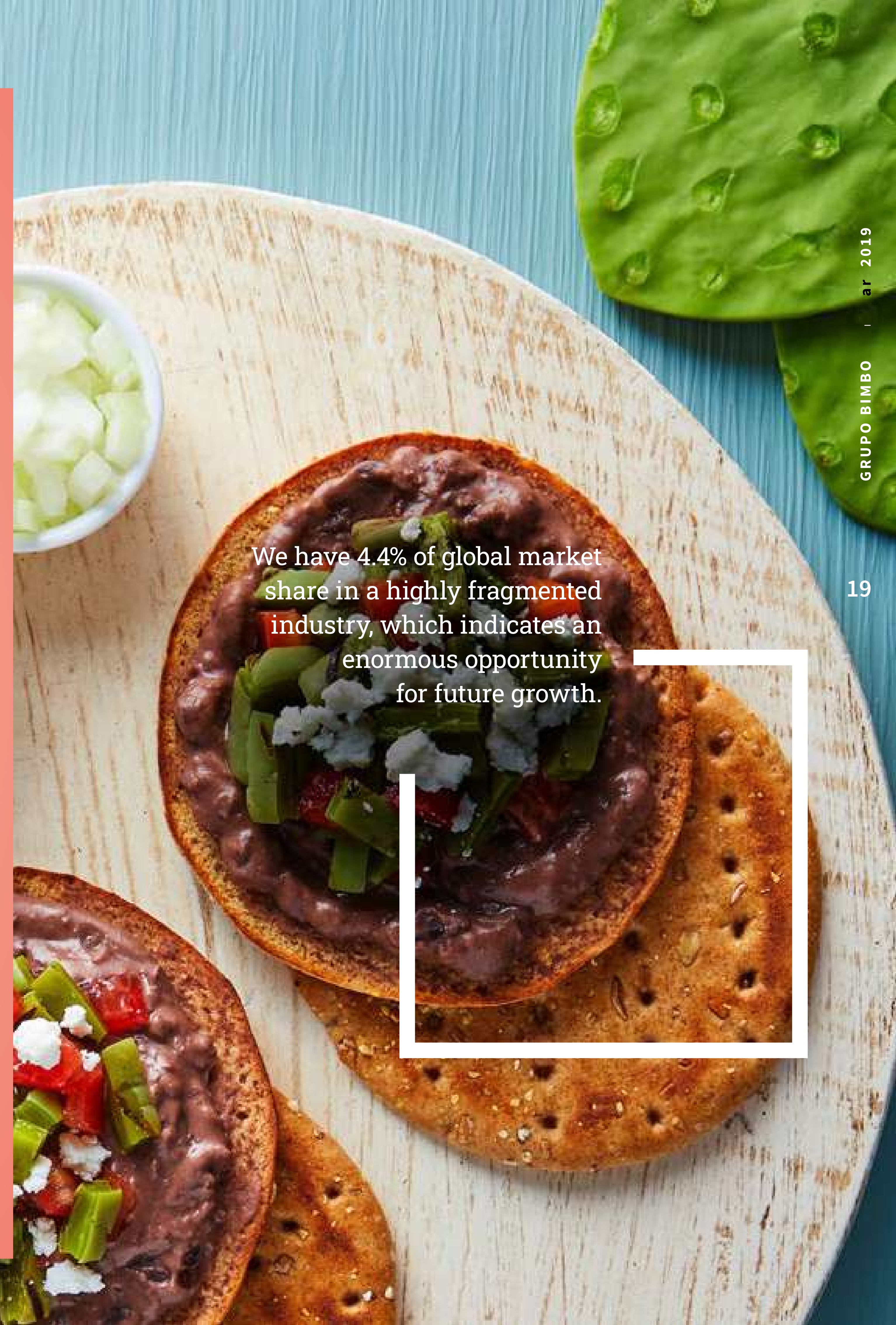
5. POST-CONSUMPTION
ALLIANCES TO PROMOTE POST-CONSUMER RECYCLING

GLOBAL
MARKET SHARE
(GRI 201-1)

US$449
BILLION[1]
GENERATED IN THE INDUSTRY

%
49.8 OTHERS
35.4 ARTISANAL
10.4 PRIVATE LABEL
4.4 GRUPO BIMBO

1 Source: Global Data at 2018



We have 4.4% of global market share in a highly fragmented industry, which indicates an enormous opportunity for future growth.

2. MORE THAN JUST A PRODUCT... HEALTH & WELLNESS

Energy %
Sugar %
Fat %

NUTRITIONAL GUIDELINES
CLEAN LABEL
QUALITY
23

HEALTHY PORTFOLIO
INNOVATION
32

GLOBAL ACTIONS IN HEALTH AND WELLNESS
PROMOTION OF HEALTHY LIFESTYLES
RESPONSIBLE MARKETING
STRATEGIC ALLIANCES
36

NUTRITION, HEALTH **AND WELLNESS**

Grupo Bimbo is committed to having a positive impact on the health and nutrition of our consumers and associates.

We base our actions on the convergence of experience and knowledge of our multidisciplinary teams to find technological solutions that allow us to optimize the nutritional quality of our product portfolio, as well as to increase the presence of products with enhanced nutritional profiles.

This new approach enables us to evolve our Health and Wellness strategy, based on three fundamental pillars:

HEALTH AND WELLNESS **STRATEGY**

- NUTRITIONAL GUIDELINES
- HEALTHY PORTFOLIO
- GLOBAL ACTIONS IN HEALTH AND WELL-BEING

NUTRITIONAL **GUIDELINES**

The nutritional guidelines will allow us to achieve our commitment to offer superior nutritional quality products that meet the needs and lifestyles of our consumers.

They are based on the following elements:

- **A.** PRODUCT CATEGORIES
  Identity criteria
- **B.** ROL OF DIETS
  Dietary guidelines and consumption patterns
- **C.** CONSUMER TARGET
  Children and adults
- **D.** DIETARY GUIDELINES
  Critical and positive nutrient thresholds

We have classified our products in daily and occasional consumption, taking into consideration eating patterns and dietary guidelines.

Similarly, we established nutritional limits according to the consumer's target (adults / children).

CONSUMPTION	CATEGORIES				ADULTS / CHILDREN
DAILY As part of main meals food	**BREAD**	**BUNS**	**FLATBREAD**		NUTRIENT THRESHOLDS ACCORDING CONSUMER TARGET AND CLEAN LABEL PHASES PER CATEGORIES
OCCASIONAL Between meals or special occasions (approximately 3 times a week)	**SWEAT BAKED GOODS**	**SALTY SNACKS**	**GRISSINI**	**CONFEC-TIONERY**	

For further information:
https://grupobimbo.com/sites/default/files/Grupo-Bimbo-Guia-Lineamientos.pdf

NUTRITIONAL PROFILE

(GRI FP4, FP6, FP7 416-1)

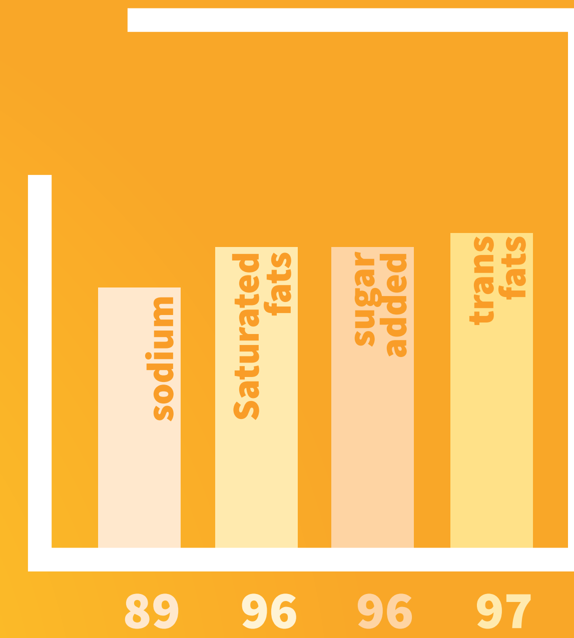
The global effort aimed at complying with newly established nutrition guidelines, together with the implementation of technological improvements, allows us to obtain particularly good results.

82%

OF PRODUCTS COMPLY WITH MAXIMUM LIMITS FOR CRITICAL NUTRIENT CONTENT*

*In keeping with goals set forth under new nutrition guidelines.

OVERALL PERCENTAGE OF COMPLIANCE ACCORDING WITH THE ESTABLISHED LIMITS FOR EACH NUTRIENT



PROTEIN

100%

FIBER

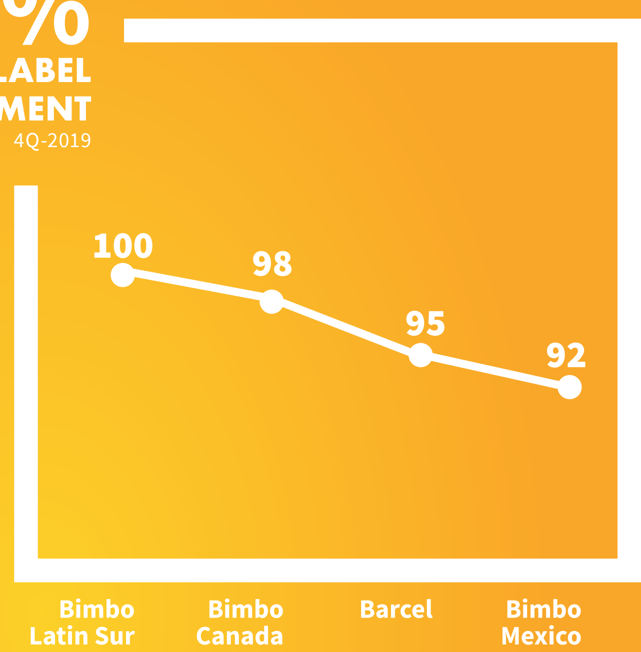
98%

CLEAN LABEL

(GRI 417-1)

Committed to achieving and exceeding the goals established from our new nutritional guidelines, we identified those business units that made significant progress in the implementation of clean and easy-to-understand labeling:

% CLEAN LABEL ACCOMPLISHMENT
4Q-2019



SIMPLE NO ADDED NONSENSE® INGREDIENTS

97%

OF OUR DAILY PRODUCTS IMPROVED CONSUMER PERCEPTION DUE TO THE INGREDIENTS THAT MAKE THEM UP AND ARE DECLARED ON THEIR LABELS.*

* Global results of the daily consumption categories according to the goals established by the Nutritional Guidelines

In 2019, the results of the USA stand out in the implementation of the nutritional guidelines and clean labeling.

LABELING

(GRI 417-1)

Grupo Bimbo has a Global Nutritional Labeling Policy that we use to include the energy content of our products by serving size, in addition to any nutrient or ingredient on which any property statement is made, ensuring that the totality of our product portfolio provides the information that we mention. We also commit to offering clear, transparent, and accessible information to our consumers, in order to help them taking informed decisions when purchasing and consuming our products.

We endorse laws and regulations regarding labelling, and where there are no applicable regulations we will be ruled by international guidelines, such as the Codex Alimentarius.

GLOBAL NUTRITIONAL LABELING POLICY

So Grupo Bimbo can ensure compliance with any and all applicable legislation on nutrition labeling and to define the minimum information that must be provided for our consumers on this subject, this Grupo Bimbo policy, complies with the following guidelines:

- Full comply with local legislation regarding nutrition labeling.
- Include in all our products, as a minimum requirement and in addition to mandatory nutrition information with simple and understandable front-of package label.
- Sound scientific evidence for all statements on healthy properties
- Full compliance with all local regulations on recommended serving sizes.

A CULTURE OF QUALITY

(GRI FP5)

For Grupo Bimbo, quality is something we consider an ongoing commitment so we can offer safe products and services that guarantee customer and consumer satisfaction, and whenever possible, to even exceed their expectations. With this in mind, we have a Global Quality Policy that outlines the responsibilities of the Company and its leaders, as well as the quality strategy for all administrative and production processes throughout the entire value chain.

Our quality strategy enables us to have our operations certified under the GFSI (Global Food Safety Initiative). Currently, 144 of our plants are certified, which means that 92%* of our products are made in certified facilities.

92%

PRODUCTS ARE MADE IN CERTIFIED FACILITES

* This does not include International Bakery, Nutrabien, or Welvyn because they are recent acquisitions, or BQ because there is no data regarding production volumes for the entire year.x

HEALTHY PORTFOLIO

INNOVATION

(GRI FP7)

In 2019, Oroweat Organics in the USA and Iberia posted sales of over 18 million dollars, and 1 million euros, respectively. The commitment of this product line with the planet is seen in the 1% contribution of its earnings to environmental causes, in addition to being a plant-based line.

* Ingredients of plant origin.

At Grupo Bimbo we are committed to understanding and meeting the nutritional needs of our consumers.

Moreover, Bimbo Iberia gave an impulse to the bread category by launching its “100% Natural” line, which brings differentiation for our consumers because it is preservatives free. The Rustik Bakery brand was consolidated in the bread category, representing 54% of the Premium segment, characterized by being the first 100% natural bread, with a slow baking process and made with sourdough, thereby promoting a more rustic type of bread.

This innovation had great impact, therefore we decided to replicate it in other places, such as the USA, where The Rustik Oven brand was launched in September 2018. It was consolidated in 2019 by contributing over 10% to the rustic bread category, primarily through the winning over of new consumers.

It is worth mentioning the growth of Bimbo VITAL in Latin Centro (LAC). It is the flagship brand in health and wellness for the region, and expanded its value by 50% throughout 2019 with new 100% natural products proposals in their portfolio. It also conveys the message of containing no preservatives or artificial colors.

€1MILLION

SALES DURING THE YEAR WITH THE LAUNCHING OF OROWEAT ORGANICS IN BIMBO IBERIA

54%

PRESENCE OF RUSTIK BAKERY IN THE CATEGORY OF PREMIUM BREADS IN BIMBO IBERIA

BIMBO BRAZIL

Nutrella:
100% whole wheat muffins

Rap10:
whole wheat tortilla with chia and quinoa
WITH FIBER, OMEGA, VITAMIN AND MINERAL CONTENT

RICOLINO MEXICO

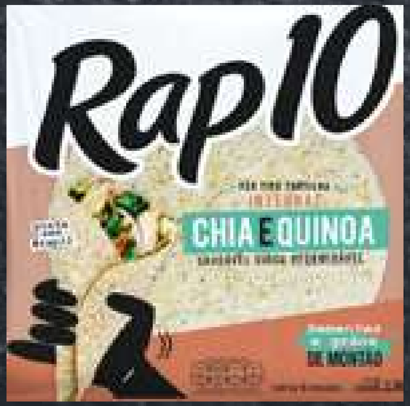
KICAO:
cacao-based bar
PRESERVATIVE-FREE,
NO ADDED SUGAR,
GLUTEN-FREE, AND A NON-GMO PRODUCT.

BIMBO MEXICO

SANISSIMO:
New Salmas Chipotle
NO FAT
PRESERVATIVE-FREE,
GLUTEN-FREE

BIMBO PERU

SANISSIMO:
New Salmas Blue corn
NO FAT
PRESERVATIVE-FREE,
GLUTEN-FREE



GLOBAL ACTIONS IN HEALTH AND WELLNESS

The **Global Energy Race** is one of the top initiatives for physical activity and family participation, and through which Grupo Bimbo seeks to foster a more active and healthier lifestyle.

118,776
PARTICIPANTS ENROLLED

33
CITIES

21
COUNTRIES

GLOBAL ENERGY RACE

(GRI FP4)

	2017	2018	2019
Participants enrolled	103,590	112,689	**118,776**
Slices of bread	1.2 M	1.4 M	**1.5 M**
Countries	21	22	**21**
Cities	37	34	**33**

* In 2019 we donated 1,408,782 slices of bread. Throughout 2020 we will have completed our donations, thus reaching the goal of 1.5 million.

89,291
BOYS AND GIRLS

66% BOYS **34%** GIRLS

7,780
TEAMS

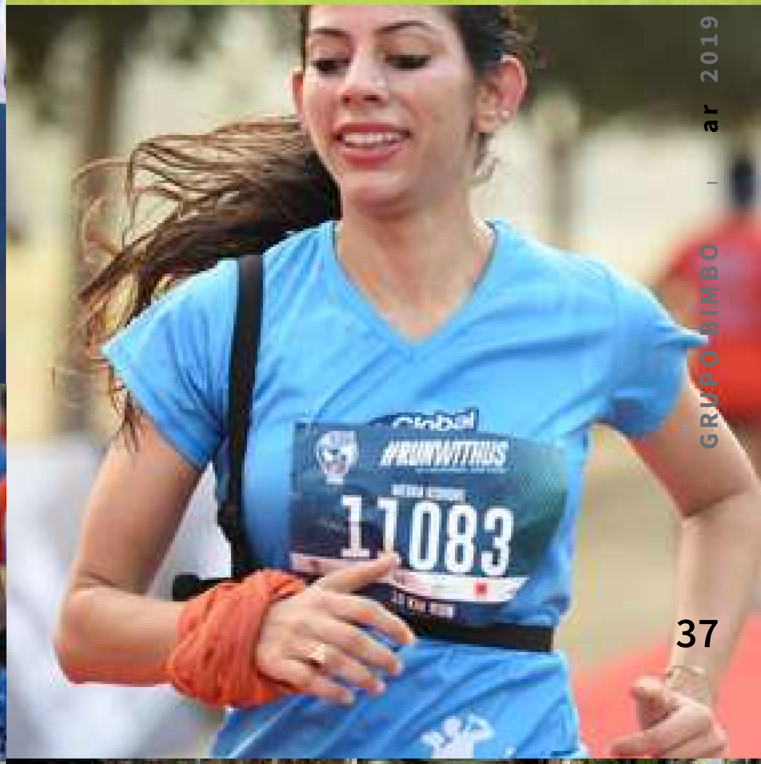
4,688
SCHOOLS

32
STATES

FUTBOLITO BIMBO

(GRI FP4)

One of our most important social responsibility projects has been held for 56 consecutive years, in 32 states throughout Mexico and with headquarters in 45 cities and 64 venues. Futbolito Bimbo promotes family values, inclusion, and physical activity.



RESPONSIBLE MARKETING

(GRI FP8-2.7)

Grupo Bimbo is a world leader in the baking industry, and therefore we assume the responsibility of always going the extra mile to nourish a better world.

Achieving this means we have to do things differently. That is why we do marketing in an integrative and responsible manner, valuing each person and establishing a commitment each one's well-being.

This year, we developed and published "This is How We Do Marketing*, for responsible communication. In this document we list the guidelines that, along with our strategic partners, help us to develop better marketing actions, promoting a healthy lifestyle for our consumers and customers.

To reinforce this initiative, at Grupo Bimbo we have developed a Global Communication and Advertising Policy, for children. The goal is to establish general rules on how to produce socially responsible advertising that is specifically aimed at children under the age of 12.

*https://grupobimbo.com/sites/default/files/PGB-MK-01-Asi-hacemos-Marketing.pdf

We use above & below the line advertising for products the meet our nutrition criteria, in line with global standards and scientific evidence. Our advertising campaigns on television and other media, aimed at children, promote healthy lifestyles. We select television programs and other media and digital media that are in keeping with the values of our Company.

Our advertising campaigns promote healthy lifestyles.

In the same way, pursuant to agreements reached with the IFBA (International Food and Beverage Alliance), our Internal Pledge, and the World Federation of Advertisers (WFA) the advertising aimed at children under 12 is only for those products which meet common nutrition criteria, based on accepted dietary guidelines. Moreover, we do not conduct advertising or marketing for children under 12 that is not covered under said agreement.

STRATEGIC ALLIANCES
(GRI FP4)

The Latam Board was created in 2015 within the Consumer Goods Forum, whose primary purpose is to promote healthy lifestyles and better eating habits. Grupo Bimbo, has co-chaired since then and has conducted several efforts and initiatives to promote healthy habits.

We have developed and established several alliances to develop comprehensive actions and concrete programs that impact the well-being of consumers.

One of our most significant efforts stems from the initiative **Collaboration for Healthier Lives**, where we have implemented pilot projects with other companies, with the purpose of driving healthier decisions by our consumers at the points of sale.

Therefore, in 2019 we continued with the program **Dale un Giro Saludable a tu Vida** (Give Your Life a Healthier Twist), in Central America. Given the proposal made by Grupo Bimbo, the first edition of the pilot program **México Ponte Bien** (Get Better Mexico) was initiated. This collaborative investment with over 100 companies took place in 36 supermarkets throughout Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Mexico.

The project consisted of

- Having experts in nutrition, physical activity and hygiene provide tailor-made recommendations on balanced meals
- Conducting physical activity
- Performing good personal hygiene

According to results achieved, there is a growing interest among the population for initiatives of this type, especially regarding subjects on nutrition. Therefore, Grupo Bimbo has reinforced its promise to continue promoting and heading programs that generate useful tools in improving the health and wellness of our consumers.

In addition, we work with experts in different specialties to apply technological advances wich provide the best nutrition features in benefit of our consumer.

+99,000
CONSUMERS BENEFITED THROUGHOUT MEXICO AND CENTRAL AMERICA

SHARING KNOWLEDGE ON NUTRITION

(GRI FP4)

With the purpose of promoting healthy lifestyles among our consumers and associates, we developed tools with information based on science to help them to improve their nutrition, health and wellness.

SOCIAL MEDIA

HEALTH CARE PROFESSIONALS

NUTRITION TALKS AND WORKSHOPS

WEBSITE **

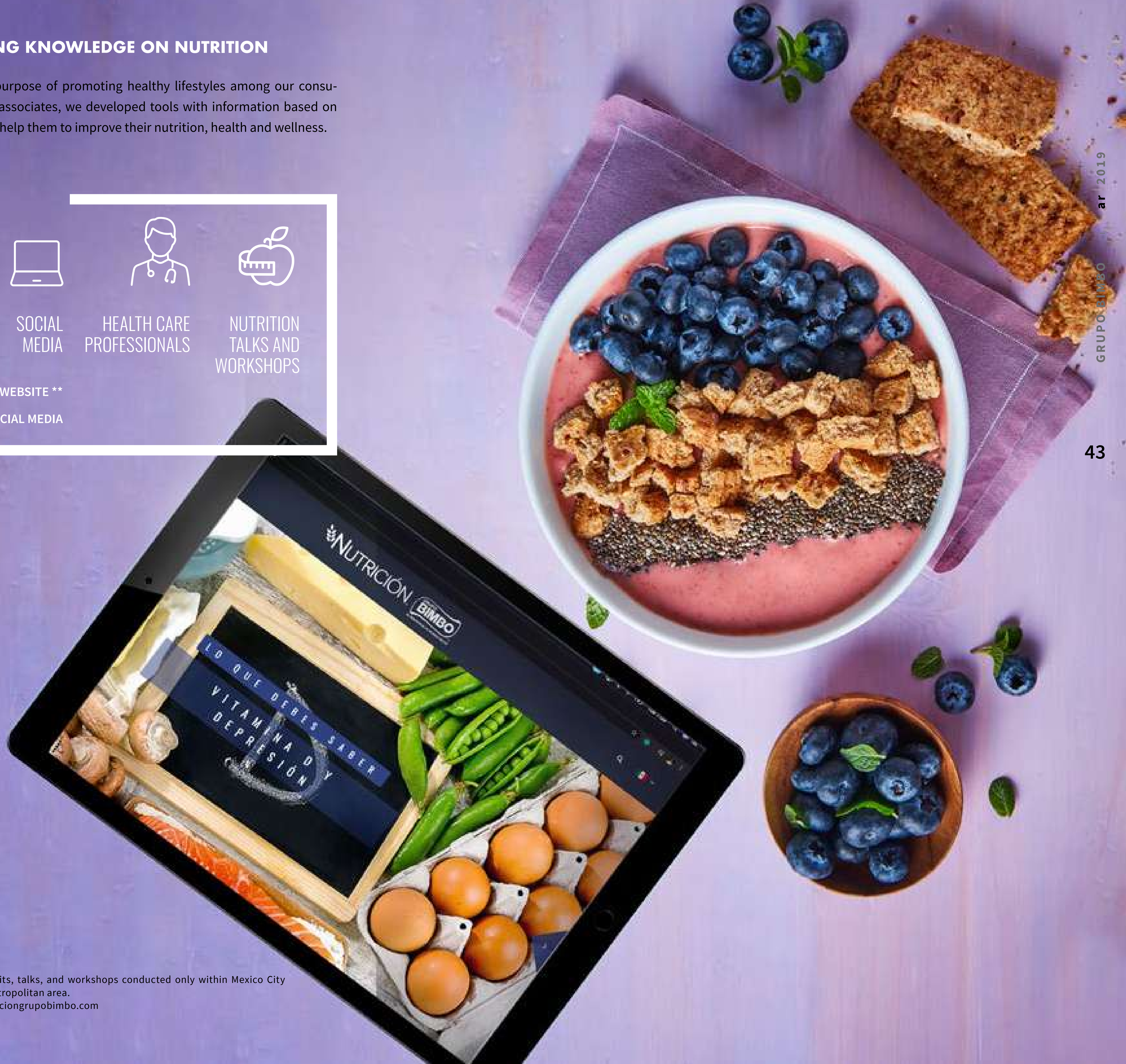
SOCIAL MEDIA

20,000

VISITS TO HEALTH CARE PROFESSIONALS

87

NUTRITION TALKS AND WORKSHOPS



*Data on visits, talks, and workshops conducted only within Mexico City and the metropolitan area.
**www.nutriciongrupobimbo.com

3. COMMITMENT

MORE THAN JUST A RAW MATERIAL...

(GRI 102-12)

WE UPHOLD OUR COMMITMENT TO THE PLANET AND SOCIETY

PACKAGING AND MATERIALS

We seek from design, the material use reduction and the selection of recyclable materials by applying new technologies in our value chain.

ACHIEVEMENT 2019

We have reduced +446,000 kilos of plastic in our packaging, achieving a total of 3.3 million kgs in the last 10 years.

DESIGN

(GRI 301-1 301-2)

The purpose of this strategy is to reduce the material used, maintaining its technical properties to protect our products. In the case that these materials were not to be totally recycled, the goal is to achieve a lower environmental impact.

With this same purpose in mind, we continue working to reduce and recycle wastes generated during our production processes, and also on circular economies regarding the supply of secondary packaging for raw materials. In addition, we support government, agency, and industry efforts aimed at motivating post-consumption recycling.

2025 GOALS

Ensure that 100% of our packaging is recyclable, biodegradable, or compostable

During 2019 we continued developing technologies aimed at the maximum reduction of the amount of plastic used in our packaging, thereby ensuring the quality and safety of our products. Some of the achievements made through these efforts are:

- The USA was able to reduce the thickness of its packaging by 10%, for bread brands Arnold, Brownberry, Bimbo, and Freihofer's.
- Argentina reduced the thickness of its packaging by 10% for white bread, and hamburger and hot dog buns for Bimbo and Fargo brands.
- Spain achieved a 9% reduction in packaging thickness for Bimbo white bread.
- Chile was able to achieve a 33% reduction in the packaging used for Rapiditas Ideal tortillas.
- Central America had a 30% reduction in the thickness used for packaging its Bimbo tortillas.

GRUPO BIMBO - ar 2019

Vital is the first compostable* bread package in Latin America.

* As per standard EN13432

Biodegradable technology* in Latin America.

*outdoors, as per standard ASTM 6954-18

Thanks to this initiative, there has been a reduction in the use of 3.3 million kgs of plastic packaging to date. This is equivalent to the non-emission of 5,500 tons of carbon dioxide.

In addition, in 2019 the d2w© technology was relaunched, which enables the outdoor biodegradation of our polyethylene and polypropylene packaging, under standard ASTM 6954-18. This technology is approved by different worldwide universities and research centers, such as Clermont University, in France. That same year, the first compostable packaging for bread in Latin America was launched under the Vital brand, making it possible for the packaging to decompose with organic wastes and biodegrade according to standard EN13432, using either household or industrial composting systems.

MATERIALES BY WEIGHT AND VOLUME (METRIC TONS)
(GRI 301-1, 301-2)

Renewable		100,373
Non-renewable		78,352
Total supplies		**178,725**
Recicled	3,003	2%*
Recyclable	157,909	
Biodegradable	28,503	
Compostable	11	

*Post-industrial recicled material

RECYCLING IN OUR PRODUCTION PROCESSES

(GRI 301-1 301-2)

At Grupo Bimbo, we foster reduction and recycling action throughout our value chain, to achieve at least 90% of waste recycling in all our operations worldwide. In 2019 we surpassed this goal through 92.5% reuse of our wastes, a 6% increase over figures for 2018, thanks to the following:

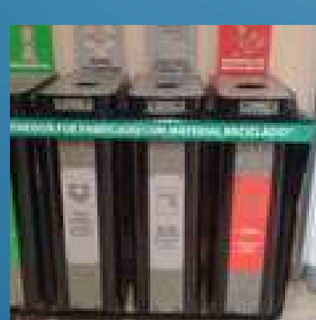
43 PLANTS
ZERO WASTES SENT TO LANDFILLS.
9 plants more than 201.8

144 PLANTS
OVER 80% RECYCLING
10 plants more than 2018.

56 PLANTS
COMPOSTING OF SLUDGE PRODUCED BY WATER TREATMENT PROCESSESS

-20% WASTE
REDUCTION OF TOTAL WASTE PER TON OF PRODUCCION

Likewise, we have implemented circular economy projects wherein we return packaging raw materials to be reintroduced into the production flow, in addition to creating alliances with packaging suppliers having post-industrial recycling practices as part of their processes.

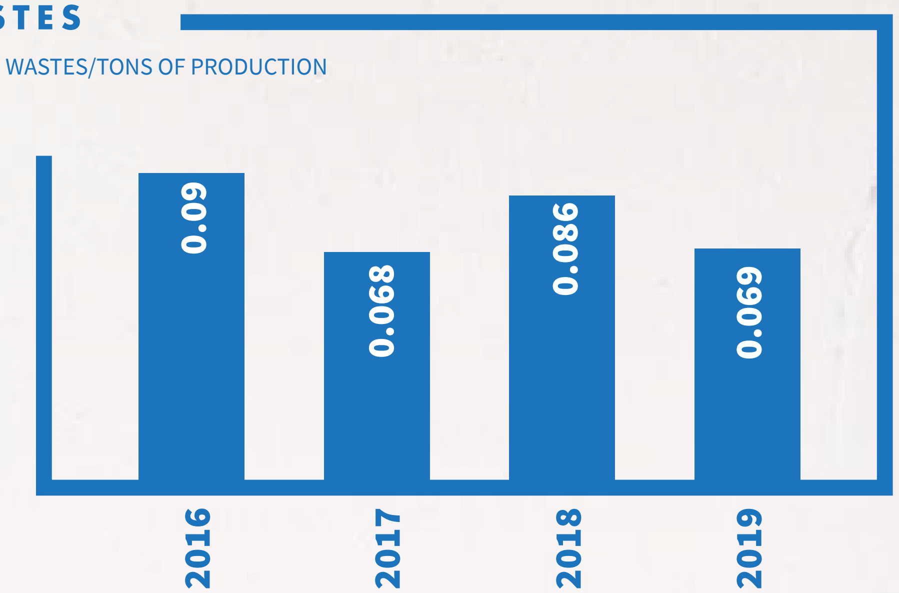


2019 ACHIEVEMENT

We surpassed our recycling goal by reusing 92.5% of wastes in production process.

WASTES

TONS OF WASTES/TONS OF PRODUCTION



Our performance throughout recent years enabled us to reduce waste generation in two cases: per ton of product made and per production line, thus consolidating 20% reduction of waste generated per ton of production.

WASTE (Ton)
(GRI 306-2)

	2016	2017	2018	2019
Recyclables	280,284	281,150	337,524	301,040
Non-recyclable	15,696	21,414	43,896	18,209
Hazardous waste	896	486	549	356
Total	**296,876**	**303,050**	**381,969**	**319,605**

POST-CONSUMPTION RECYCLING

(GRI 301-3)

We firmly believe that alliances and collaboration are crucial to developing strategies that produce value to materials and their recycling. Therefore, in our operations we encourage participation in post-consumption programs.

- In Mexico, we have been active participants in ECOCE a not-for-profit environmental association that was created under the auspices of the consumer product industry to better management of packaging and other material waste.
  One of its primary purposes is to promote the recycling of post-consumption materials through social, institutional, and mobile collection programs aimed at collecting plastic and other materials waste and exchanging them for basic consumer products, thus providing communities with social, environmental, and economic benefits. Through its ECO-RETO program efforts revolve around in collection drives within schools, thus promoting a pro-environment culture and conveying the importance of the proper separation of materials.
  In 2019, together with other participating companies, we were all able to collect 900 tons of flexible packaging.
- USA: Our plants participate -in collaboration with TerraCycle©- to promote recycling of our packaging in the country, during 2019, we participated with the packaging of Little Bites.
- Canada: We were involved in five post-consumption recycling initiatives within the Stewardship program, where 2,350 tons of plastic were recovered.
- Europe, We participated in Ecoembes in Spain and Punto Verde in Portugal, to promote post-consumer collection and recycling processes.
- Brazil, we are part of the Dê a Mão para o Futuro program, known as DAMF, in coordination with more than 214 associates, to promote recycling in 22 municipalties. It has been possible to recover 533 thousand tons of packaging for recycling through 2013 to 2019.

We participated in different collection programs to promote post-consumption recycling.

TERRACYCLE

ECOCE

NATURAL CAPITAL

(GRI 304-3, 308-2, 414-2 408-1 408-2)

Our suppliers' commitment to compliance with our environmental strategy is of paramount importance to us. From the moment they are onboarded, we share with them our code of conduct and that it is mandatory to follow it. Said code covers subjects regarding ethics, anticorruption legislation, food quality and safety, as well as working conditions and environmental standards.

We conducted a materiality evaluation worldwide on agricultural supply chains.

In 2019 we conducted a materiality evaluation worldwide on agricultural supply chains for Grupo Bimbo, with the purpose of identifying regional products and priorities related to economic, environmental, and social impacts. To better understand said priorities, we consulted with NGOs, customers, business organizations, scientific institutions, suppliers, and internal stakeholders. When the participants were asked which products they deemed most important for Grupo Bimbo, palm oil was considered number one among all the stakeholders, with soy coming in second.

IMPORTANT SUBJECTS ACCORDING TO ALL STAKEHOLDERS

(GRI 102-21)

WORK RELATED	ENVIRONMENTAL
HEALTH & SAFETY	DEFORESTATION
CHILD LABOR	WATER MANAGEMENT
FORCED LABOR	AIR QUALITY
EQUALITY FOR WOMEN	DESTRUCTION OF INDIGENOUS VEGETATION
MINIMUM WAGE	

Source: Materiality of agricultural supply chains carried out in 2019

IMPACTS, RISKS AND CLIMATE ACTIONS BY SUPPLIERS

(GRI 308-2)

As part of the strategy aimed at eliminating deforestation in our supply chain, in 2019 we joined the Forest program of the CDP Supply Chain, whose purpose was to gather information on raw material production and processing, namely soy, paper and cardboard, and to promote actions against deforestation among suppliers.

Beyond simply gathering data on raw materials, the aim of the initiative is to raise awareness, train, and develop suppliers, so as to increase their level of resilience in the face of impacts related to deforestation issues.

Stemming from the results of the first year, the goal is to understand how suppliers act when facing these issues and which are the areas to be improved. Likewise, we participated in the CDP Supply Chain for Climate Change, where we invited suppliers for intensive categories such as airlines, automotive, tires, energy, paper and board (packaging and indirect) with the purpose of becoming familiar with their opportunities, and then motivating our suppliers to improve performance and to continue implementing sustainable practices within their operations.

In the first year we were able to create a record level of ties within the CDP program in Latin America, both in the area of Climate Change and Forest program, such that it was the first time that a program member was able to surpass the average level of responses in their first year.

We work in collaboration with our suppliers to create awareness, and at the same time drive their development.

PAPER AND CARDBOARD (COMMITMENT TO 100% CERTIFIED SOURCES)

As part of our commitment for 2025, that all our purchases for paper and board packaging is certified as free of deforestation, we informed our suppliers for said materials through the CDP program (Supply Chain) in the area for Forestry. The responses from our principal paper and board suppliers were collected and analyzed regarding certification systems. Stemming from this data, gaps and opportunities for collaboration between them and us were identified, so as to be able to continue progressing towards full compliance with our commitment. For the coming years, the approach for the supply chain initiative will center on communicating the best practices in the market regarding this and other subjects, as well as on risks and opportunities regarding the prevention of deforestation.

AGRICULTURE

Sustainable agriculture is one of our driving forces as a company, and therefore we work with strategic suppliers on the implementation of our Global Agriculture Policy.

We are working on pilot programs and alliances in different geographies to minimize the social and environmental risked linked to agricultural supplies, and also on promoting best practices for sustainable agriculture.

94%
TRACEABILITY IN THE SUPPLY CHAIN FOR PALM OIL.

PALM OIL

During 2019 we worked with 17 of our suppliers, representing 95% of our expense in these supplies, inviting them to participate in the traceability exercise and to evaluate the level of compliance with our Global Palm Oil Policy (EPI).

The EPI process was able to evolve in data gathering as of that year, thanks to the use of a platform that allows our suppliers and us to share results in an easier and more structured manner, thus creating analytics and templates.

The EPI process was closed via phone calls to those suppliers with whom dialog was established, to convey their principal strengths and opportunities and then be able to jointly define commitments for improvement.

Regarding traceability, a 94% response level was achieved with the same group of suppliers, thus representing 90% traceability at the mill level for Grupo Bimbo. Parallel to this, we continue to support landscape transformation projects in Chiapas, Mexico to preserve forests while tackling the needs of small farmers.

We support landscape transformation projects in Chiapas, Mexico, to 'preserve forests while also meeting the needs of small farmers.

SOY

A traceability project took place in 2019, consisting of mapping the soy supply chain for one of our major suppliers in Brazil. Follow-up priorities regarding the critical Cerrado habitat were identified. Moreover, between August and October 2019, we made a commitment to our primary soy supplier in that region, and we are currently in the process of defining follow-up measures which will be detailed in the 2020 Action Plan to Implement the Global Agriculture Policy.

GRUPO BIMBO | ar 2019

ANIMAL WELL-BEING (CAGE FREE EGGS)

Last year we continued implementing our Global Egg Policy, which is in line with international principles on animal well-being. Similarly, we continued to work with the remaining organizations regarding the implementation of said policy. We also formalized collaboration with Humane Society International, a not-for-profit global organization with solid experience in dealing with animal well-being subjects and whose recommendations will be included in our process of migrating to cage-free eggs.

REPRESENTATIVE CASES / SUPPLY CHAIN

Some of the more representative efforts in our supply chain and its actions are those conducted in Mexico City and Colombia. Their progress is as follows:

485
SMES ARE PART OF THE DESEO PROGRAM

SMES

We support SMEs in Grupo Bimbo through specific growth and development programs. One example of this is the DESEO program, where we have fostered continuous improvement in the operation of our small and medium-sized enterprises in Mexico since 2013, verifying compliance in matters pertaining to quality, food safety, occupational safety, the environment, and social issues to reinforce the supply chain. We currently have 485 SMEs in the program.

SUSTAINABLE SUPPLY

In addition, in Mexico we have continued with the Green Procurement project, detecting and prioritizing raw material and packaging suppliers that have significant environmental impacts -potential or real- and to whom a questionnaire was sent on sustainability issues. Through this, we were able to identify the level of compliance with economic, social, and environmental principles, as well as measures being implemented to achieve better management.

Those suppliers who responded the questionnaire have a total compliance of 79% with the environmental criteria evaluated; in the remaining aspects, there was not identificated some signigicant negative impact.

SUSTAINABLE MAIZE AND WHEAT

After signing a collaboration agreement with CIMMYT (International Center for Wheat and Maize Improvement) in 2018, we continue promoting and supporting sustainable farming practices and responsible supply in Mexico. With this purpose in mind, two pilot programs were driven: Maize (2018) and Wheat (2019), resulting in visible and quantifiable benefits.

We developed the Bimbo Sustainable Wheat program in the states of Sinaloa (3 municipalities) and Sonora (6 municipalities) with 154 participants in events promoting technological innovations. Some 139 farmers with 3,988 hectares were benefited (2,377.33 in Sinaloa and 1,610.60 in Sonora). Water use was reduced by 25% in Sinaloa and 12% in Sonora, as well as CO_2e emissions of 17% and 15%, respectively, as compared to traditional sample plots.

(GRI 308-2)

Through these actions, social and environmental evaluations and measures have been conducted with 114 strategic suppliers.

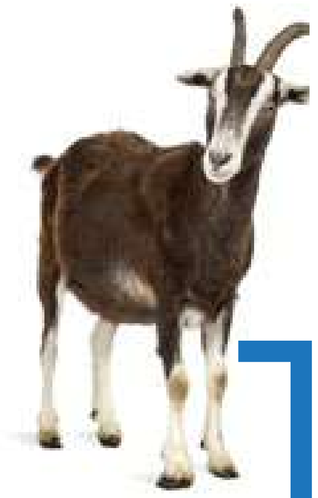
139
FAMERS IN 3,988 HECTARES BENEFITED WITH THE PROGRAM

Also, among our findings was that all the farmers use low environmental impact products to control pests and crop diseases; that 2,002 hectares have a basic sustainability level; 979 ha. with an advanced level; and 551 ha. are at a beginning level; based on the sustainable practices promoted by CIMMYT.

COMPREHENSIVE DEVELOPMENT OF GOATMILK SUPPLIERS

In support of goat farmers, our Silvopastoral project promotes a controlled grazing model, which increases milk quality and production. In 2019, we concentrated on developing Goatmilk Suppliers through the implementation of best practices to achieve greater productivity and profitability, in addition to have greater collection in less collection points.

We focused on developing goatmilk suppliers.



Along these same lines, the Comprehensive Development of Goatmilk Suppliers Project, with help from the Government of Guanajuato in Mexico and the FND (National Development Fund) was created to improve goat genetics and to optimize production through proper nutrition and animal health, and to develop the infrastructure for each goat farmer. Therefore, a parametric model was developed to evaluate if a goat farmer is creditworthy, and if the project has the minimum funding so it can be deemed a business.

SESAME IN COLOMBIA

We have a project whose purpose is to improve the quality of life for small sesame farmers in Colombia, through ties with Bimbo and Nutresa, thereby creating a competitive, sustainable, and profitable business for both parties. The project has advanced 68%.

4. TALENT

MORE THAN JUST ASSOCIATES...

WE DEVELOP OUR TALENT SO THEY MAY REACH THEIR MAXIMUM POTENTIAL

GRUPO BIMBO - ar 2019

OUR ASSOCIATES

(GRI 102-7, 102-8)

We are a deeply humane company. We recognize the dignity of the person, we value talent, experience, knowledge, and the opinions of our associates.

Respect, Justice, Trust and Care. are part of our Golden Rule.

At Grupo Bimbo, we are committed to being more than just a place to work, but rather a place where people can fully develop their professional and human potential in an atmosphere of respect and cordiality, where a culture of valuing diversity and inclusion is promoted, where there is no discrimination, and in which, above all to assure the well-being, safety, and develpment of our associates.

In keeping with our purpose of "Being a sustainable, highly productive, and deeply humane company", we focus on training leaders and associates consistent with our beliefs, and committed to our vision of leading with superior safety and organizational health.

We want to provide to the people that work in Grupo Bimbo with productive work and to contribute towards their development. To accomplish this, each and every one of our work centers is in charge of hiring the personnel needed to execute their processes. With this, the visibility regarding schedules, requirements, and vacant positions is increasingly more accurate and followed, in part thanks to the information compiled each year to analyze the performance of our Company in terms of hiring and turnover.

133,824* ASSOCIATES ON THE PAYROLL

AGE RANGE

< 30	30 - 50	> 50
28,277	84,198	21,350

	Total	Gender: Men	Gender: Women	Work shift: Fulltime	Work shift: Part time
MEXICO 57%	75,920	63,397	12,523	75,788	143
NORTH AMERICA 19%	25,460	20,155	5,304	30,267	2,300
LATIN AMERICA 15%	20,174	16,101	4,073	23,808	13
EUROPE, ASIA, AFRICA 9%	12,270	9,248	3,022	15,622	697
TOTAL		108,901	24,922	145,485	3,153

133,824 ASSOCIATES ON THE PAYROLL + **14,814** INDEPENDENT OPERATORS = **148,638** PEOPLE WHO WORK FOR GRUPO BIMBO

Number of work shift includes 100% of the organization, gender includes associates on the payroll.
* More details in complementary table 102-8.

ASSOCIATE SAFETY AND **WELLNESS**

(GRI 403-2)

At Grupo Bimbo we are committed to providing a risk-free work environment that ensures the physical safety of our associates and fosters wholesome lifestyles.

PRINCIPLES FOR WORKING WITH **SAFETY & WELLNESS**

1. EACH INJURY CAN BE AVOIDED

2. WE HAVE THE OBLIGATION TO WORK SAFELY

3. WE ARE RESPONSIBLE FOR THE SAFETY AND WELLNESS OF EACH OTHER

4. TO BE A WORLD CLASS COMPANY, WE MUST HAVE EXEMPLARY PERFORMANCE IN SAFETY AND CONTINUOUS IMPROVEMENT IN OUR WELL-BEING

5. WE ARE CAPABLE OF ACHIEVING WORK-LIFE BALANCE

BIMBO SAFETY & WELLNESS MODEL

1. LEADERSHIP

2. PEOPLE

3. PROCESSES

4. STRUCTURES

OBJETIVES

- CONSOLIDATE A CULTURE OF SAFETY & WELLNESS
- REDUCE INCIDENT RATES
- SELF-MANAGE WHOLESOME LIFESTILES

98%

(GRI 403-1)

OF WORK CENTERS OPERATE UNDER A SCHEME OF SAFETY COMMITTEES AND SUB-COMMITTEES

Key components in Safety & Wellness management are the existing Committees, Sub-committees, and Commissions found in the majority of the work centers, and which are focused on:

- **Providing follow-up** on Safety results and strategies.
- **Detecting** risks and mitigating based on prior analysis.
- **Identifying** and correcting unsafe behaviors through Safety observations.
- **Investigating** injuries to determine the root cause and the corrective measures needed.
- **Communicating** subjects related to prevention and health care, fostering the involvement of all associates, and recognizing good results.

These committees and sub-committees include supervisory and non-supervisory associates who represent the different areas within all the work centers.

This has enabled us to establish and follow up on safety standards, technical regulations developed for our processes, fire-prevention standards, and strategies that focus on health improvement and on achieving an improved work-life balance for our associates.

Our commitment to incident-prevention measures can be witnessed in the reductions achieved in recent years. However, the challenge continues present because despite all our efforts, this year, two associates and two external personnel had fatal injuries caused by a road accident and by maintenance service, respectively.

Nonetheless, we are strengthening the adherence to our procedures and regulations, to achieve zero injuries and to generate a culture of Safety which can be seen on and off the job.

2019 ACHIEVEMENTS

-10%

injuries vs. 2018 wich means 289 less injuries.

1,006 injuries less, due to injuries on the job, in the last 5 years.

Implementation of the zero tolerance clause in our Global Safety Policy

+60% reduction in absenteeism due to injuries on the job.

Increased timely detection of health-risk cases in all our organizations.

TALENT DEVELOPMENT
(GRI 202-2)

The inclusion of local leadership sthrengthens us, increasing benefits for the local community improving the Organization's capacity to understand the environment and needs of each region.

DRIVING LOCAL TALENT
(GRI 202-2)

We rely on a strategy of global mobility to ensure that leaders with development potential can expand their careers by accepting challenges in different markets and, in doing so, may obtain knowledge and experience that will help them grow personally and professionally.

Through international assignments, we take the right talent to the operations needed, thus offering greater benefits to our associates. For this to be possible, we have policies that help manage temporary or long-term assignments.

Moreover, the Global Talent and Development Office, together with other involved Global Management Office, create succession plans to identify the talent with potential, and implement actions for their development. Tracking is done through the individual development plan.

PERCENTAGE OF TOP MANAGEMENT HIRED FROM THE LOCAL COMMUNITY*

# VPS	REGION	%
83	MEXICO	92
73	NORTH AMERICA	100
22	LATIN AMERICA	59
19	EUROPE, ASIA, AFRICA	79
197	TOTAL GRUPO BIMBO	90

Definitions:
Top Management: Associates at VP2 level or above.
Local: Include those VPs either born or who have the legal right to reside permanently (naturalized citizens or permanent visa holders) in the geographic market of the Organization where they work.
Locations with significant operations: All those operations having VP levels within their structure.

TURNOVER

(GRI 401-1)

The Turnover rate helps us to identify those aspects influencing and motivating our associates to develop their talent, share their expertise, and increase their potential in a climate of respect, dignity and continuous learning.

TURNOVER RATE 2019

		GENDER		GENERAL TOTAL
		MALE	FEMALE	
Mexico	< 30	25%	27%	25%
	÷ 30 & 50	12%	17%	13%
	> 50	7%	11%	7%
Total Mexico		**14%**	**20%**	**15%**
North America	< 30	28%	33%	29%
	÷ 30 & 50	13%	16%	14%
	> 50	6%	8%	7%
Total North America		**13%**	**16%**	**13%**
Latin America	< 30	20%	18%	19%
	÷ 30 & 50	13%	15%	13%
	> 50	7%	9%	7%
	Not specified	100%	100%	100%
Total Latin America		**14%**	**16%**	**15%**
Europe, Asia, Africa	< 30	50%	10%	48%
	÷ 30 & 50	14%	6%	12%
	> 50	10%	6%	9%
	Not specified	0%	100%	50%
Total Europe, Asia Africa		**30%**	**6%**	**25%**
GENERAL TOTAL		**16%**	**17%**	**16%**

During the year, the turnover rate. In Grupo Bimbo was 16% (terminations / total associates)

TRAINING

(GRI 404-1)

Training is one of the fundamental pillars within Grupo Bimbo. Because of this, as of their first year with us, all our associates are offered training programs in institutional content, and according to their position and responsibility they are supplied with the subsequent technical courses needed. This is how the immediate supervisors and the people in charge of development in each organization promote the offerings available in GB University (our internal platform of learning management) .

The Development Managers conduct monthly follow-up regarding compliance with the annual training in classroom, and global courses are communicated and given follow-up through our GB University Committee. With these actions, our commitment to drive meaningful growth and development for all our associates is evident.

HOURS OF TRAINING FOR ASSOCIATES

2,538,442

1,941,948 | 596,494

	TOTAL HOURS			AVERAGE (HR)	
OPERATIONS AND STAFF	1,586,894	1,204,468	382,426	13	18
SUPERVISORS	726,668	576,250	150,418	57	61
EXECUTIVES AND DIRECTORS	224,880	161,230	63,650	54	58

* Hours of training for active associates at the close of 2019
Details in complimentary table 404-1.

(GRI 404-2)

In order to foster the human and full development of our associates, we offer programs that focus not only on improving leadership skills, but also personal, cultural, and philosophical subjects. We also have programs that render support during the different stages of their professional lives, such as those designed to help associates in their transition to retirement. In each case, the immediate supervisor, together with the local People Department, are in charge of directing the associates in the direction of these programs.

These programs are focused by segments:

a. For all personnel
b. For staff levels
c. For manager levels
d. For executives and VPs

TRAINING PROGRAMS

- ONBOARDING
- COMPLAINTS AND CONCERNS
- *COACHING FOR IMPROVEMENT*
- EXECUTIVE LEADERSHIP DEVELOPMENT PROGRAM
- LEADERSHIP SEMINAR
- COMMUNICATION WITH WORK TEAM
- CHANGE MANAGEMENT
- HARVARD HMM
- VISION OF THE FUTURE, LEARNING AND CHANGE
- ENSURING ASSOCIATE PERFORMANCE
- CONFLICT RESOLUTION
- RENEWING MY COMMITMENT
- SAFETY AND WELLNESS
- PERFORMANCE EVALUATION SESSION
- DISCIPLINARY ACTIONS
- NETWORK WORKSHIP
- BASIC PRINCIPLES (SUPERVISION MODULES)
- RECOGNITION HOW TO GIVE IT?
- TERMINATION OF WORK RELATION
- MINDSET SHIFT
- LISTENING WITH UNDERSTANDING
- CORRECTING PROBLEMATIC BEHAVIOR
- HELP WITH PERSONAL PROBLEMS

EVALUATION
(GRI 404-3)

At least once a year we conduct a performance evaluation based on criteria known by the associate and his/her leader. This evaluation may be completed only by the direct manager, and in some cases it may involve the participation of other associates.

These practices contribute to the professional and individual development of the person and they foster good working relationships.

96,358
EVALUATED ASSOCIATES

80,030 MEN | **16,328** WOMEN

A quarterly feedback mechanism was incorporated into the talent management system through a new global evaluation model.

THE ENGAGEMENT OF OUR PEOPLE

Each year we measure the Engagement of our people with a tool co-designed by Grupo Bimbo and Mercer. It is a survey that measures associate perceptions regarding 15 dimensions, with the purpose of knowing the extent to which they contribute energy and effort towards the meeting of goals, and their satisfaction with the Company. The results are used to generate action plans, even at the work center level, in the hopes of continuing to have and increasing the engagement of our people.

102,043
ASSOCIATES SURVEYED

We shall continue developing new and better initiatives that recognize and reward our high-performance associates.

COMPENSATION

(GRI 102-39, 202-1, 401-2, 405-2)

As part of our interest in ensuring our associates' well-being and quality of life in all aspects, we follow a Compensation Policy based on a Total Rewards model, to maintain compensation updated and competitive.

During 2019, we offered the Compensation Course for Grupo Bimbo Leaders to our top executives, in both English and in Spanish. This course provides the tools and information required to better manage compensations for their teams. We shall continue to develop new and enhanced initiatives that recognize and reward our high-performance associates.

TOTAL **REWARDS MODEL**

1. SALARY

2. BENEFITS

3. CARREER

4. LIFE/WORK

GRUPO BIMBO COMPENSATION POLICY

Our wages are equal or above the minimum wage in all the countries where we operate, and we make sure the hiring conditions cover everything set forth by the local labor legislation.

In addition, we determine the compensation of associates by considering their performance evaluations, which recognize objectives met or outstanding performance versus established business plans, and proven aptitudes, in addition to the financial results of our Company in each country and globally.

Each associate's salary from the work position held, the impact level, and comparable pay for similar positions in the market where we operate, with the required responsibilities and profile regarding experience, education, and skills.

The wage information used for these comparisons and to determine the respective wage levels is provided by third parties, that is, consultancy firms with global renown in the field of compensations.

INCREASE IN ANNUAL COMPENSATION

(GRI 102-39)

COUNTRY	ORGANIZATION	PERCENTAGE INCREASE RATIO FOR TOTAL ANNUAL COMPENSATION*
Colombia	Latin Centro	1.0
Chile	Latin Sur	1.4
Canada	Bimbo Canada	1.0
Mexico	Bimbo Mexico	1.1
Spain	Iberia	1.0
Brazil	Bimbo Brazil	1.4
USA	Bimbo Bakeries USA	1.6

• Number of times that an associate with greater income had a percentage increase in total annual compensation vs. the median increase percentage or total annual compensation for the rest of the associates.

• Information is presented for the 7 countries with the most significant operation in terms of sales amount for 2019, and the number of non-operational associates.

* Considered in the calculation: full-time non-operational associates, excluding part time associates, specific projects and international assignments, associates filling regional positions in the countries considered, and those associates who were excluded from the annual increase because they were promoted or are newly hired.

* Total annual compensation considers annual income based on: base salary, guaranteed compensation, incentives, long and short-term bonuses. For Mexico and Colombia, compensation factors were applied according the level for each position.

RATIO OF STARTING SALARY AND LOCAL MINIMUM WAGE
(GRI 2019-2020/ 202-1, 102-35, 102-36, 102-37, 102-38)

		USD				LOCAL CURRENCY	
		COUNTRY'S MIN. WAGE	MIN WAGE GRUPO BIMBO	% DE VARIATION	EX RATE 20.01.20	COUNTRY'S MIN. WAGE *	MIN WAGE GRUPO BIMBO **
Mexico	Bimbo	198.16	501.29	253%	18.65	3,696.60	9,351.15
	Barcel	198.16	392.36	198%	18.65	3,696.60	7,319.23
	El Globo	198.16	270.18	136%	18.65	3,696.60	5,040.00
	Corporate	198.16	693.95	350%	18.65	3,696.60	12,945.23
	Moldex	198.16	301.75	152%	18.65	3,696.60	5,628.90
USA		1,160.00	2,304.14	199%	1.00	1,160.00	2,304.14
Canada Bread ***		1,286.12	1,524.08	119%	0.77	1,680.72	1,991.69
UK		1,735.02	1,783.62	103%	1.30	1,334.33	1,371.71
Latin Centro		353.55	367.42	104%	-	-	-
Latin Sur		348.37	597.65	172%	-	-	-
Brazil		239.68	491.51	205%	0.24	998.00	2,046.60
Iberia		934.58	1,095.43	117%	0.90	842.50	987.50
China		320.67	389.18	121%	0.15	2,200.00	2,670.00
Total Average		**566.83**	**824.04**	**145%**			

Figures expressed in monthly Base Salary in USD with exchange rates in effect at 20 Jan. 2020.
Source of exchange rate:
Not considered are BQ, India, and Morocco because these operations are in the process of integration with the Grupo Bimbo model.
*The starting salary ratio is the same for either gender. There is no distinction.
**Considers the national (country) average monthly base salary for the lowest representative operational position in Grupo Bimbo.
***Reported as the Minimum Grupo Bimbo Wage for the wage structure.
At Grupo Bimbo, wages are the same or higher than the minimum wage in all countries, always adhering to any and all provisions established by the laws of the markets where we operate.

TOTAL ANNUAL COMPENSATION RATIO FOR WOMEN VS. MEN*
(GRI 405-2)

COUNTRY	ORGANIZATION	STAFF	SUPER-VISORS	EJECUTIVES &VPS
Chile	Latin Sur	0.8	1.0	1.0
Brazil	Bimbo Brazil	1.1	1.1	1.0
Canada	Bimbo Canada	0.8	0.9	1.0
USA	Bimbo Bakeries USA	0.8	1.0	0.9
Spain	Iberia	1.0	1.0	0.8
Mexico	Bimbo Mexico	0.8	1.0	0.7
Colombia	Latin Centro	1.1	1.0	1.0

*The average number of times that women earn vs. total annual compensation for men by position level.
* Information is presented for the 7 countries with the most significant operation in terms of sales amount for 2019, and the number of non-operational associates.
* Considered in the estimate: full-time non-operations associates, excluding those who are time, on special projects or international assignments, or those filling regional positions in those countries considered.
• Total annual compensation considers annual income according to: base salary, guaranteed compensation, incentives, commissions, and long and short term bonuses.
For quantification, compensation factors as per the level of each position were applied.

BENEFITS FOR FULL-TIME ASSOCIATES
(GRI 401-2)

	FULL TIME	PART TIME	TEMPORARY
STOCK OPTIONS **LEVELS: VP 1 AND/OR 2 AND/OR DIRECTORS** Brazil, Canada, China, Iberia, LAC, LAS, Mexico, UK, USA.	☐		
ASSIGNED CAR **LEVELS: VP 1 AND/OR 2 AND/OR DIRECTORS** Canada, Colombia, Guatemala, Honduras, Iberia, LAS, Mexico, Nicaragua, Panama, UK, USA, Venezuela, Brazil, El Salvador, Costa Rica.	☐		
MATERNITY OR PATERNITY LEAVE Mexico, Canada, Iberia, LAS, LAC, UK, USA, Brazil. Also for temporary associates only in Iberia, UK, USA and Canada	☐	☐	☐
ANNUAL PERFORMANCE BONUS Brazil, Canada, China, Iberia, LAC (except administratives in Ecuador), Mexico, UK, USA, LAS (except Paraguay).	☐	☐	
MEDICAL CHECKUP **AT LEAST FOR VICE PRESIDENTS** Mexico, UK, LAC, Brazil. LAS (Aandrgentina y Chile).	☐	☐	
DISABILITY COVERAGE Brazil, Canada, Colombia, Iberia, Mexico, Panama, UK, USA, LAS. Also for temporary associates only in: Iberia, UK.	☐	☐	☐
LIFE INSURANCE Argentina, Brazil, Canada, Chile, China, Iberia, LAC, Mexico, Peru, UK, Uruguay, USA. Also for temporary associates only in: El Salvador, Honduras, Brazil, Canada.	☐	☐	☐
MEDICAL INSURANCE Offered at all levels: Argentina (except operational level), Brazil, Chile, Ecuador, Honduras. Offered at Director level and upward: Canada, China, Colombia, Costa Rica, El Salvador, Guatemala, Iberia, Mexico, Nicaragua, Peru, UK, USA. Supervisory level and upward: Panama. Also for part time and temporary associates: Only in UK	☐	☐	☐

- Only those benefits offered to in over 40% of the countries Where GB operates are mentioned, and for at least one hierarchical level. (The benefit called “retirement provisions” is not offered in more than 40% of the countries where Grupo Bimbo operates.)
- LAC: encompasses Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Venezuela.
- LAS: encompasses Argentina, Chile, Peru, Uruguay, Paraguay
- Iberia: Spain and Portugal

DIVERSITY & INCLUSION
(GRI 405-1)

One of the ways we value people is the conviction that diversity enriches us and inclusion strengthens us.

The concept of Diversity and Inclusion is a fundamental enabler for our Vision for 2020.

POLICIES ON DIVERSITY AND INCLUSION

1. GLOBAL DIVERSITY AND INCLUSION POLICY*
2. GLOBAL POLICY ON THE PREVENTION OF HARASSMENT AND DISCRIMINATION*
3. MATERNITY AND PATERNITY POLICY**
4. FLEX TIME POLICY**

* GLOBAL ** LOCAL

PARENTAL LEAVE
(GRI 401-3)

We grant different benefits related to maternity and paternity leave. These include: working from the home and leave for a full year to care for the baby, with the ability to return without losing any seniority.

Each country should adopt the maternity and paternity leave in keeping with organization needs and in compliance with labor legislation.

We seek to go beyond tolerance,
truly valuing the person.
Living by a culture of inclusion
where all persons feel they belong
and have the same development
opportunities, being free
to be themselves.

DIVERSITY AND INCLUSION

(GRI 405-1, 401-3)

Each region or country where we are present has Diversity and Inclusion Committees, and a local specialist charged with defining and implementing the strategy for this subject, creating an action plan, executing it, and being accountable to the Central Committee.

We seek to increase the diversity of our labor force through the conscientious inclusion of groups who are less represented among the candidates interviewed for any given position. Each list of candidates must have at least 25% of diverse talent in any of its facets. This is reported every two months, working together with the Talent Attraction area.

All our organizations celebrate the month of diversity and inclusion in October, with activities aimed at promoting among all the associates of the group, the value of individuality.

DIVERSITY AND INCLUSION SEMINAR

This is a global awareness program for associates in leadership positions. The purpose is to teach our leaders the importance of having diverse work teams, and to help them overcome any biases.

PEOPLE WITH DISABILITIES

We have people who have a disability and we have identified positions where they may grow and do their work safely. Our objective is to increase this number each year, granting equal opportunities.

In the different countries where we operate, we adapt the Diversity and Inclusion strategy to the laws and/or needs of the geography, making sure we include persons who have any disability.

SEXUAL DIVERSITY

At Grupo Bimbo we believe that all associates have potential, regardless of gender, age, disabilities, origin, religion, race, physical traits, or sexual identity.

Moreover, we have an alliance with associations that support the community and maintain our Diversity and Inclusion leaders trained.

FEMALE TALENT DEVELOPMENT IN LEADERSHIP POSITIONS

We support gender equality and therefore, the Leadership Circles, a program based on the LEAN IN methodology, which includes female talent and a mentor -an internal VP- who meet every two months to develop and empower groups of women throughout the organizations having a Diversity and Inclusion Plan.

CHILD LABOR

408-1

Under no circumstances does Grupo Bimbo employ minors or young people who are not authorized to work by any local legislation in force. Our Code of Ethics clearly defines this. Our recruitment process ensures that all candidates show legal proof of age by requesting official documents that can verify what is written on the application form. In some countries, the information is validated by government agencies or public health institutions. The duties to be performed by young people are designed according to criteria established under the legislation of each country.

Internal and external inspections are performed, where a functional entity, either corporate or regional, sporadically makes visits to ensure that established processes are being followed, including that of verifying labor contracts, to ensure full compliance with legislation and GB internal policies. When preparing this report, no organization was found to have any risk of incurring in child labor.

Lastly, our suppliers are obligated to comply with the provisions of our Code of Ethics, and to sign the Supplier Code of Behavior, wherein the ban on child and forced labor is clearly established anywhere in their production chain.

FORCED LABOR

409-1

Grupo Bimbo categorically rejects forced labor. This commitment is clearly visible in our Code of Ethics. In addition, there is a Speakup Line, to be able to denounce any violation. During the period covered by this report, there was no risk noted or case related to forced or mandatory labor. The following organizations and countries report the use of the voluntary signing of individual labor contracts as a mechanism with which to avoid forced labor: BQ (France, Ukraine, Turkey, Russia, Italy); EAA (China). On the other hand, the USA and Canada reported having criteria in their Collective Bargaining Agreements (CBA) that cover overtime.

In other business units, overtime is customary, and they are of mutual agreement and voluntary between the Company and the associate. Said overtime is paid according to applicable legislation in force, never exceeding established limits.

PROMOTING HEALTHY LIFESTYLES

(GRI FP4)

We have a Global Wellness Policy that specifies the duties of the Company and its leaders, with a wellness model that governs our actions.

WELLNESS MODEL PILLARS

1. CORRECT FEEDING
2. PHYSICAL ACTIVITY
3. HEALTH
4. LIFE BALANCE

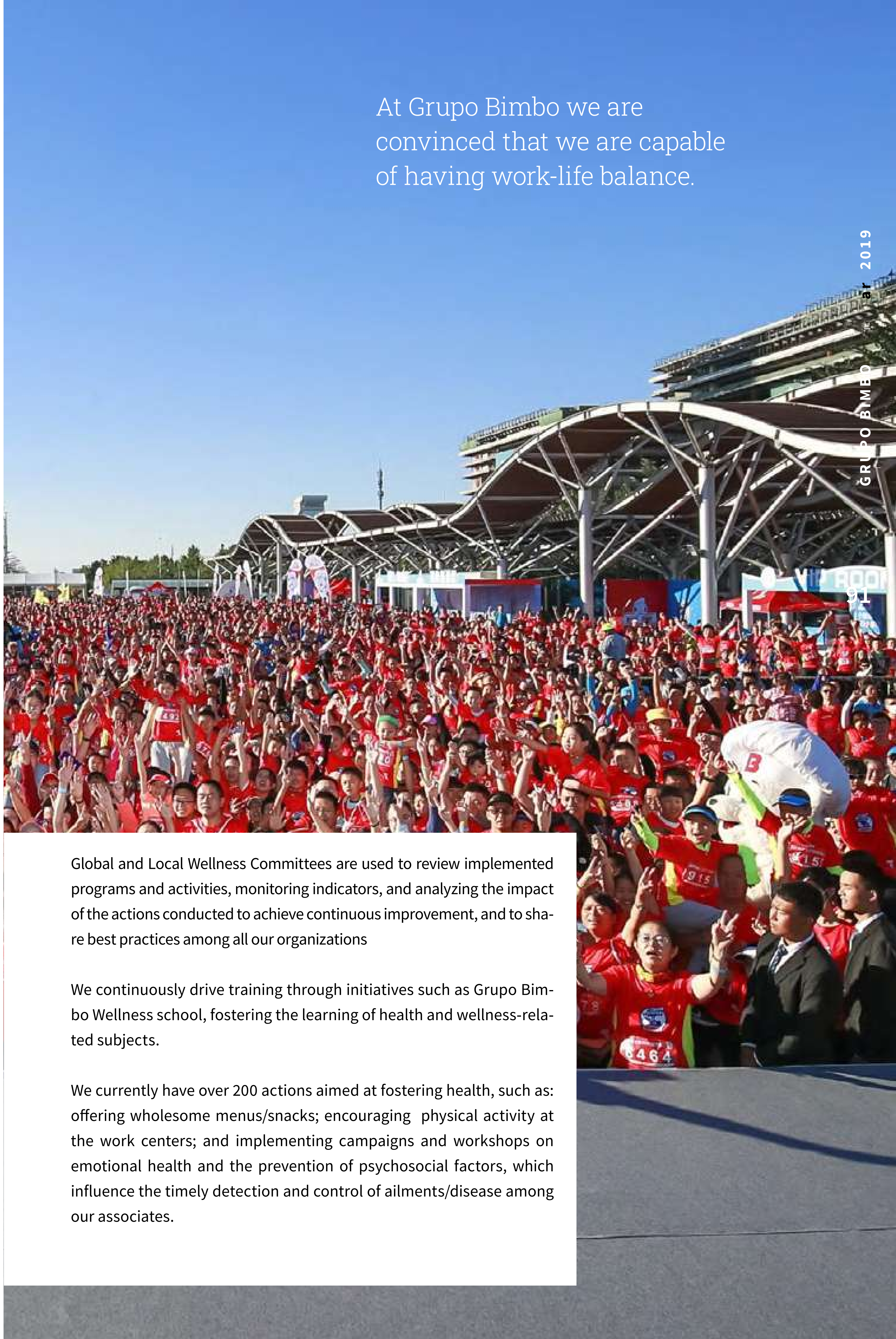
Through the Wellness Strategy, Grupo Bimbo seeks to have all its associates able to self-manage healthy lifestyles and be aware of the care needed for physical and mental health.

Our challenges in promoting health and wellness among our associates are:

- **Having a positive influence** on the health of our associates•
- **Having work centers** that foster adopting wholesome lifestyles
- **Detecting and mitigating** risk factors for our health at our work centers
- **Maintaining** indicators and analytics to measure the impact of wellness programs.

The basic principles that govern these efforts are: information confidentiality, flexibility when implementing health and wellness programs, and participation out of conviction.

At Grupo Bimbo we are convinced that we are capable of having work-life balance.



Global and Local Wellness Committees are used to review implemented programs and activities, monitoring indicators, and analyzing the impact of the actions conducted to achieve continuous improvement, and to share best practices among all our organizations

We continuously drive training through initiatives such as Grupo Bimbo Wellness school, fostering the learning of health and wellness-related subjects.

We currently have over 200 actions aimed at fostering health, such as: offering wholesome menus/snacks; encouraging physical activity at the work centers; and implementing campaigns and workshops on emotional health and the prevention of psychosocial factors, which influence the timely detection and control of ailments/disease among our associates.

GRUPO BIMBO | ar 2019

5. CONNECTION

MORE THAN JUST A ROUTE...

WE MAKE TECHNOLOGY OUR BEST ALLY SO WE CAN BE CLOSER TO OUR CUSTOMERS

GRUPO BIMBO - ar 2019

DISTRIBUTION

(GRI 302-4)

Beyond completing the mission of making delicious and nutritious products available to all, at Grupo Bimbo we seek to distribute well-being to the communities and sustainability to the planet.

WE REDUCED OUR CARBON FOOTPRINT THANKS TO PROJECTS SUCH AS SUPPLY CHAIN MASTER FOOTPRINT AND MAX CUBE, WHICH HELP TO OPTIMIZE THE USE OF TRANSPORTATION

ENERGY EFFICIENCY

With all this in mind, our Distribution strategy is fully in line with our environmental management, whereby we seek to standardize practices for the responsible use of resources, the optimization of routes, and the use of alternate fuels, through innovation and the commitment of everyone who is part of the value chain.

With projects such as Supply Chain Master Footprint and Max Cube, we seek to optimize the node network for better use of transportation, thereby meeting the demand of our consumers, increasing business profitability and, at the same time, reducing environmental impacts.

We have 8,836 vehicles within the Transporte Limpio (Clean Transportation) program in Mexico.

179
RAILROAD TRIPS
OVER 500 KM LONG

1,148
VEHICLES WITH EURO 6 TECHNOLOGY IN SPAIN

2,397
VEHICLES WITH EURO 5 TECHNOLOGY IN MEXICO

Different initiatives were conducted in 2019, such as the maximization of tray capacities, the optimization of routes in terms of volume carried, better inventory management in our sales centers and distribution centers, and the use of different digital tools that, through simulations, allow us to define the best location and distribution of our products, thus directly impacting the improvements to our routes and transportation use, which therefore reduces CO_2e emissions.

1,732 of our vehicles have a Selective Catalytic Reduction technology (SCR) that uses a reducer agent through a catalyst that transforms NOx contaminating gases into nitrogen and water vapor.

ALTERNATE FUEL

At Grupo Bimbo we have always been known for innovating and for developing new initiatives that have a positive impact on the environment, as is the case of the development and use of alternate fuel sources in our vehicle fleet.

Grupo Bimbo currently has 2,681 vehicles that use alternate fuels.

657	1,329	603	92
ELECTRIC	NATURAL GAS	LP GAS	ETHANOL

A success story is the development of electric units by Moldex, a Grupo Bimbo affiliate that has been working with the engineering and production of this vehicles since 2012. Our goal for the coming four years is to have 4,000 electric vehicles in our fleet to distribute products around Mexico, representing an investment of 2.8 billion Mexican pesos.

The energy with which the current vehicles are supplied comes from the Piedra Larga Windfarm, located in the state of Oaxaca and from solar energy. By including these technologies in the strategy, we will be closing a virtuous and sustainable cycle.

Our goal is to have 4,000 electric units in Mexico within the coming four years.

TECCHNOLOGY & INNOVATION

(GRI 203-1, 203-2)

We implemented the Industrial Internet of Things to optimize productivity in the supply chain and to make the operation more efficient by monitoring the production lines in real time.

100

PRODUCTION LINES WITH INDUSTRIAL INTERNET OF THINGS SYSTEM

The Industrial Internet of things allows real time monitoring the behavior of assets and resources, and assisting in the information analysis and reduction in decision time making.

INDUSTRIAL INTERNET OF THINGS

By connecting our production lines, we are able to work on solving different issues, such as downtimes, waste and overuse of resources (water, gas, and electricity). In addition to affecting delivery times and stressing the associates, it creates major environmental impacts.

Through the Industrial Internet of Things, we optimize productivity in the supply chain by accurately detecting downtimes and convey them to those who need to know through an alarm system. At the next level, the Industrial Internet of Things is meant not only focused on solving, but also to prevent and predict production behaviors.

Real time monitoring of production lines, to make proper and timely decision making easier. We have three pilot analytics in Mexico and Ecuador.

INTEGRATED SYSTEM FOR ENTERPRISE MANAGEMENT

By late 2019 we completed the deployment of our new enterprise management system in the cloud (Integrate Enterprise Management System), in six organizations throughout different geographies as part of our multi-annual update and standardization process of technological solutions for Grupo Bimbo. This includes supply chain solutions such as transportation and warehouse management. We also began the process to change and improve our new platform for route sales management, better known as RTM -Route to Market. This new system allows for more efficient processes, better access to and analysis of information, including details such as geo-localization.

To interact more directly with Customers and Consumers, we began operating our Market Listening and Attention System, a digital platform that will maintain ongoing capacity growth. The administrative processes continued with progress in redesign, improvements and automation; for this, 40 different robots were activated to take over repetitive tasks. This created over 5 million dollars in value, allowing teams to focus on more advanced and more valuable analysis for the business.

6 MILLION USD

IN SAVINGS, THANKS TO RTM

40

DIFFERENT ROBOTS

Innovation is a fundamental part when developing new products, but also in ongoing process improvements to make this planet a better place.

RESEARCH & DEVELOPMENT

(GRI 203-1, 203-2)

Our innovation centers work on the development of products, packaging, nutritional improvements, advertising, and responsible labeling.

7 INNOVATION CENTERS

- **2** USA
- **2** EUROPE
- **1** CANADA
- **1** MEXICO
- **1** LATIN AMERICA

GRUPO BIMBO - ar 2019

BIMBO VENTURES

In our constant effort to generate strategic alliances to develop innovation projects, in 2016 we created Bimbo Ventures: our business area devoted to finding technological solutions in worldwide innovation ecosystems that rise to the great challenges of today.

From its beginnings, we seek to strengthen our Joint Ventures portfolio for Grupo Bimbo and identify and drive startups with disruptive technology or ideas in the field of new products, ingredients, and packaging; as well as innovations in commercial and distribution processes, digital innovation, and autonomy.

In 2020, with the goal of broadening our horizons, Bimbo Ventures will open offices in Israel where we will be searching for new innovation trends through startups that will enable us to drive the development of our business.

We will then be able to identify proposals having potential and verify the feasibility of implementing them in our operating processes and, if the case, build win-win relations through commercial agreements, investments, purchases, or associations.

17
STARTUPS
FOSTERED

+500
PARTICIPANTS

+1,000
HOURS OF ACCELERATION

+8
COUNTRIES ON THE AMERICAN AND EUROPEAN CONTINENTS

+300
GRUPO BIMBO ASSOCIATES SUPPORTING AND WORKING WITH ENTREPRENEURS

ELEVA

Through Bimbo Ventures, in 2017 we created an alliance with Bluebox to create the ELEVA Food Technology Accelerator platform by Bimbo: our accelerator for startups with solutions in ingredients, new products, and packaging innovations; technology for supply chains and waste reduction; automation for production lines; payment and/or transaction methods; and retail or sales.

Throughout the first two generations, ELEVA has fostered 17 startups with over 500 participants, in places such as Mexico, Chile, Colombia, Brazil, Argentina, Peru, Canada, and Guatemala.

As a result, we have invested in startups/concepts:

- Chia Mia a company that produces food products that contain chia.
- Lefort with Robot Process Automation to accelerate administrative processes.
- Kicao: a cocoa bar with sales rights now owned by Ricolino.
- Freezen: a Colombian company that produces and markets ice cream fortified with protein.
- Virtuelle: a company that develops virtual and augmented reality.

We have also sought new technologies with the assistance of venture capital funds. We have currently invested in three funds: two in San Francisco that are devoted to digital, software, hardware, agrobusiness and food-related subjects. The third one is based in Switzerland, which works on developments in the area of plant-based food products.

Moreover, we are close to opening a hub in the USA that will work exclusively with nutrition. With this in mind, we will leverage an internal area called Acelerada, which will work as part of Bimbo Ventures and whose goal is to seek innovation.

ELEVA
Food Technology Accelerator
by BIMBO

BAKELAB

In 2020, for the first time ELEVA will be headquartered in Latin America, under the name of BAKELAB, where startup entrepreneurs will be able to participate with projects having at least two years of development, with validated MVP (Minimum Viable Product) characteristics or a defined business model that offers innovative solutions in any of our four categories.

SELECTION PROCESSES

To be able to select the best proposals, during phase one the entrepreneurs present their ideas to a committee that will select those with the greatest potential; then, during the acceleration process they have 16 weeks to develop their projects with the help of mentors and with access to GB infrastructure. Upon completion of this period, there projects will again be presented on DEMO DAY, so as to be able to decide which projects and in which manner to work with them.

BAKELAB PRINCIPLES

1.

FOOD FOR THE WORLD
New ingredients, Innovative products, and Sustainable packaging

2.

INTELLIGENT SUPPLY CHAIN
Waste elimination, Industrial and road safety, Process digitization and automation, and Optimization of energy and natural resources

3.

VALUE FOR THE CUSTOMER
Distribution network and sales force, Logistics efficiency and last mile, and New distribution channels or digitization of point of sales

4.

UNDERSTANDING THE CONSUMER
Market intelligence, Customer Service, Predictive demand models, Marketing campaign efficiency, and Collecting point of sale information

During the last four years, in our constant search for innovation we have worked with over 200 startups throughout the world.

91
ASSOCIATES

35
PROTOTYPES

HACKATHON

Hackathons have become commonplace when developing software, with the meeting of the minds of young people who are experts in technology. They are given challenges to be solved with disruptive solutions.

Through the use of this technique, with the participation of 91 associates we solved the challenge, thereby obtaining the development of 35 prototypes, with guidance from mentors and internal experts. The most creative teams were given an award; we are currently implementation tests with the best proposals in our packaging area.

PROMOTING INNOVATION

Another activity we have promoted is that of inviting experts from around the world to our corporate offices in Mexico City, to share their expertise in innovation and their vision of the future.

Some of the subjects we have approached include challenges faced by humanity in light of technology, artificial intelligence, robotics, 3D printing, drones, and solar energy, among others.

GRUPO BIMBO | ar 2019

6. EFFICIENCY

MORE THAN PROCESSES...
(GRI 102-31)

OUR ENVIRONMENTAL MANAGEMENT

(GRI 103-1, 103-2, 103,3)

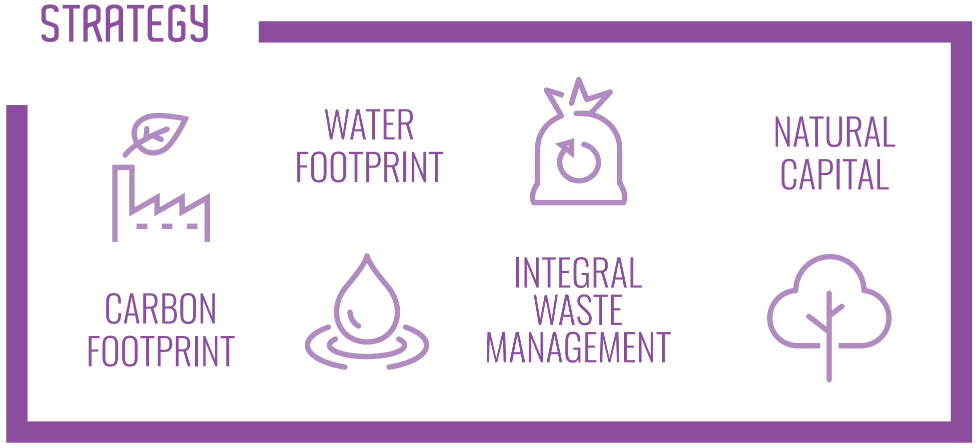
Grupo Bimbo is committed to the planet, which we reiterate by efficiently using resources and enhancing all aspects of the value chain and including the responsibility of creating economic, social and environmental value within all our strategic business decisions.

Materiality has been defined through evaluations made of environmental aspects and impacts in our operations' environmental performance, legal compliance and that of customer requirements, KPIs management, and specific requirements of stakeholders.

The strategy we follow in order to contribute to environmental improvements is divided into two major parts: efforts within our plants and direct operations; and initiatives from each area within the value chain.

In the plants we focus on complying with standards defined within a list of mandatory good practices, follow-up on continuous improvement KPIs regarding environmental performance for each operation, and the implementation of new technologies that help to mitigate overall environmental impact.

OUR ENVIRONMENTAL STRATEGY



"Our commitment is to the efficient use of natural resources so as to preserve the environment and keep it in the best conditions possible, through waste reduction and the implementation of continuous improvement processes throughout the value chain."

We have a digital tool to monitor our environmental performance called BEST through which we generate monthly reports that identify operations with greater progress or opportunity, thus facilitating decision making that will lead to ongoing improvement. Likewise, with the purpose of standardizing the different units of measure and conversion factors in the countries where we operate.

With planning activities conducted with key areas and functions for each area companywide, as of 2017 we defined the main impacts and risks, and strategic projects to be worked on during the following years, with the purpose of achieving a sustainable value chain in all countries where we operate.

For this, we have an environmental leader who, within normal activities, coordinates these efforts in his/her area and presents results to the Environmental Management Committee (multidisciplinary group in each area that provides follow-up on environmental projects, goals, objectives and commitments). The same group presents a report twice a year to top management board.

In addition to the specific projects conducted by each area, the development of specific cross-functional initiatives throughout the value chain began in 2018. Collaborative solutions are suggested and these are followed up, such is the case of Food Waste, Packaging, Carbon Footprint, and Water Footprint.

As the next steps to be taken, the best practices already in use with good results in other regions will be replicated through the assistance of the corporate team and different organizations.

An example of the cross-functional projects is the Sustainable Buildings project which encompasses different areas to define the environmental maturity standards at three levels, and ensures ongoing improvement in the infrastructure and operation of our work centers worldwide.

During 2019 was defined a technical sheets were we define global strategies in each functional area for all business units, with the purpose of clarifying the requirements and actions needed in each organization, the role of the different areas in the defined cross-functional projects, the KPIs to be used to measure progress achieved in implementation, and the minimum points to be achieved during the following years.

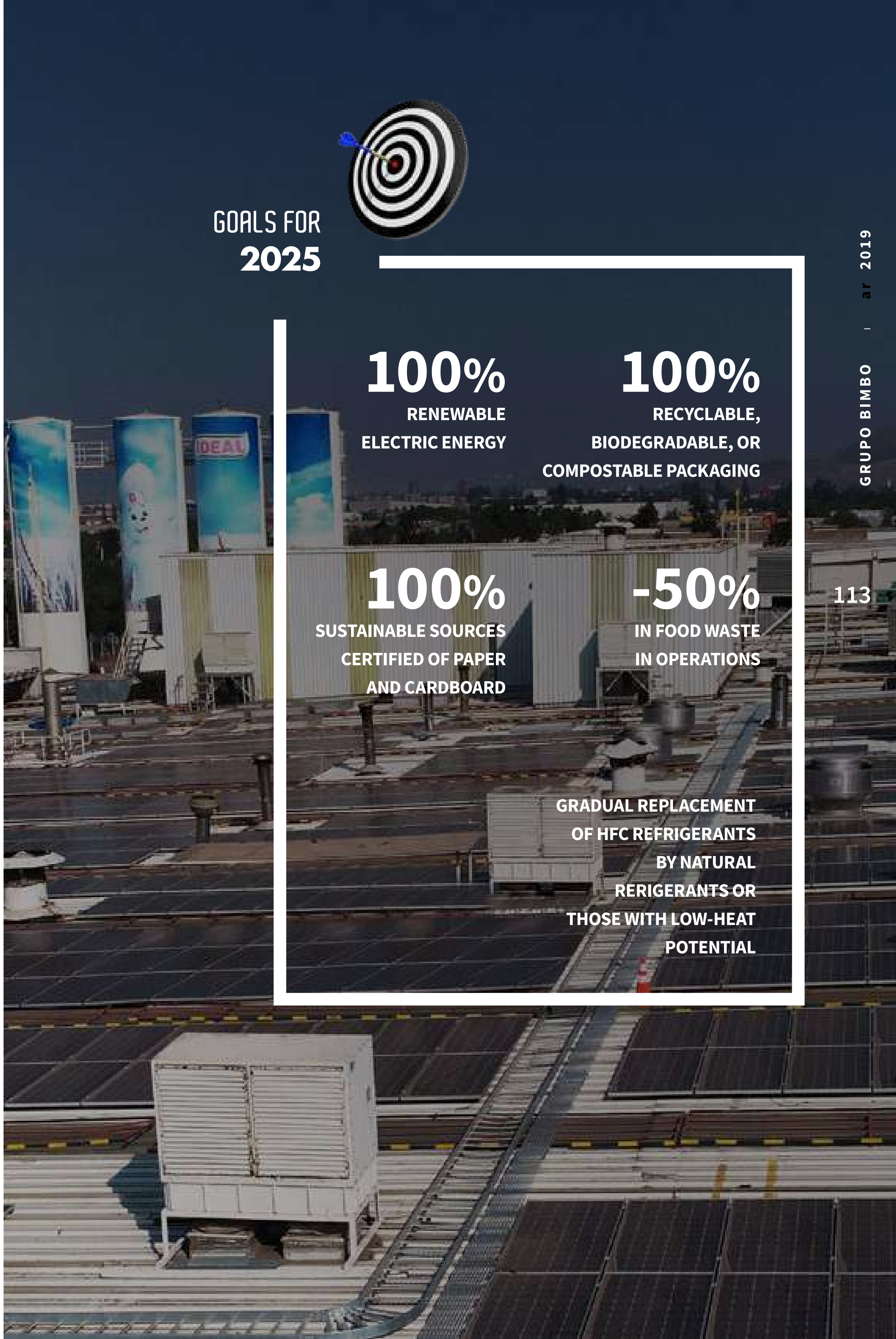
These technical sheets are the foundations for environmental management throughout the value chain of the organizations and for local environmental committee training.

ENVIRONMENTAL MATURITY STANDARDS

1. BASIC
Operational best practices and low-investment projects

2. INTERMEDIATE
Infrastructure and management practices, and mid-range investment projects

3. ADVANCED
Practices that lead to ongoing improvement and disruptive projects



GOALS FOR 2025

100% RENEWABLE ELECTRIC ENERGY

100% RECYCLABLE, BIODEGRADABLE, OR COMPOSTABLE PACKAGING

100% SUSTAINABLE SOURCES CERTIFIED OF PAPER AND CARDBOARD

-50% IN FOOD WASTE IN OPERATIONS

GRADUAL REPLACEMENT OF HFC REFRIGERANTS BY NATURAL RERIGERANTS OR THOSE WITH LOW-HEAT POTENTIAL

Our USA operations were recognized for the third consecutive year as Energy Star Partner of the Year, making the company in that country known for its Sustained Excellence.

PLANT RECOGNITIONS

# PLANTS	PLACE	RECOGNITION	REASON
16	USA	Energy Star Certification	For having a score of 75 or more, according to performance indicator used (EPI).
1	USA	Energy Star challenge for industry	For achieving 10% energy use reduction in 5 years (maximum recognition for any company throughout entire food industry in the USA.
32	Mexico	Clean Industry	A program allowing for incorporation of environmental management system and which enables regulatory compliance, evaluated overall and with documentation, regarding the way a company meets the objective of environmental protection.
8	Europe	ISO 14001	The international standard that focuses on the implementation of an environmental management system that identifies, catalogs, and manages environmental risks in an organization.
1	Costa Rica	Bandera Azul	An award given for the commitment and efforts aimed at reducing the Carbon Footprint.
1	Venezuela	*Soy Responsable*, in the environmental category	Recognition for eight consecutive years in joint projects with non-profit NGOs for the recycling of plastic and glass along the coasts of Venezuela.
1	Costa Rica	Energy Efficiency Award	Recognition for our electric power supplier, due to the intelligent managing of electricity in real time.
1	Argentina	Participation in the Learning Network for Energy Management Systems in Industry	Recognition within a three-party cooperation project: Argentina, Mexico, and Germany.
1	Chile	APL III Certification	Certification during the clean production agreement in the country, due to its performance with established goals.
1	Colombia	Logistics Efficiency	Recognition from the Municipality of Bogota and the Mobility Secretary, for the delivery schemes at non-traditional hours, and the use of environmentally and operationally efficient delivery fleets.
1	Colombia	Neutral Carbon Footprint	For the 2nd consecutive year, our transportation fleet has been granted. This certificate by CO2Cero, an agency that is part of the ICNTEC Colombian Technical Standards Institute.
5	USA Colombia Mexico	LLEED Certification	Certification based on highly demanding rules and standards in international design and construction.

Metropolitan Distribution Center in Mexico. obtained LEEDS Platinum, the highest level of certification for sustainable buildings.

WASTE MANAGEMENT

Within our integrated waste management strategy, in addition to working on reduction and recycling in our work centers, we have projects focused on conducting specific actions along two major lines: Food Waste and Material and Packaging Management.

GOAL FOR 2025

50% reduction of food waste in our operations

FOOD WASTE

We have set the goal of a 50% reduction in food waste generated in our operations, by 2025. To accomplish this, we are working on a cross-functional strategic project where different corporate areas of the value chain are involved, either directly or indirectly, in generating food waste; the purpose is to find new overall solutions, and to reinforce already-tested sustainable solutions.

WAR ON WASTE is a successful initiative in our manufacturing processes. We call it “war” because we seek to attack waste in order to eliminate it, generating identity and a feeling of ownership in the participants of every operation. We want to add value to the business by aligning and standardizing performance indicators against waste, replicating best practices and, above all, driving a culture of ZERO waste.

Therefore, War on Waste is an initiative that began with the best practices of organizations within Grupo Bimbo, comprising five pillars, each with their own indicators, approaches, and specific work methods that adapt to the needs of each plant or operation. As a first step, we recommend an in-depth analysis of the operating situation and determining the area of opportunity that affecting indicator performance, as outlined by the following route of said pillars:

1. GO BACK TO BASICS: The basics of operation comes to mind, that is, the standard conditions based on science, expertise, and the knowledge of our trade.
2. CULTURE: This ensures empowering our associates in operational tasks through training and recognition by Management, thus focusing on process control.
3. WASTE COMMITTEE: This promotes accountability, with the teams concentrating on finding root causes, as well as following up on actions implemented and removing any obstacles.
4. ROAD TO RELIABILITY: This focuses on preventing and detecting risks so as to schedule preventive maintenance for equipment and machinery.
5. SALES AND OPERATION PLANNING: This helps to have an overall vision on the value chain and optimize the use of resources, thereby offering the best service.

To have a better scope, the War on Waste needed a dissemination strategy via digital media and follow-up in the countries where we operate. This successful case began with manufacturing processes and is now being replicated throughout the value chain, thus helping us become a company with world class performance and sustainable seedbeds.

We work on actions related to energy-efficient operations, transportation, the use of renewable energy sources, alternate fuel, and the transition towards ecological refrigerants.

ACHIEVEMENTS IN PLANTS VS. 2018

-9%
TOTAL FUEL USE

-18%
DIESEL USE

-9%
NATURAL GAS USE

-3%
TOTAL FUEL USE IN PLANTS AND VEHICLES

CARBON FOOTPRINT

ACHIEVEMENTS IN 2019

(GRI 305-5)

We managed to reduce our emissions by 10%, which is equivalent to more than 175,000 tons of CO_2e, as compared to 2018

ENERGY EFFICIENCY IN PLANTS

Grupo Bimbo is firmly committed to reducing the environmental impact generated in the value chain, by seeking, adopting, and replicating the best practices in Energy Efficiency throughout all its operations to achieve our global goal of 10% optimization in the use of energy and fuel by 2020. This can be witnessed in Bimbo Mexico's participation in the Voluntary Agreements program, with the Energy Regulatory Commission, which seeks to implement an Energy Management System based on ISO 50001, of the same name. Likewise, Bimbo Frozen in Argentina has been recognized for its participation in the first Learning Network of the Energy Management Systems for the Industry of Argentina (RdA en SGEn) within the workings of a three-party cooperation project with Argentina, the USA, and Germany.

On the other hand, we continue with process of implementing mandatory global practices aimed at improving the energy performance of our operations: lighting, high-efficiency equipment, and different types of technology. This and other actions have led us to achieving a reduction of over 59,000 tons of CO_2e, thanks to the efficient use of plant fuel, as compared to 2018.

A high-level practice being replicated is heat recovery from stacks to diminish the use of thermal energy, as in the case of our operations in Mexico, Canada, the USA, China, France, and Italy.

123
ENERGY EFFICIENCY PROJECTS IN OUR PLANTS

59,000
TONS OF REDUCTION OF CO_2e EMMISIONS THROUGH ENERGY EFFICIENCY MEASURES

ENERGY

(GRI 302-1, 302-2, 302-3)

54% of participating suppliers in our inquiry on Climate Change have some initiative to mitigate climate risks and to reduce emissions.

ENERGY EFFICIENCY IN THE SUPPLY CHAIN

As a supplement to the mapping of emissions where we reported third-party transportation, in 2019 Grupo Bimbo conducted the scope 3 report of its supply chain, through the Carbon Disclosure Project's Supply Chain program. This information permits greater detail on emissions generated in our supply chain by the more intensive categories: airlines, automobiles, tires, and paper and board regarding packaging as well as indirect supplies.

In 2019, some 88% of the suppliers invited joined the program, surpassing the average for Latin America. Among the principal results for 2019, 54% of the participating suppliers have some type of initiative to mitigate climate risks and to reduce emissions, whereas 45% have reduction goals for the same. The purpose for the following years is to develop capacities in the chain towards managing emissions, risks, and climate opportunities.

88%

OF INVITED SUPPLIERS JOINED THE CARBON DISCLOSURE PROJECT

54%

HAVE SOME SORT OF INITIATIVE TO MITIGATE CLIMATE RISKS AND TO REDUCE EMISSIONS

80%

RENEWABLE ENERGY IS THE POTENTIAL TO BE ACCOMPLISHED BY 2020

RENEWABLE ENERGY SOURCES

(GRI 302-4)

As part of the environmental strategy in the carbon footprint initiative, an area was created in 2017 to reinforce and focus efforts on renewable energy sources. This area reports to the Global Administration and Finance area, who facilitates environmental, technical and economic evaluations for the projects. Some of the achievements made thanks to this support are:

MEXICO

Piedra Larga Windfarm

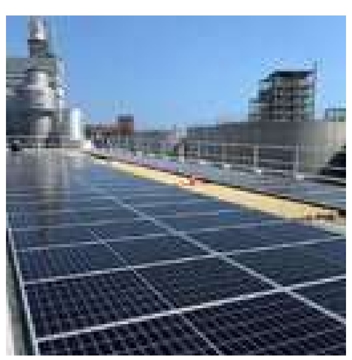
The operation of the windfarm is reestablished, which supplies 70% of the electric power used throughout the country, thus preventing the emission of 180,000 tons of CO_2e per year.

Bimbo Solar

The project was completed with 70 sites with solar rooves in our operation, whose generation allow us to prevent the emission of 12,800 tons of CO_2e per year.

CHILE

In March we inaugurated the largest solar roof in all of South America, in our Bimbo Ideal plant. The 2.3MW system allows us to supply 30% of the energy used at the facilities. This is equivalent to not emitting 1,217 tons of CO_2e per year.

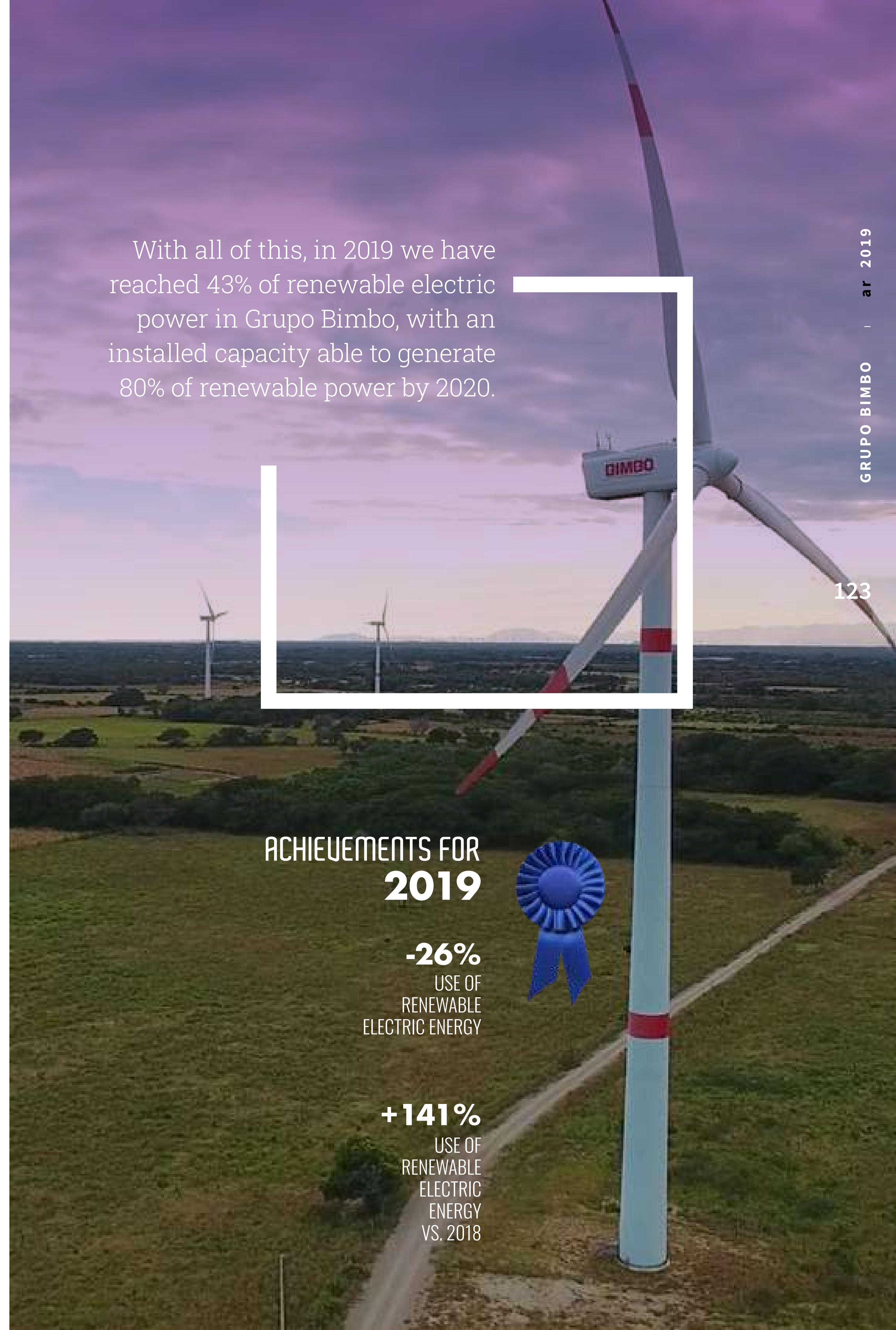


PERÚ

Our first geography in Latin America to be 100% renewable through the combustion of solar panels on the roof of our Callao plant, thanks to which we are able to generate 20% of on-site use; and the operation of a PPA of a hydroelectric station, which supplies the remaining 80%. This allows us to prevent the emission of 4,437 tons of CO_2e per year.

BBU

Santa Rita East windfarm began operations in July, whose generation enables us to cover 100% of the electric energy consumed by our operation in the USA, which is equivalent to no longer emitting 260,000 tons of CO_2e per year.



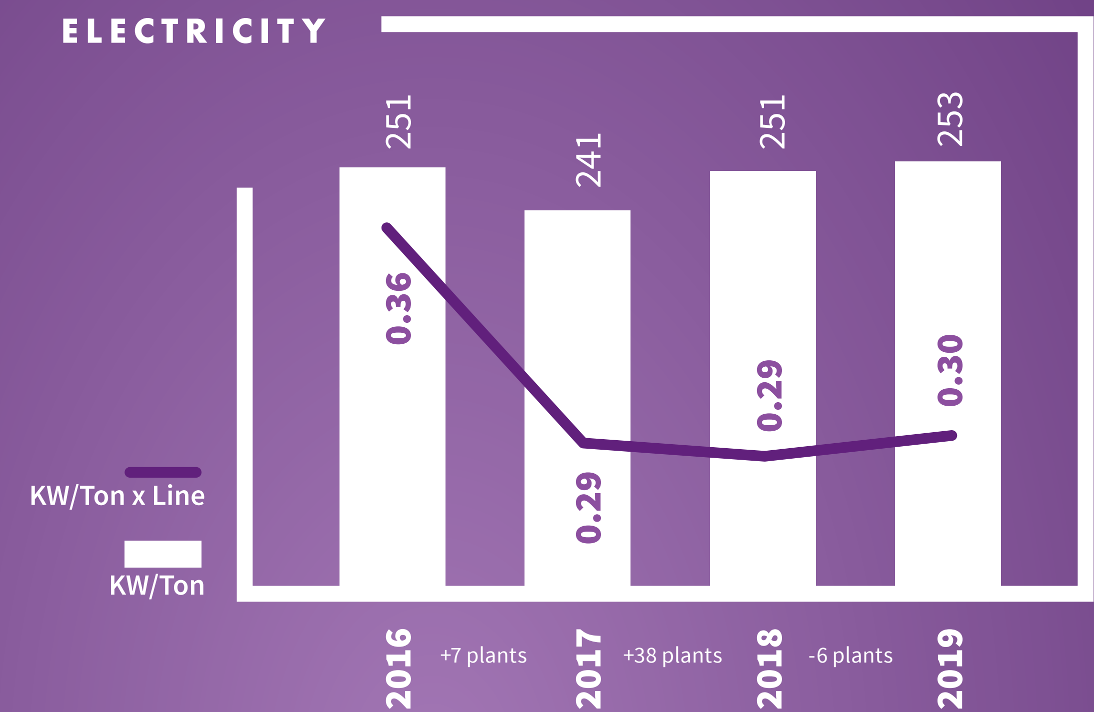
With all of this, in 2019 we have reached 43% of renewable electric power in Grupo Bimbo, with an installed capacity able to generate 80% of renewable power by 2020.

ACHIEVEMENTS FOR 2019

-26%
USE OF RENEWABLE ELECTRIC ENERGY

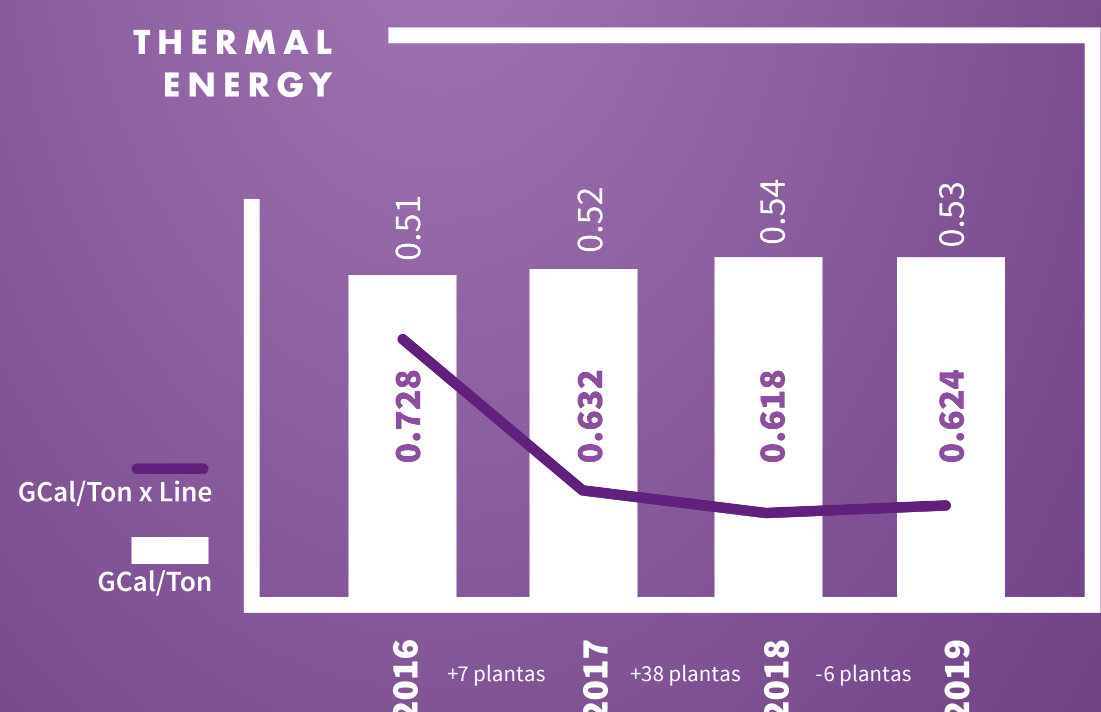
+141%
USE OF RENEWABLE ELECTRIC ENERGY VS. 2018

ELECTRICITY



Our performance throughout recent years has been consistent in the efficient use of resources per production line, despite increases in the environmental indicator. The use of electric power per production line has remained constant, with a 17% reduction as compared to 2017, thus proving that efficiency measures in our plants can absorb and maintain company growth.

THERMAL ENERGY



Our efficiency measures in the use of fuel throughout the last few years has allowed us to achieve a 14% reduction in fuel use per line, as compared to 2016, thereby maintaining a constant energy use index despite Company growth, which amounts to 39m plants at the close of 2019, as compared to 2016.

ENERGY USE (GJ)

(GRI 302-1)

	2016	2017	2018	2019
PLANTS				
Natural Gas	8,483,167	8,862,003	10,381,288	9,452,299
LP Gas	619,084	609,854	619,477	649,051
Diesel	114,698	58,403	179,653	147,159
Other fuels (Ethanol)	140,971	123,565	135,171	51,837
Subtotal	**9,357,919**	**9,653,835**	**11,315,588**	**10,300,345**
VEHICLES				
Natural Gas	73,569	32,084	39,604	5,055
LP Gas	18,021	46,917	56,518	58,944
Diesel	4,405,656	4,222,307	4,185,942	4,253,136
Gasoline	2,551,603	2,562,705	2,608,72	2,675,762
Other fuels (Ethanol)	0	0	2,965	4,075
Subtotal	**7,048,850**	**6,864,012**	**6,893,748**	**6,996,972**
THIRD-PARTY VEHICLES				
Natural Gas	126,351	110	3,917	2,270
Diesel	3,426,909	2,926,321	3,324,646	3,644,901
LP Gas	241	389	463	1,250
Gasoline	16	45	5	36
Subtotal	**3,553,517**	**2,926,864**	**3,329,031**	**3,648,459**
Total energy use of primary non-renewable sources (purchases)	**19,960,286**	**19,444,712**	**21,538,368**	**20,945,775**

GOAL FOR 2025

All Grupo Bimbo operations will be 100% supplied by renewable energy.

GRUPO BIMBO | ar 2019

TOTAL ENERGY USE (GJ) FUELS + ELECTRICITY

(GRI 302-1)

	2016	2017	2018	2019
Total use of non-renewable energy sources	19,960,286	19,444,712	21,538,368	20,945,775
Total use of renewable energy sources	-	-	-	-
Electricity use	3,737,325	3,907,047	4,363,593	4,540,639
Total energy use	**23,697,611**	**23,351,759**	**25,901,961**	**25,486,414**

TOTAL ENERGY USE WITHIN THE ORGANIZATION (GJ)

(GRI 302-1)

	2016	2017	2018	2019
Total use of non-renewable energy sources	16,406,769	16,517,848	18,209,337	17,297,317
Total use of renewable energy sources	-	-	-	-
Electricity use	3,737,325	3,907,047	4,363,593	4,540,639
Total energy use	**20,144,094**	**20,424,895**	**22,572,930**	**21,837,955**

TOTAL ENERGY USE OUTSIDE THE ORGANIZATION (GJ) (OUTSOURCED)

(GRI 302-2)

	2016	2017	2018	2019
Total use of non-renewable energy sources	3,553,517	2,926,864	3,329,031	3,648,459
Total use of renewable energy sources	-	-	-	-
Electricity use	-	-	-	-
Total energy use	**3,553,517**	**2,926,864**	**3,329,031**	**3,648,459**

TOTAL ELECTRICITY USE (GJ)

(GRI 302-1)

	2016	2017	2018	2019
Total indirect energy use of suppliers	2,910,352	3,310,551	3,565,673	2,621,138
Renewable energy	826,973	596,496	797,920	1,919,500
Total	**3,737,325**	**3,907,047**	**4,363,593**	**4,540,639**

SCOPE 1 ENERGY INTENSITY INDEX

(GRI 302-3)

FUEL AND ELECTRICITY	2016	2017	2018	2019
Total fuel use	16,406,769.43	16,517,847.78	18,209,336.82	17,297,316.70
Total energy use	23,697,610.99	23,351,758.98	25,901,961.23	25,486,413.77
TPE (ton)	4,411,965.72	4,471,826.49	4,704,378.52	4,650,758.49
Ratio	3.72	3.69	3.87	3.72

REFRIGERANTS

(GRI 305-6 -PARCIAL-)

The Global Policy on Refrigerants was published in 2019 to establish the GB strategy on commitment compliance regarding refrigeration. Therefore, as one of the primary actions an inventory was made of refrigerants throughout all our organizations, focusing on the amount used for each type. Pilot testing was conducted with new generation refrigerants that were successful in Mexico and Colombia, and thus they are being considered for other applications as well. We participated in the first trade show on natural refrigerants -ATMOsphere America- organized by Schecco, where we were able to identify the regulatory context for refrigeration in North America, conducting comparative assessments with suppliers and retailers. Within the Consumer Goods Forum, we presented a publication on the successful case of one of our plants in Bimbo Canada -their Booklet. Grupo Bimbo is one of the very few food companies that presented actions related to progress with their commitment to refrigeration within production processes.

DURING 2019 WE PARTICIPATE WITH A REFRIGERATION SUCCESSFUL CASE IN THE CGF (CONSUMER GOODS FORUM)

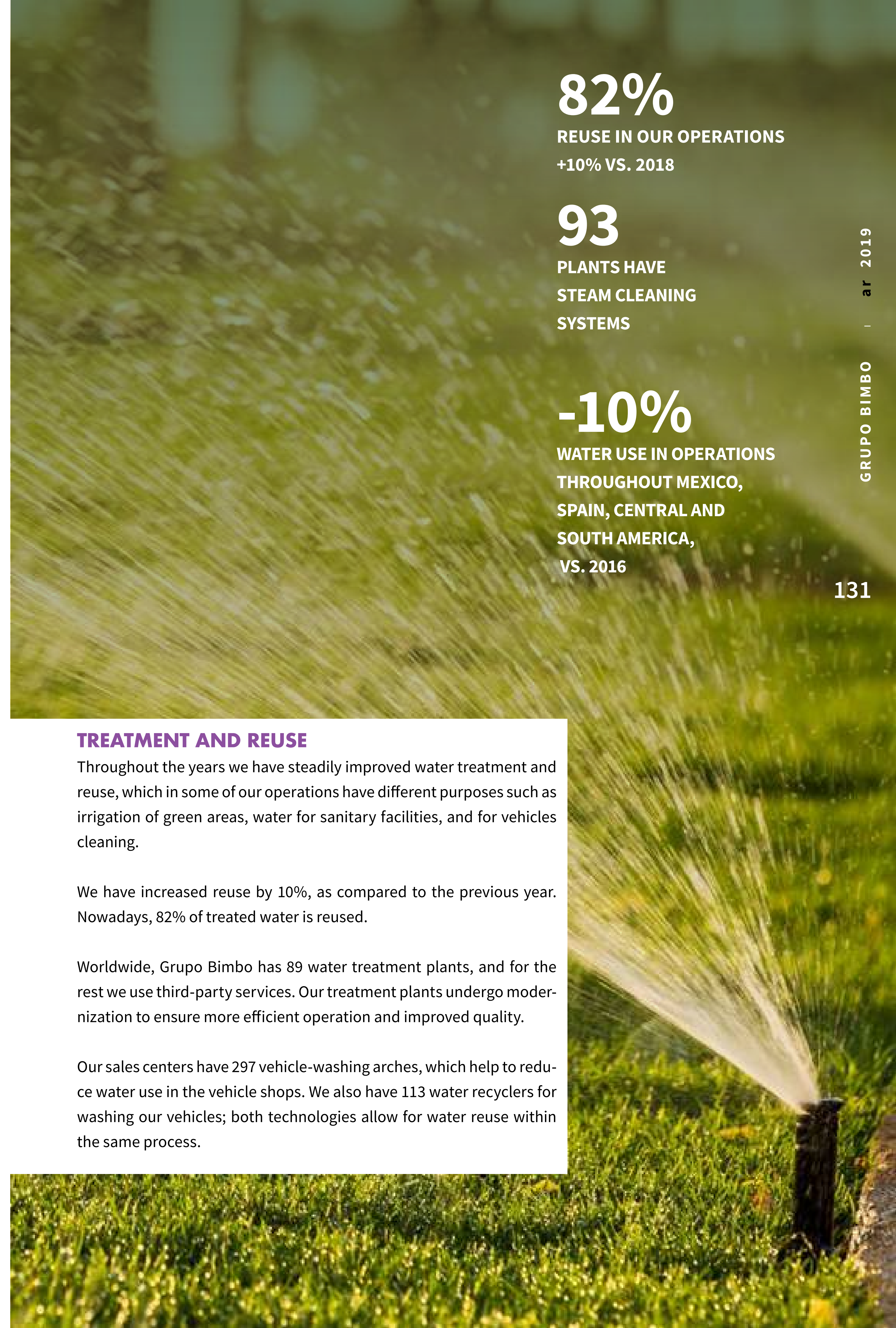
CO_2e EMISSIONS (TON) GRUPO BIMBO

(GRI 305-1, 305-2, 305-3)

	2016	2017	2018	2019
PLANTS				
Natural Gas	462,286.53	483,804.33	563,992.16	516,515.35
LP Gas	39,097.14	35,637.65	39,121.90	40,989.58
Diesel	3,339.75	1,620.71	10,540.46	2,119.44
Other fuels	9,511.43	8,730.69	9,628.70	3,662.63
Subtotal CO_2e	**514,235**	**529,793**	**623,283**	**563,287**
VEHICLES				
Natural Gas	4,020.66	5,812.33	8,068.99	9,646.60
LP Gas	1,166.26	2,926.16	3,528.87	3,671.58
Diesel	317,893.67	304,653.66	308,314.87	306,858.58
Gasoline	170,275.19	170,981.11	178,359.73	178,579.44
Other fuels (Ethanol)	-	-	205.41	282.32
Subtotal CO_2e	**493,356**	**484,373**	**498,478**	**499,039**
Total direct emissions Scope 1 CO_2e	**1,007,591**	**1,014,167**	**1,121,761**	**1,062,326**
Electricity	292,632	338,112	433,914	294,987
Total direct emissions Scope 2 CO_2e	**292,632**	**338,112**	**433,914**	**294,987**
THIRD-PARTY VEHICLES				
Natural Gas	6,940	5,714	7,536	4,369
LP Gas	247,395.49	211,230.48	240,014.49	263,122.92
Diesel	15.59	25.17	29.99	80.92
Gasoline	1.03	2.96	0.35	2.40
Total direct emissions Scope 3 CO_2e	**254,353**	**216,973**	**247,581**	**267,575**
Total CO_2e Emissions Grupo Bimbo	**1,554,575**	**1,569,252**	**1,803,256**	**1,624,888**
Nox (kg)	129,441	378,746	545,713	645,337
Sox (kg)	777	3,582	29,143	3,872
PM 10 (kg)	-	41,426	60,801	49,046
PM 2.5 (kg)	-	41,313	43,801	49,046
Nox (kg)	-	22,313	41,460	35,494

WATER
FOOTPRINT
(GRI 303-1 303-3)

We have made investments in technology and innovation to achieve optimum results in the field of reducing the water footprint, following three main lines of action: reducing water use in our processes; treatment and reuse to return it to nature in the best possible conditions; and the use of alternate sources, such as rainwater collection.



82%
REUSE IN OUR OPERATIONS
+10% VS. 2018

93
PLANTS HAVE STEAM CLEANING SYSTEMS

-10%
WATER USE IN OPERATIONS THROUGHOUT MEXICO, SPAIN, CENTRAL AND SOUTH AMERICA, VS. 2016

WATER CONSUMPTION

To reduce the use of water, the Company fosters encourages responsible use by driving practices such as efficient cleaning processes where we seek standardization with dry and/or semi-humid cleaning procedures, and the use of technologies aimed at saving and optimizing use. One of these is steam cleaning, thus reducing the amount of water used but without compromising food safety in our processes. Today we have 93 plants that use this practice.

TREATMENT AND REUSE

Throughout the years we have steadily improved water treatment and reuse, which in some of our operations have different purposes such as irrigation of green areas, water for sanitary facilities, and for vehicles cleaning.

We have increased reuse by 10%, as compared to the previous year. Nowadays, 82% of treated water is reused.

Worldwide, Grupo Bimbo has 89 water treatment plants, and for the rest we use third-party services. Our treatment plants undergo modernization to ensure more efficient operation and improved quality.

Our sales centers have 297 vehicle-washing arches, which help to reduce water use in the vehicle shops. We also have 113 water recyclers for washing our vehicles; both technologies allow for water reuse within the same process.

108
FACILITIES HAVE RAINWATER COLLECTION SYSTEMS

USE OF ALTERNATIVE SOURCES

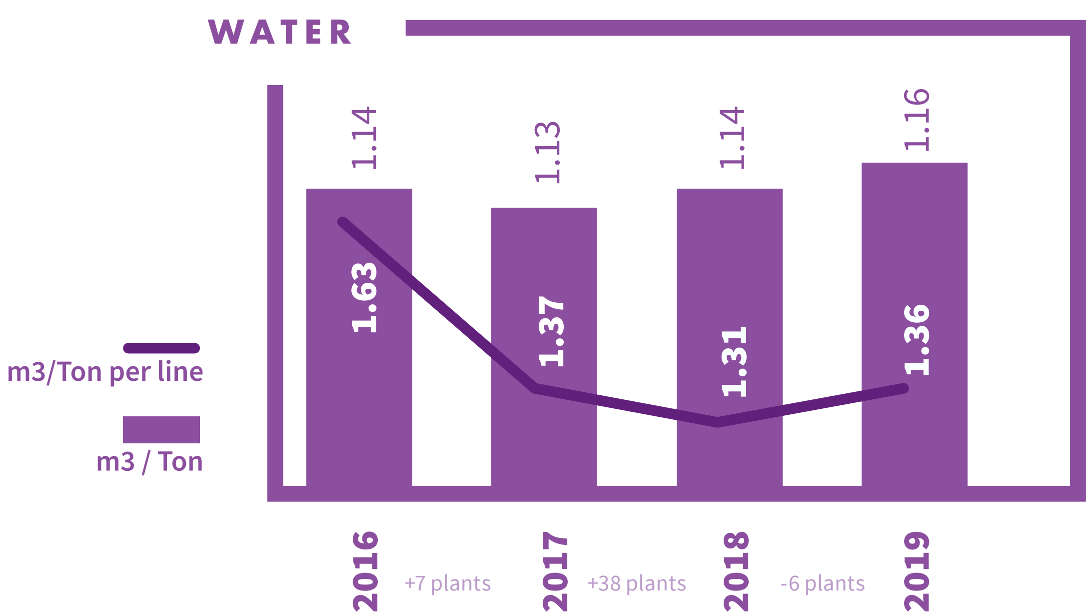
Today we have 108 facilities with rainwater collection systems, which we employ for different services.

GLOBAL WATER USE (m^3)
(GRI 303-1)

	2016	2017	2018	2019
Surface and groundwater	1,187,965	1,128,159	1,060,239	1,081,953
Collected rainwater	0	1,535	2,120	6,264
Municipal water supply or water services	3,473,158	3,756,510	3,756,510	4,491,848
Total	**4,661,123**	**4,886,204**	**5,216,822**	**5,580,065**

GLOBAL TREATED WATER (m^3)
303-3, 306-1

	2016	2017	2018	2019
Volume of reused treated water	452,646	537,779	556,804	1,277,881
Treated and reused water of total volume consumed	**10%**	**11%**	**11%**	**23%**



Our performance throughout the years has a marked downward trend, thus reducing water use by 16.5% per production line, as compared to 2016.

AN OUTSTANDING ORGANIZATION

The organization in Central America merits mention as a model to emulate, as it has had the most progress in the environmental management strategy in GB. This has been accomplished due to the transformation of its operating models and by standardizing practices such as: compressed air control; a reduction in production line stoppages; returning packaging materials; and water-saving faucets in sinks.

By establishing operation guidelines and the non-stop raising of awareness, it has been possible to replicate these practices and achieve significant results:

- An 8% reduction in the use of electric power per ton produced, as compared to 2016 (baseline).
- A 6% reduction in thermal energy per ton produced.
- A 23% reduction in water use per ton produced.
- A 10% reduction in total wastes per ton produced, recycling 87% of wastes.

-6%
THERMAL ENERGY USED

-23%
WATER USED PER TON PRODUCED

7. AWARENESS

MORE THAN A COMMUNITY...

WE STAY CLOSE TO OUR COMMUNITIES TO OFFER GROWTH OPPORTUNITIES

GRUPO BIMBO - ar 2019

MORE THAN JUST BEING, **TRANSCENDING**

At Grupo Bimbo we work to become active agents for sustainable development, generating actions that contribute to improving the quality of life of the communities where we operate, with the conviction that opportunities are for everyone.

Since our founding, we recognize the value of the person, his/her talent, experience, knowledge, time, and good will; that is why our social programs and actions focus on the comprehensive and sustainable development of persons and communities. To better accomplish this, we work with different institutions, civil organizations, companies, government agencies, and society as a whole. They all make considerable efforts to reach the sustainable development objectives on the world agenda for 2030.

With the voluntary donations of products, money, and time, the Company and its associates undertake actions aimed at community development and to better face challenges in the fields of education, physical activity, safety, health and wellness, the environment, and natural disasters.

We are a Company committed to being transparent, and therefore our social programs are in keeping with our policies on Sustainability, Donations-Social Impact, Disasters, and Plant Tours, which are authorized each year by our Social Investment Committee (SIC).

Our value proposition is based its actions on three primary players, aimed at three ongoing programs and one temporary one.

DONATIONS
WE DRIVE
we drive initiatives of external associations that align with our topics and interests authorized by our SIC, donating economic and in-kind resources, in keeping with our policy on donations.

VOLUNTEERING
WE TRANSFORM
behaviors by fostering responsibility, participation, and support to achieve the social commitment of our associates.

GOOD NEIGHBOR
WE CONDUCT
community projects in line with the social, economic, and legal reality of the countries where we operate, keeping close ties and open communication within an atmosphere of respect for our stakeholders.

DISASTERS
WE SUPPORT
our associates and their families immediately when they are affected, and when necessary we create support funds, in keeping with our policy on natural disasters.

OUR PROGRAMS

Our goal is to extend the scope of our programs to the 32 countries where we are present. The progress made regarding this goal is as follows:

THE SCOPE OF OUR PROGRAMS IN THE 32 COUNTRIES WHERE WE ARE PRESENT

GOOD NEIGHBOR
22
COUNTRIES

VOLUNTEERING
15
COUNTRIES

DONATIONS
23
COUNTRIES

A force of good for the community and the planet.

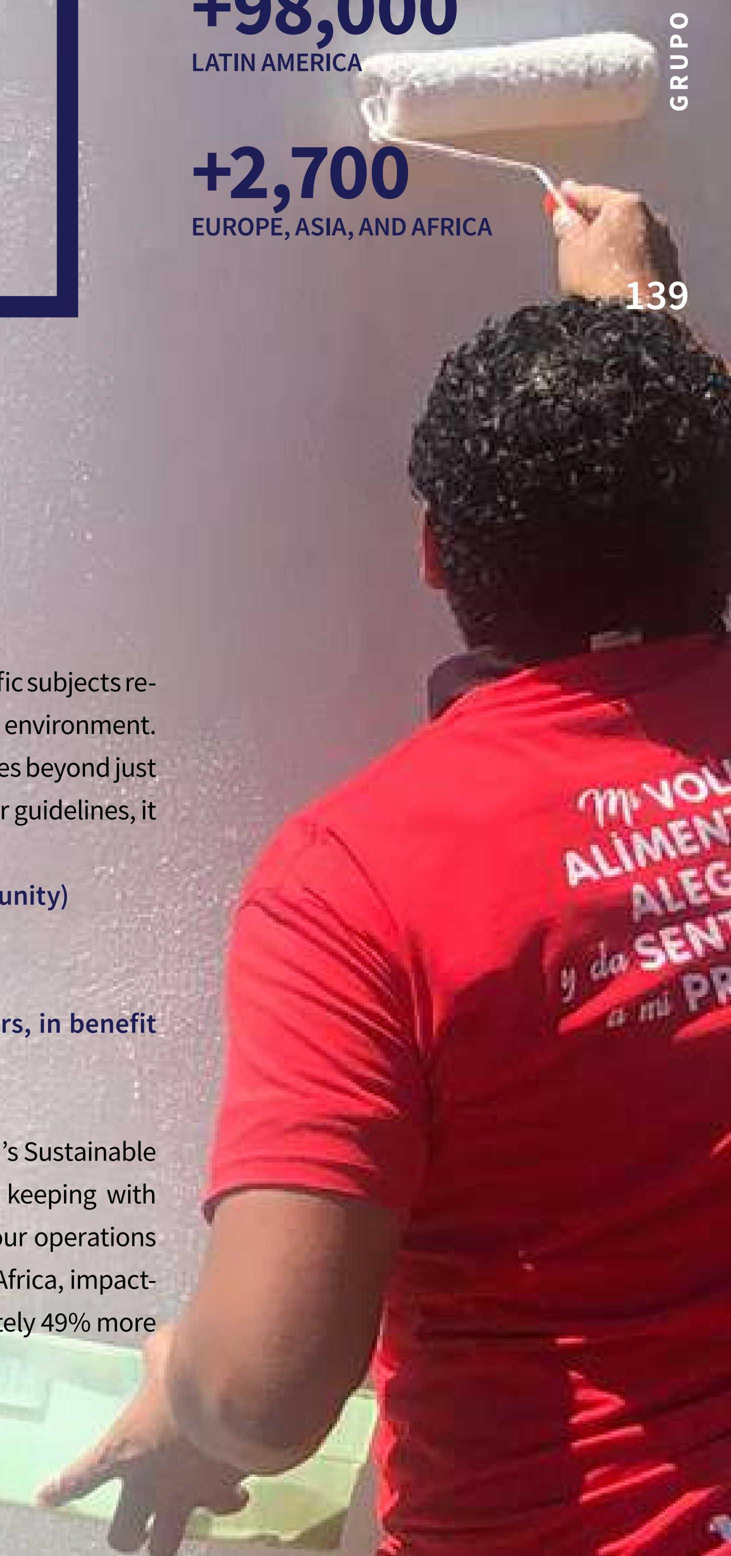
+260,000
BENEFITED

+144,000
MEXICO

+16,500
NORTH AMERICA
BBU beneficiaries joined

+98,000
LATIN AMERICA

+2,700
EUROPE, ASIA, AND AFRICA



GOOD NEIGHBOR

(GRI 203)

Our projects are aimed at benefiting the community in specific subjects related to wellness, physical activity, education, safety, or the environment. The commitment of our primary project, Good Neighbor, goes beyond just complying with the use of allocated resources. As part of our guidelines, it seeks to drive social impact projects that provide:

1. A value proposition (company, associates, community)
2. Subsidiarity
3. Common well-being
4. Actions that can be replicated in our work centers, in benefit of neighboring communities

The approach for our projects is in line with meeting the UN's Sustainable Development Objectives, limiting those goals that are in keeping with our program. In 2019, we conducted over 190 projects in our operations in Mexico, North America, Latin America, Europe, Asia and Africa, impacting over 260,000 people, which is an increase of approximately 49% more people and 9% more projects when compared to 2018[1].

1 Except BQ, UK

191
PROJECTS

22
COUNTRIES

86
ENTITIES

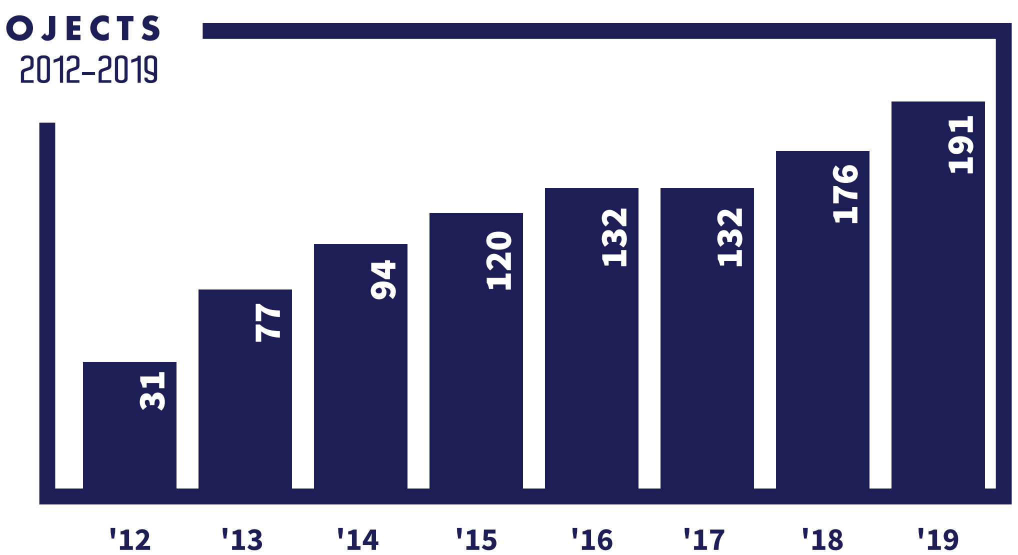
156
CITIES

NUMBER OF PROJECTS*

REGION	2018	2019
Mexico	91	86
North America	44	63
Latin America	31	28
Europe, Asia and Africa	10	14
Grupo Bimbo	**176**	**191**

Through our Good Neighbor program, we foster projects that help promote physical activity, education, the wellness and safety of the local community in 156 municipalities and 86 entities, throughout 22 countries.

PROJECTS
2012–2019



MEXICO
ENVIRONMENT

Our distribution center in Cuautitlán, State of Mexico and the civil association Reforestamos Mexico, developed a project that contributed towards preventing accidents and caring for the planet.

By reforesting a median according to the type of soil and climate, green areas were enhanced and, in addition, the ensuing reduction in accident rates caused by the use of the median instead of the pedestrian overpass.

Added to this effort was a brigade of volunteers for the pre-planting stage, and a group of neighbors committed to the ongoing care of said median.

Over 100 volunteers contributed to benefiting more than 1,000 people with this project.

NORTH AMERICA
PHYSICAL ACTIVITY

Our Northumberland plant in the state of Pennsylvania contributed to the restoration of the Recreative Point Township Park's baseball field, which was in poor condition. With maintenance activities, water issues were solved, and posts and bases were renewed. Also, a brigade of volunteers helped distribute over 50 tons of Diamond Tex soil along the field.

Some 11 volunteers helped to benefit more than 90 people with this project.

LATIN AMERICA
EDUCATION

Our Córdoba plant in Argentina helped equip the Baking Industry Laboratory at the Héctor Valdivieso Technical Institute, to develop production processes at a school level. The initiative is part of an overall project that entails building a junior high school in stages, as well as equipping and setting up the Bakery Workshop and the Electromechanical Workshop, thus contributing to the training of potential future associates.

This project benefited more than 50 people.

EUROPE, ASIA AND AFRICA
WELLNESS

Our Kenitra plant, in Morocco, equipped the dining area of an association that assists people with disabilities, offering them manual work related to producing towels and placemats.

This social training area seeks to develop change agents by accomplishing their purpose in life, participating with their time and talent in projects managed by organizations, and project that have a positive impact on the quality of life of different people, and for the good of our planet.

GRUPO BIMBO - ar 2019

VOLUNTEERING
(GRI 146-157, 413)

It makes us happy to accomplish our purpose and transform lives.

Our volunteering program and model allow those involved to be agents of change that drive sustainable development at three different levels.

VOLUNTEERING: THE LEVELS OF THE MODEL

1. DONATION CAMPAIGNS
Generosity Seed

2. VOLUNTEERING DURING EVENTS
Good Deed Seed

3. SKILL-BASED VOLUNTEERING
Wisdom Seed

15
COUNTRIES

+270
ACTIVITIES

+70,000
VOLUNTEERS

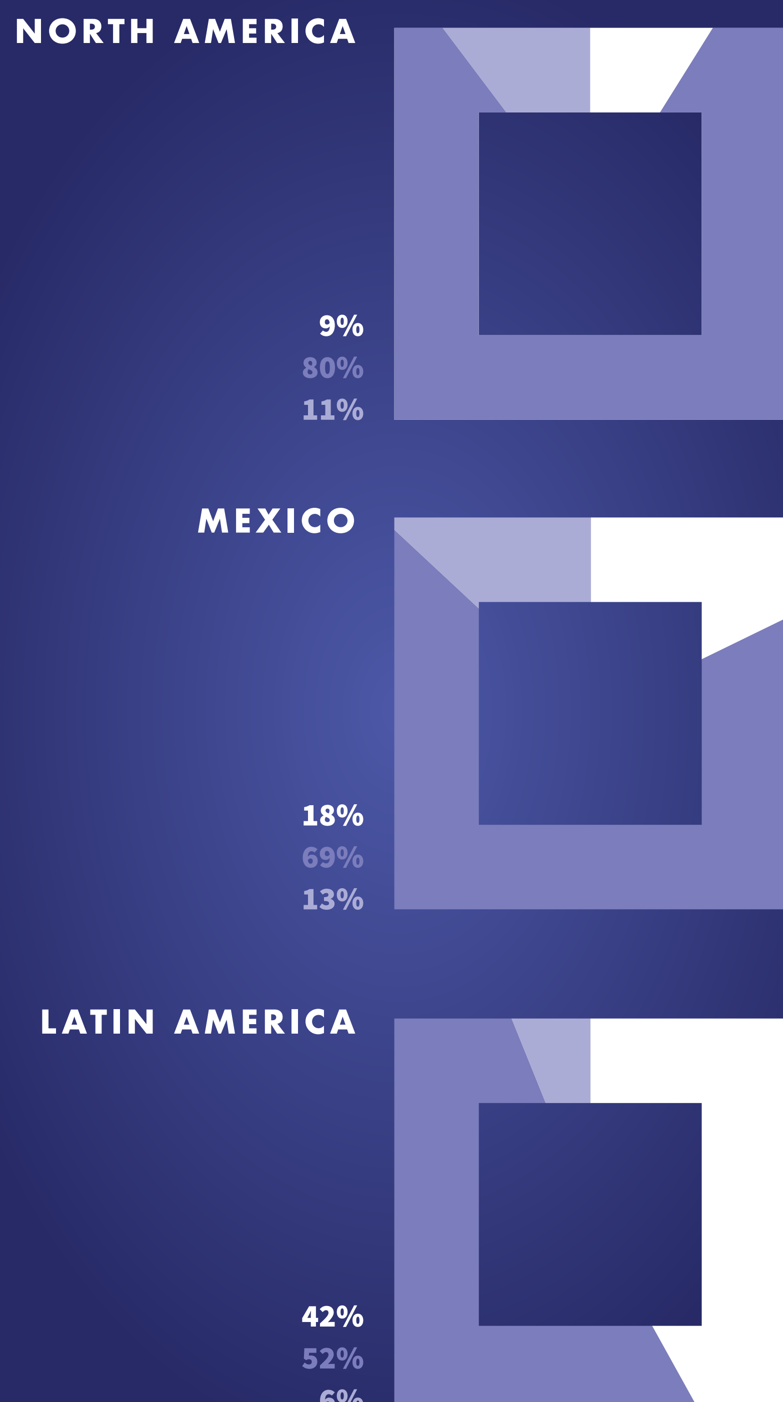
+565,000
VOLUNTEER HOURS

+290,000
BENEFICIARIES

GLOBAL VOLUNTEER ACTIONS BY ACTIVITY LEVEL

Level 1 - DONATION CAMPAIGNS	22%
Level 2 - VOLUNTEERING DURING EVENTS	68%
Level 3 - SKILL-BASED VOLUNTEERING	10%

GLOBAL
VOLUNTEERING ACTIVITIES



Level 1 - DONATION CAMPAIGNS
Level 2 - VOLUNTEERING DURING EVENTS
Level 3 - SKILL-BASED VOLUNTEERING

Our beneficiaries are able to have the tools needed to pave the way and improve their personal situations, through projects, the implementation of eco-techniques in their homes, training, and human development through the support of allied institutions. These actions reduce the need for migration, the ensuing separation of families, the over exploitation of natural resources, unemployment, the loss of values, traditions and ethnic identities, among others.

WE PLANT GENEROSITY
DONATION DRIVES

Our associates made over 7,000 in-kind donations of things like toys, blankets, personal hygiene kits, lunches, school supplies, ecological bricks, among others, in response to the call for over 55 drives of this kind.

WE PLANT GOOD DEEDS

VOLUNTEERING DURING EVENTS

We conducted over 180 activities throughout the year: 60% as part of our Good Neighbor projects and 40% in collaboration with institutions or local communities. Our people and their families participated in story-telling sessions, visiting with vulnerable groups, reforestation, forest maintenance, eco-technical construction and accessories, cleaning up beaches, and garbage collection in the streets, among others.

As part of our Good Neighbor project for the Guayaquil sales center, our associates donated prizes for a bingo tournament aimed at obtaining resources for the Parents' Association for the Joaquin Gallegos school, whose benefit was the renovation of its dining area and sanitary facilities.

20
ENVIRONMENTAL ACTIVITIES

+15,000
TREES PLANTED

16
HECTARES REFORESTED

OUTSTANDING ACTIVITY

The 20 environmental activities (reforestation and forest maintenance) that were part of the volunteer program, helped by planting 15,381 trees along 16 hectares in 8 countries: Mexico, Canada, El Salvador, Costa Rica, Panama, Venezuela, Colombia, and Paraguay.

	ENVIRONMENTAL ACTIVITIES	TREES PLANTED	HECTARES
Mexico	10	14,450	9.5
North America	2	800	
Latin America	8	431	1
Grupo Bimbo	**20**	**15,681**	**10.5**

At Grupo Bimbo, we are proud to participate each year in the reforestation of protected natural areas. Through its platform -Better Alliances- the Better Forests initiative connects us with governments, companies, communal farms, communities, and young people to restore and preserve our forests by developing projects that maximize environmental, social, and economic benefits for Mexican forests.

All of this bears witness to our active participation in volunteering aimed at conserving and restoring forests in eroded areas in seven states throughout the country.

The volunteer activity organized by Grupo Bimbo that ends up with the most participants is held in Mexico. For example, Jornada Nacional de Limpiemos México (National Let's Clean Up Mexico Day) gathered 47,259 volunteers in 2019 to collect 8,724 sacks of organic garbage and 38,108 sacks of inorganic waste. This same phenomenon has been repeated in Honduras, Costa Rica, Guatemala, and Venezuela, gathering 1,592 volunteers who filled 1,312 sacks of garbage.

WE PLANT WISDOM
SKILL-BASED VOLUNTEERING

Thanks to the talent of our people, we held 28 training agreements, among which the most important was Planting Hope, Harvesting Love.

In synergy with the Pro Mixteca Foundation, we supplemented the talent of volunteering in the southeast region with synergies from GB's Nutrition and Health and Wellness areas, thus implementing a wellness program that seeks to guarantee access to health and a balanced crop, 100% organic through hydroponics. This took place in the Cahuayá community, in Juxtlahuaca, Oaxaca, benefiting different families. By the end of the year, this program was replicated in another community, incorporating a sustainable and healthy development model.

We are convinced at Grupo Bimbo that we are a people company meant to serve people, and that our will power feeds the world with happiness and gives meaning to our purpose.

With our 20 reforestation activities, we were able to plant 15,681 trees along 10.5 hectares throughout Mexico, Canada, El Salvador, Costa Rica, Panama, Venezuela, Colombia, and Paraguay.

DONATIONS

(GRI 203, 203-1)

$99.7* **MILLION IN DONATIONS**

There were positive impacts form the donations granted to 296 NGOs, amounting to $99.7 million*, which is equivalent to 1.7% of our Net Majority Income**. In addition, we made in-kind donations, valued at $106 million*, to 447 food banks; in addition to the 1.5 million slices of bread in 22 countries, through the Global Energy Race.

296 **NGOs BENEFITED**

Through our donations program, we drive projects that promote physical activity, environmental protection, education, and local community development in 23 countries, through 296 NGOs.

* Global figure for donations in Mexican pesos.
**Net Majority Income for the 2018 period.

	PROMOTION OF PHYSICAL ACTIVITY AND HEALTH	ENVIRONMENT	EDUCATION	COMMUNITY DEVELOPMENT	TOTAL ASSOCIATIONS PER REGION
Europe, Asia, Africa	3	1	20	26	**50**
Latin America	27	3	25	54	**109**
Mexico	11	9	34	54	**108**
North America	8	1	16	4	**29**
Total Associations per Heading	**49**	**14**	**95**	**138**	**296**

	DONATION		
	MONETARY	IN-KIND	TOTALS
Europe, Asia, Africa	23	31	**54**
Latin America	7	267	**274**
Mexico	66	52	**118**
North America	29	-	**29**
Total	**125**	**350**	**475**

PREVENTING AND INCLUDING IS LIVING

Through the Somos el Cambio association (We Represent Change), we drive social projects undertaken with children and youth, motivating them to improve their communities through the Feel, Imagine, Do, and Share methodology.

One of the projects is Preventing and Including is Living, in Guadalupe, Nuevo León, where these children created awareness among 2,000 of their community members, on inclusion for people with sight and hearing impairments. The students learned to read braille and to communicate via sign language. What is more, thanks to their efforts, there are now restaurants in the area with menus written in braille for those who cannot see.

Throughout 2019, Grupo Bimbo made 475 monetary and in-kind donations.
(GRI 203-2, 203-2A)

9
ASSOCIATES AFFECTED BY NATURAL DISASTERS

NATURAL DISASTERS

In compliance with our Natural Disasters Policy, requests for donations and/or monetary support from all our organizations are channeled and then submitted for approval by the Grupo Bimbo CEO and the Social Investment Committee, to whom results are reported twice a year.

The primary duty of the Social Investment Committee is to determine the type of support to be provided to the community or affected area, and also to authorize the Company contribution according to amount donated by associates, in case of monetary support.

Fortunately, in 2019 there were no natural disasters so sever as to have any serious affects. Strong rainfall hit northern Mexico, causing some floods. We therefore helped 9 associates whose homes were affected, in the amount of $269,420 Mexican pesos. This support was possible, as per our Global Disaster Policy.

2016
THE YEAR THE PROGRAM WAS CREATED

DESIERTO DE LOS LEONES ORGULLOSAMENTE LIMPIO

The Desierto de los Leones park is the first Protected Natural Area in Mexico, as it is one of the forests that provides Mexico City with water, oxygen and natural resources.

Since it primarily has pine trees, it is considered an area with rich biodiversity. However, the urban sprawl has created much environmental deterioration, with human activity, the sale of food in the park, and the ensuing urban solid wastes.

As part of our commitment to the environment and to fostering sustainable practices, in 2016 an environmental and social program was devised: Desierto de los Leones Orgullosamente Limpio (A Proudly Clean Desierto de los Leones). This is a joint initiative with Grupo Salinas' Fundación Azteca and Grupo Bimbo, whose purpose is to revert the deterioration and foster responsible use of the forest.

The third phase of this important project began in March, with the objective of reducing solid wastes with cleanup activities. A priority is awareness and the importance of the environment among those who live in the park's surrounding areas, which has been made possible through the actions of our environmental leaders during educational activities.

Workshops on waste management and reuse have been offered, providing merchants and neighbors the technical know-how on recycling or reusing some wastes that can be for self-use or even a business model, if so desired.

In 2019 we achieved the following:

- 4 workshops on waste management and reuse, so attendees could learn techniques on the reuse of organic waste, the reuse of used tires and pet transformed into things like bracelets, wallets, etc. Through this we have benefited communal farmers in San Mateo Tlaltenango and in Santa Rosa, merchants in the Ex Convento and La Venta areas, associates in the Cuajimalpa Mayor's Office, artisans, and senior citizens.
- We know we can raise greater environmental awareness through education, and also play and interactive methodologies. So we held 15 educational activities on the environment for communal farmers and merchants who work in the national park.
- With the goal of having cleaner forests and ecosystems, we held 32 cleanup activities in different parts of the park, thereby preventing the contamination of one of the more important lungs for Mexico City and the metropolitan area.

All these actions have been possible through the support and willingness of the Cuajimalpa Mayor's Office, the communal farmers of San Mateo Tlaltenango, and the commitment of our environmental leaders and volunteers.

4
WORKSHOPS

15
ENVIRONMENTAL EDUCATION ACTIVITIES

32
CLEANUP ACTIVITIES

PLANT TOURS PROGRAM

We currently offer guided tours of our 48 plants, in the countries where we operate.

The Plant Tours allow us to show students, associates, and those of the value chain just who we are and how we make our products. Each visit to our plant is an adventure in which the guests can discover the product manufacturing processes and the very high quality standards we follow.

Likewise, they are given messages and advice on nutrition and how to adopt wholesome lifestyles, balanced diets, and also the different actions we undertake to care for the environment, something they are then invited to do as well.

+840,000
VISITORS

48
PLANTS

13
COUNTRIES

BIODIVERSITY

REFORESTAMOS MÉXICO

(GRI 304-3)

In 2019, Reforestamos México, A.C., joined efforts with 90 companies who provided resources and the collaboration of over 17,680 volunteers to reforest 133.95 hectares of forests in 12 states throughout the country.

PROTECTED AREA	NAME	STATE	HECTARES RESTORED
Protected area for flora and fauna	El Albergue; San Juan de las Huertas; La Loba; Loma Alta; San Antonio Albarranes; Parque de los Venados	State of Mexico	60.25
Restoration area	San Martín Cuautlalpan	State of Mexico	10.20
Restoration area	Santiago Tianguistenco	State of Mexico	5.50
National Park	Sumidero Canyon	Chiapas	0.50
Protected area for flora and fauna	La Primavera	Jalisco	10.25
Restoration area	Xcacel	Quintana Roo	0.50
Recreational city park	Tangamanga II	San Luis Potosí	1.00
Ecological restauration area	Mesa Cuata	Guanajuato	1.00
Sustainable use area	Sierra de Lobos; Temascatio	Guanajuato	7.50
Conservation reserve	Pinal del Zamorano	Guanajuato	0.50
Restoration area	Villa del Carbón	State of Mexico	5.00
National Park	Cumbres de Monterrey / La Huasteca	Nuevo León	14.25
Recreational park	Eco park	Zacatecas	
Recreational city park	Parque Bicentenario	Puebla	3.25
State Park	Tepotzotlán	State of Mexico	3.00
Recreational park	Joya la Barreta	Querétaro	3.50
Recreational city park	Paseo Henequenes	Yucatán	3.00
Recreational city park	Paseo Verde	Yucatán	0.25
Ecological restoration area	Cuxtal	Yucatán	4.00
Recreational city park	Tijuana	Baja California	0.50
Total			**133.95**

ALLIANCES

To progress in our knowledge between natural capital and our value chain, in 2019 we applied the Natural Capital Protocol methodology to a water conservation project to a production plant we have in Lerma, State of Mexico. The results for this pilot test will serve to improve our internal processes for decision-making in environmental management issues.

The methodology was applied with the assistance of *Reforestamos México*, the German Agency for International Cooperation, and PwC Mexico, under the auspices of the Mexican Alliance on Biodiversity and Business, of which we are a founding member and an active participant since 2017,

The Natural Capital Protocol is a tool created by important international players, united by the Coalition for Natural Capital. This tool offers the support framework for companies wanting to identify, measure, and value their direct and indirect impact and dependence regarding natural capital.

17,680
VOLUNTEERS

133.95
HECTARES RESTORED

12
STATES

GRUPO BIMBO | ar 2019

150
PROPOSALS

2,000
PARTICIPANTS:
- CHILE
- COLOMBIA
- COSTA RICA
- CUBA
- ECUADOR
- GUATEMALA
- HONDURAS
- PARAGUAY
- PERU
- MEXICO

JOVEN EMPRENDEDOR FORESTAL

For seven years, Joven Emprendedor Forestal (JEF, Young Forestry Entrepreneur in English) a Reforestamos México program, has worked on identifying and stimulating university talent in Latin America to drive the creation of responsible and competitive forestry companies.

In 2019, in conjunction with Asociación para la Investigación y el Desarrollo Integral (AIDER, Association for Research and Development in English), the JEF Contest for Peru and Alterna, the Guatemala contest was organized, reaching 65 universities and over 7,000 students trained in 11 countries.

The Bancomer BBVA Tower, the corporate offices for one of the most committed sponsors of entrepreneurship, was the backdrop for the rewards ceremony, with special winners such as:

- In Mexico, the "odblock" members, from Instituto Tecnológico Superior de Perote (the Perote Technological Institute), who presented sawdust bricks for construction.
- The winning team in the Independent and Latin American categories -Gaia Esencias y aromas- from Universidad Técnica del Norte (the Technical University of the North), in Ecuador, with oils and soaps made from forestry by-products.
- In Peru, the Plant Plus group, with a product that enables greater growth for nursery plants, even under adverse conditions.
- From Guatemala, SER Forestal, a technological proposal to monitor and inventory forests.

VISIÓN FORESTAL Y CENTINELAS DEL TIEMPO CONTEST

In 2019, Reforestamos México, A.C., and the Comisión Nacional Forestal (CONAFOR, the National Forestry Commission in English) joined forces once again to conduct a national photography contest Visión Forestal y Centinelas del Tiempo (Forestry Vision and the Sentinels of Time) with the purpose of promoting an appreciation for forestry ecosystems, and to foster practices in sustainable forestry development, to favor conservation, restoration, and forest use.

In this ninth edition, Grupo Bimbo participated as an ally, together with Citibanamex, TeleUrban, and Altiplano. There were 1,208 contestants with 4,475 photographs, of which the first and second place winners were awarded, and honorable mention for each of the following categories:

- Forestry Actions (448 photographs submitted)
- Forest Landscape (1,821 photographs submitted)
- Sentinels of Time (2,206 photographs submitted) in three modalities: Wild Tree (590); Rural Tree (759); and Urban Tree (857).

1,208
PARTICIPANTS

4,475
PHOTOGRAPHS SUBMITTED

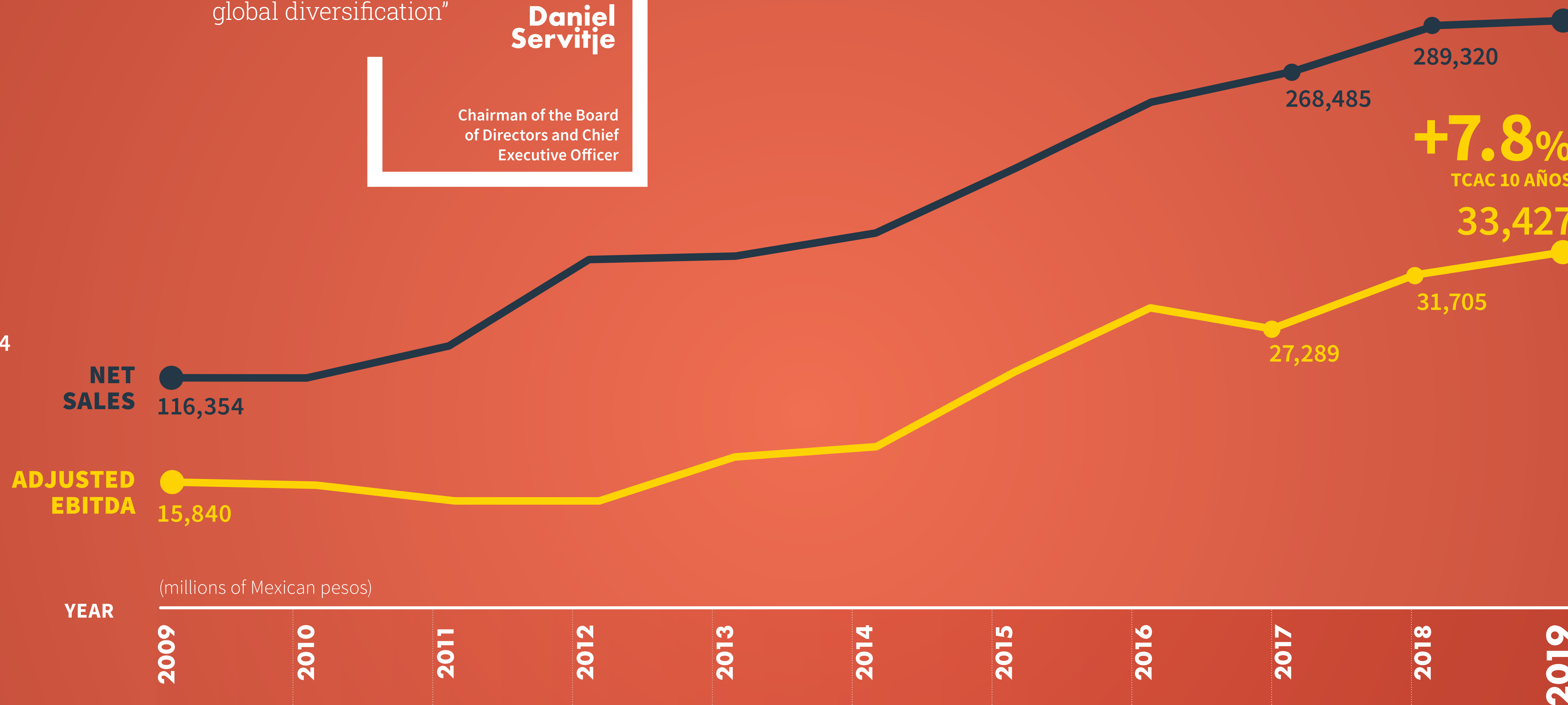
FINANCIAL RESULTS

(GRI 201-1)

"We successfully overcame the challenges faced thanks to a sound operational execution and extensive global diversification"

Daniel Servitje

Chairman of the Board of Directors and Chief Executive Officer



	2009	2019
PUNTOS DE VENTA	+1.3 M	+3 M
PAÍSES	17	32
PLANTAS	98	194
COLABORADORES	+100,000	+133,000

GRUPO BIMBO | ar 2019

FINANCIAL
PERFORMANCE
(millions of Mexican pesos)

HIGHLIGHTS OF THE YEAR

Excluding FX effect, net sales grew 2.5%, mainly due to good performance in Mexico and EAA.

Adjusted EBITDA[1] increased 5.4%, with a margin expansion of 50 basis points reaching 11.5%

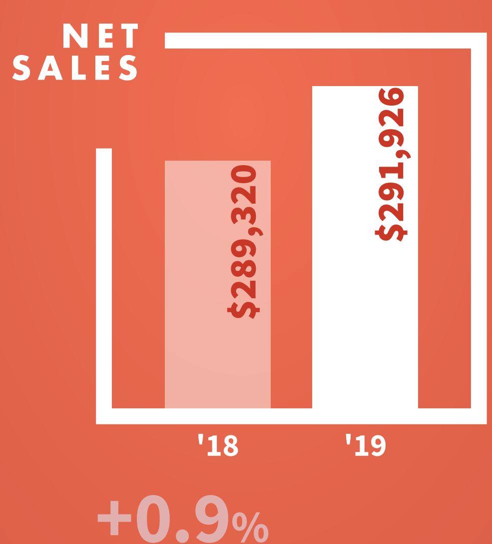
Free Cash Flow amounted to $2.4 billion pesos.

Net debt to adjusted EBITDA ratio decreased to 2.4x.

"Grupo Bimbo's strong operating efficiency and commitment to being an agile Company, enabled us to achieve sales growth in local currencies in Mexico and EAA. Our balance sheet continues to strengthen as we deleveraged reaching 2.4 times net debt to adjusted EBITDA."

Diego Gaxiola

Global VP Administration and Finance



NET SALES

Net sales during 2019 grew 2.5%, excluding FX effect, as a result of organic growth in Mexico and EAA, coupled with strategic bolt-on acquisitions completed during the period; including FX effect, net sales increased 0.9%.

NORTH AMERICA [2]

For the full year, net sales remained flat, primarily due to continued execution of the portfolio optimization strategy implemented in Q2 in the US, which was offset by strategic brands growth in the US, strong performance in Canada and the sweet baked goods and snacks categories throughout the region. The competitive environment in the premium category and compression of the private label category in the US continued to be a challenge.

MEXICO [3]

For the full year net sales improved by 2.4%, primarily reflecting strong volume growth across most categories, particularly buns, cookies and cakes and every channel, with the convenience channel outperforming.

LATIN AMERICA [4]

Net sales in Latin America decreased by 4.2%, for the full year, attributable to a weak performance in Brazil and Argentina and FX rate pressure, which was offset by strong results across the Latin Centro and Latin Sur divisions, with Chile and Peru outperforming.

EAA [5]

For the full year, net sales grew 2.9%, driven by good performance of Iberia and Bimbo QSR, with outperformance from the bread and sweet baked goods categories.

GROSS PROFIT

2019 gross profit slightly improved by 0.1%, with a margin contraction of 40 basis points, primarily reflecting higher raw material costs.

ADJUSTED EBITDA

2019 adjusted EBITDA increased 5.4% with a margin expansion of 50 basis points, attributable to positive operating performance in most regions and lower general and administrative expenses resulting from productivity initiatives.

NORTH AMERICA

Full year 60 basis points expansion in the margin was due to the efficiencies gained from restructuring initiatives and improved portfolio mix from growth in strategic brands and snacks.

MEXICO

The margin remained flat year over year, attributable to healthy sales performance and lower general expenses, as a reflection of cost-cutting initiatives, offset by higher raw material costs.

LATIN AMERICA

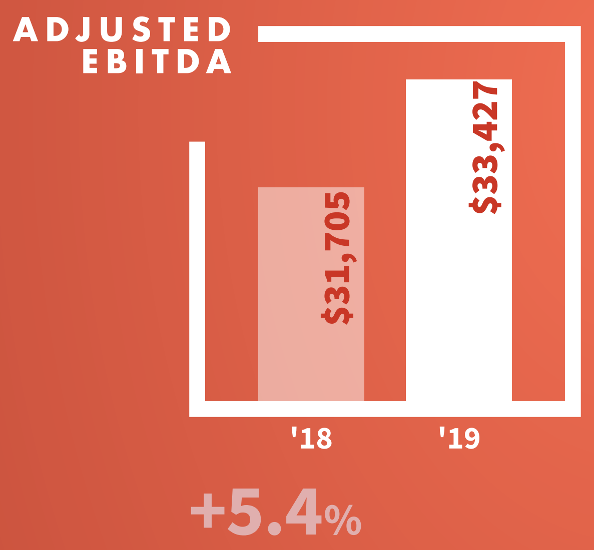
Latin America margin contraction was due to the macroeconomic conditions in Argentina and extraordinary expenses in Brazil, partially offset by lower general expenses in the Latin Centro and Latin Sur divisions.

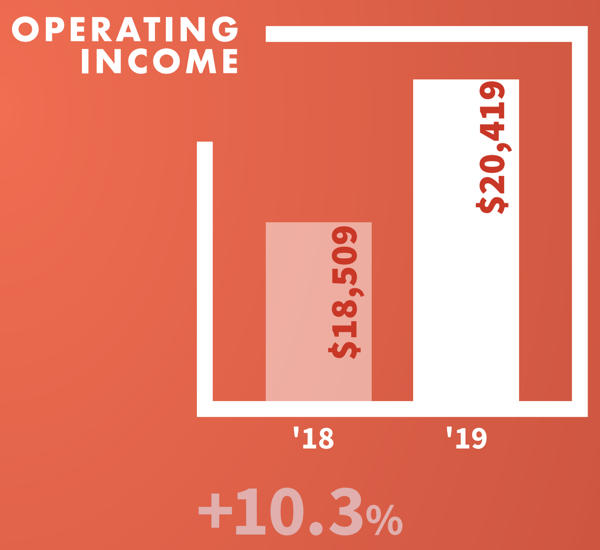
EAA

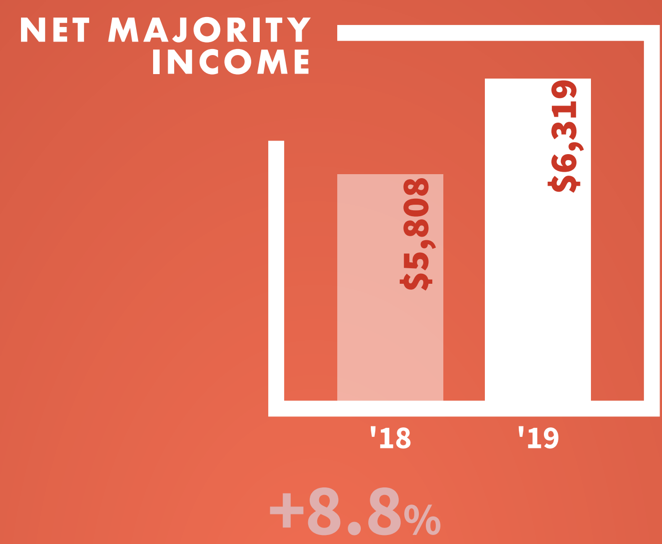
EAA posted a strong 480 basis points expansion in the margin in 2019, as a result of the synergies achieved from the acquisition of Donuts Iberia, lower integration expenses and strong performance of the Bimbo QSR business.

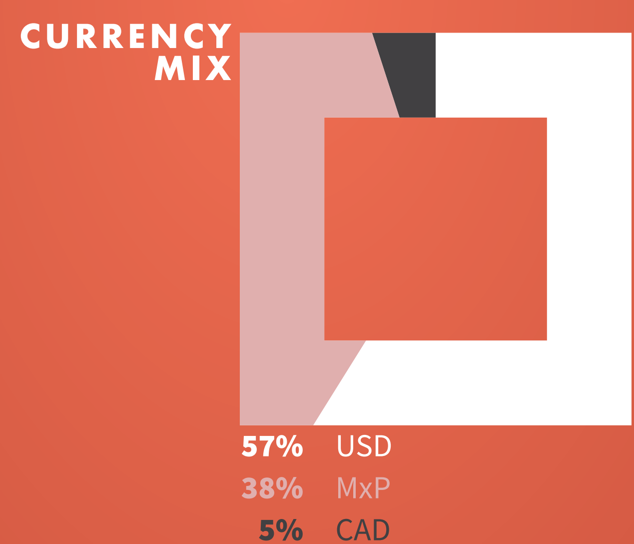
OPERATING INCOME

Full year operating income increased 10.3% and the margin expanded 60 basis points, as a reflection of good operating performance across most regions. Partially offset by the non-cash charges related to the adjustment of the Multi-Employer Pension Plans ("MEPPs") liability registered in the second and third quarters, as well as restructuring investments mainly in North America and extraordinary expenses in Brazil.









COMPREHENSIVE FINANCIAL RESULT

Comprehensive Financial Result for the year totaled Ps. 8,560 million, 22.4% higher when compared to 2018. This increase was mainly related to a one-time expense from the US$600 million liability management transaction of the 2020 notes, a loss from the net monetary asset position in Argentina and the implementation of IFRS16.

NET MAJORITY INCOME

Full year net majority income increased 8.8% and the margin expanded 20 basis points, due to the improved operating performance and a lower effective tax rate, which stood at 39.1%.

FINANCIAL STRUCTURE

Total debt at December 31st, 2019, was Ps. 86.7 billion, compared to Ps. 89.8 billion on December 31st, 2018.

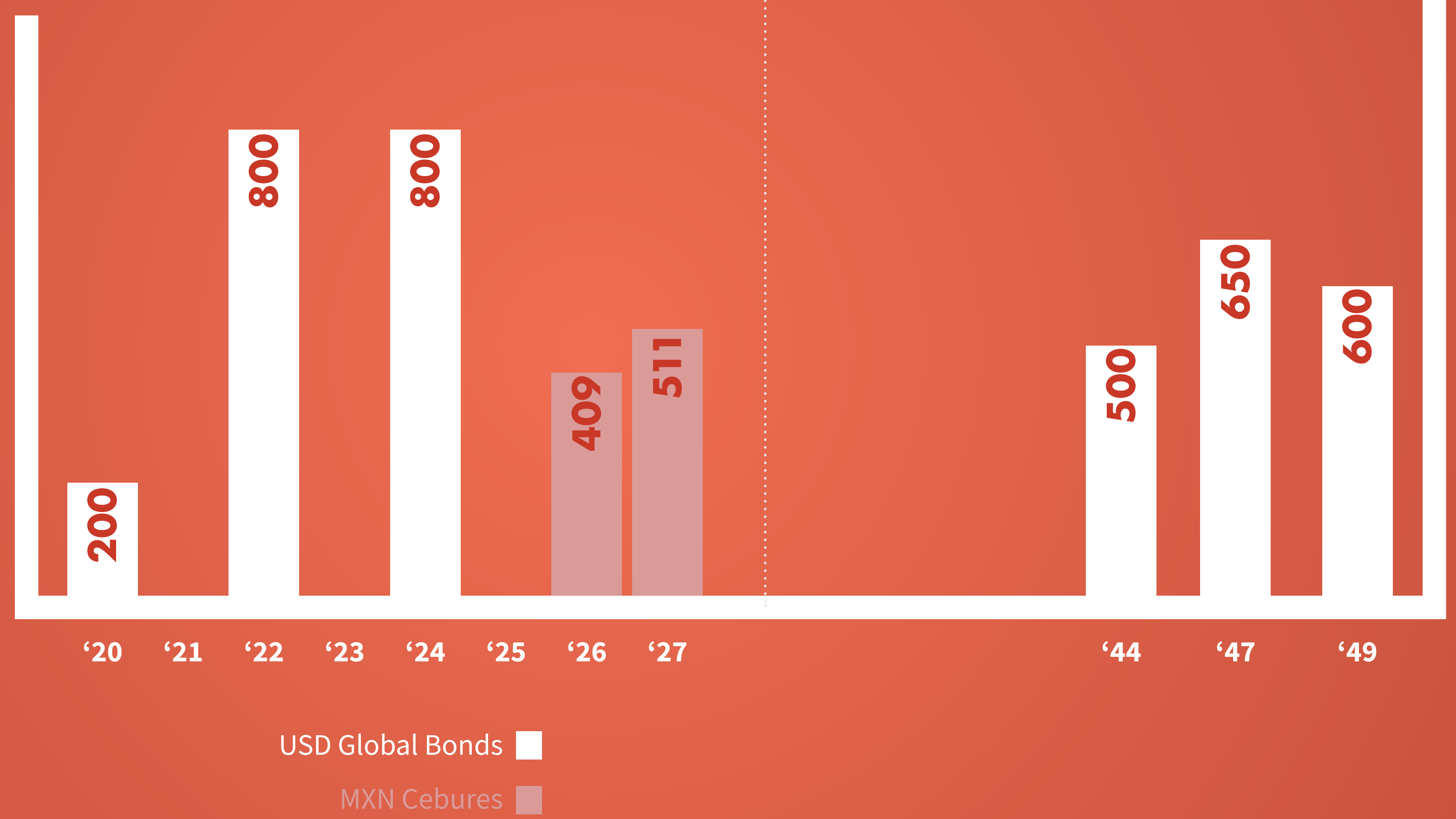
Average debt maturity was 13.3 years with an average cost of 6.1%. Long-term debt comprised 94% of the total; 57% of the debt was denominated in US dollars, 38% in Mexican pesos and 5% in Canadian dollars.

The net debt to adjusted EBITDA ratio was 2.4 times compared to 2.6 times at December 31st, 2018.

The Company invested Ps. 1.8 billion in its share buyback program, buying back approximately 46.6 million shares.

AMORTIZATION PROFILE [6]

(Millions of US dollars)



1. Adjusted EBITDA: Earnings before interest, taxes, depreciation, amortization, impairments, Voluntary Separation Program (“VSP”) and Multiemployer Pension wPlans charges (“MEPPs”).
2. North America region includes operations in the USA and Canada.
3. Inter-company transactions have been removed from Mexico.
4. Latin America region includes operations in Central and South America.
5. EAA region includes operations in Europe, Asia and Africa.
6. Does not include debt at the subsidiary level of US$155 million.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS
(GRI 102-18, 102-22, 102-23)

Daniel Javier Servitje Montull
Chairman

Andrés Obregón Servitje

Arturo Manuel Fernández Pérez*

Edmundo Miguel Vallejo Venegas*

Estibalitz Laresgoiti Servitje

Ignacio Pérez Lizaur*

Jaime A. El Koury*

Jaime Chico Pardo

Javier de Pedro Espínola

Jorge Pedro Jaime Sendra Mata

José Ignacio Mariscal Torroella

Luis Jorba Servitje

Mauricio Jorba Servitje

María Isabel Mata Torrallardona

María Luisa Jorda Castro*

Nicolás Mariscal Servitje

Ricardo Guajardo Touché*

Rogelio M. Rebolledo Rojas*

*Independent

AUDIT AND CORPORATE PRACTICES COMMITTEE

Edmundo Miguel Vallejo Venegas
Chairman

Jaime Antonio El Koury

Arturo Manuel Fernandéz Pérez

María Luisa Jorda Castro

Ignacio Pérez Lizaur

EVALUATION AND RESULTS COMMITTEE

Luis Jorba Servitje
Chairman

Nicolás Mariscal Servitje

Ignacio Pérez Lizaur

Daniel Javier Servitje Montull

Edmundo Miguel Vallejo Venegas

FINANCE AND PLANNING COMMITTEE

Jose Ignacio Mariscal Torroella
Chairman

Jaime Chico Pardo

Javier De Pedro Espínola

Ricardo Guajardo Touché

Luis Jorba Servitje

Daniel Javier Servitje Montull

Nicolás Mariscal Servitje

Rogelio M. Rebolledo Rojas

STEERING COMMITTEE

Daniel Javier Servitje Montull
Chairman of the Board and Chief Executive Officer, Grupo Bimbo

Javier Augusto González Franco
Executive VP

Gabino Miguel Gómez Carbajal
Executive VP

Rafael Pamias Romero
Executive VP

Diego Gaxiola Cuevas
Global VP, Administration and Finance

Juan Muldoon Barrena
Global VP, People

Raúl Ignacio Obregón Servitje
Global VP, Transformation

Alfred Penny
President, BBU

Miguel Ángel Espinoza Ramírez
President, Bimbo Mexico

* For more information on our corporate governance practices, the professional career of the members of the Board of Directors, and of the Executive Committee members, as well as a full description of the duties of Board committees, please visit our website.

GRUPO BIMBO - ar 2019

A CULTURE OF **ETHICS**

(GRI 102-16)

The backbone of a company revolves around its culture. At Grupo Bimbo we nourish a better world, thanks to the values that we express along different lines.

PURPOSE:
Building a sustainable, highly productive and deeply humane company.

MISSION:
Delicious and nutritious baked goods and snacks in the hands of all.

VISION:
In 2020, we will transform the baking industry and expand our global leadership to better serve more consumers.

2019 WORLD'S MOST ETHICAL COMPANIES® ™
WWW.ETHISPHERE.COM

KEY BELIEFS AND CAPABILITIES

Our Code of Ethics has allowed us to transcend and orient our behavior towards building the Company we are today.

At Grupo Bimbo we doubly instill life into values and beliefs to convert them into action models for conduct that we can embrace each and every day.

OUR BELIEFS

1. WE VALUE THE PERSON
2. WE ARE A COMMUNITY
3. WE COMPETE AND WIN
4. WE ACT WITH INTEGRITY
5. WE GET RESULTS
6. WE ARE SHARP OPERATORS
7. WE TRANSCEND AND ENDURE

CONTACT
for reports:
Speak-Up Line
comenta@grupobimbo.com
(GRI 205-2)

In all communication and training stemming from the Global Integrity Policy, we promote an open channel for claims, reports and advice pertaining to integrity.

The Global Integrity Policy is available to the public on the Grupo Bimbo website. The policy stipulates our position of Zero Tolerance for any lack of integrity, as well as the obligation to report any violation to the Compliance Department, the Ethics Committee, or Legal Department.

Reporting can be done through the Speak-Up Line of the corresponding location, which is anonymous and confidential communication, or via email: commenta@grupobimbo.com and the comments will be shared only with those who have been so authorized. Likewise, all our facilities maintain communication with suggestion channels to report integrity issues and non-ethical behaviors.

Grupo Bimbo has a Global Conflicts of Interest Policy, which is applicable for all associates in all our organizations, subsidiaries, branches, and also our suppliers in all geographies and duties.

ANTI-CORRUPTION

(GRI 205-1)

Risk Assessments are periodically conducted everywhere we operate, and the last reports issued were between 2017 and 2018. Our business plan stipulates the next risk assessment in 2021.

To keep an open communication with the Governance body, we have a public Grupo Bimbo webpage under the section for Corporate Governance: https://grupobimbo.com/es/nuestro-grupo/gobierno-corporativo.

Through its internal platforms -GB ON-, email, and onsite campaigns, conveys the Global Integrity Policy. In 2019, direct communication on this encompassed 28,000 associates worldwide, including the Steering Committee for Grupo Bimbo and categories such as staff, supervisors, executives, and top management. On the other hand, campaigns at the work centers have taken place as part of the same plan.

In addition to internal initiatives, the Policy sets forth that all business partners must sign the Third-Party Code of Conduct, which is openly available on the same webpage.

28,000

ASSOCIATES RECEIVED COMMUNICATION OF THE GLOBAL INTEGRITY POLICY, FROM DIGITAL PLATFORMS

23,765
ASSOCIATES RECEIVED TRAINING IN INTEGRITY
(GRI 412-2)

14,305
MEXICO
81.56%

4,530
NORTH AMERICA
94.26%

3,755
LATIN AMERICA
83.95%

1,175
EAA
78.13%

Each year our Board of Directors receive the Code of Ethics, the Global Integrity Policy, and training via email; this is done through the corresponding website. They also receive information and training material through different channels of communication.

In 2019, 23,765 associates received integrity training through GB University, equivalent to 83.9% of all staff and executives.

Grupo Bimbo has Zero Tolerance toward any lack of integrity, including public or private acts of corruption. To date, there are no confirmed cases regarding corruption.

SOCIOECONOMIC COMPLIANCE

(GRI 419-1)

There have been no confirmed cases from third parties, nor any from regulatory agencies. Likewise, there are no identified cases of filtration, theft, or loss of customer personal data, pursuant to the Global Policy for the Protection of Personal Information.

ANTITRUST

(GRI 206-1)

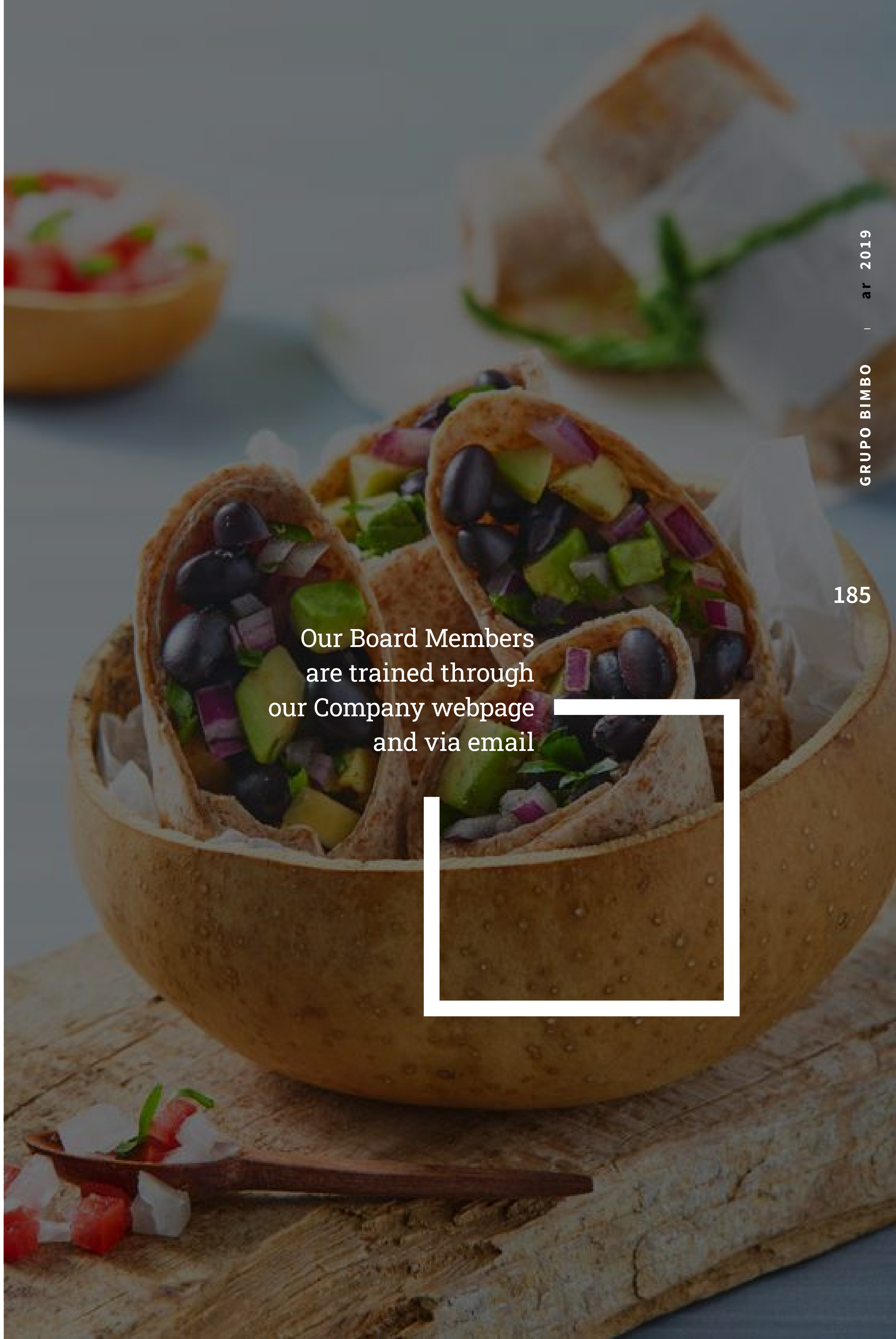
We have two ongoing antitrust investigations. To date, no charges have been brought.

PUBLIC POLICY

(GRI 415-1)

We do not make in-kind or monetary contributions to political parties and/or representatives in any of the countries where we operate. This follows our Global Integrity Policy, which strictly forbids direct or indirect contributions on behalf of the Company to political parties or candidates to elected positions.

Similarly, our Code of Ethics establishes that we maintain processes that promote a culture of integrity, control and legality, to prevent situations that could result in acts of corruption or bribery, like: receiving and / or giving anything of value such as money, gifts, favors or services that could jeopardize the reputation of the company.



GRUPO BIMBO | ar 2019

SPEAK-UP LINE

(GRI 102-17, 102-33, 102-34))

Each of our associates have a unique worth and his/her individual contribution is immeasurable, and therefore each day we reinforce our Golden Rule -Respect, Fairness, Trust, and Care- to create an extraordinary place to work, in a healthy atmosphere. Because of this, we stress and promote our Code of Ethics for Associates and our Code of Ethics for Suppliers, in addition to our internal policies.

To comply, we have our Speak Up Line, which offers a reliable channel for expressing any information regarding suspicious behaviors, violations, or any activity in conflict with our Code of Ethics, enabling us to provide follow-up, improve processes, and resolve any issues reported.

898

REPORTS ADDRESSED THROUGHOUT THE ENTIRE GROUP

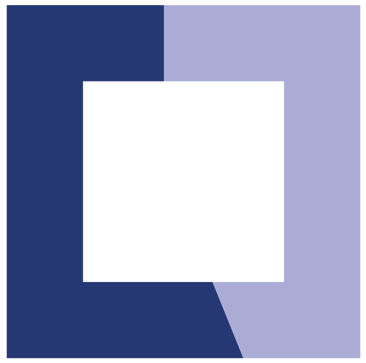
The program is available in any country where we operate, and during 2019 we addressed 898 reports from different organizations.

(GRI 406, 411)

In 2019, we received 42 cases related to Diversity and Inclusion issues, which were investigated and resolved based on our Diversity and Inclusion, Prevention of Harassment and Discrimination policies.

No case was reported on discrimination of any native ethnic group.

BY TYPE



395 **44%** Anonymous
503 **56%** Name supplied

BY GENDER

446 **50%** Male
211 **23%** Female
241 **27%** Unspecified

ABOUT THIS

REPORT

ABOUT THIS REPORT

(GRI 102-10, 102-29, 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-54, 102-56)

The purpose of this report is to publish and share with our stakeholders compliance with our corporate purpose, through our achievements and progress, and which are guided by our Sustainability Strategy*.

This document contains the global results for Grupo Bimbo in matters of economics, society, and the environment. The reporting period covered is from Jan. 1st to Dec. 31, 2019. This annual report has been prepared pursuant to Global Reporting Initiative (GRI) standards, for Sustainability reports, in the "essential" version. It also contains information requested by the Mexican Stock Exchange, through RobecoSAM, to be included in the part on Sustainable Index. The comprehensive annual report herein contains financial information verified externally, and verification by internal audit as pertains to information on sustainability strategy indicators.

Grupo Bimbo produces this report on an annual basis. The period encompassed in this report contains no significant changes, when compared to previous years, in either materiality or coverage. Moreover, we have included our contribution to the 10 principles of the World Pact, and the 17 Sustainable Development Objectives.

As part of our environmental protection strategy, we have prepared the digital version of the full document. For the ninth time, we have reported results on activities performed in Mexico, North America, Latin America, Europe, Asia, and Africa.

For more information, please visit:
https://grupobimbo.com/en/sustaintability
For more information about our Sustainability Strategy visit:
https://grupobimbo.com/en/sustaintability
Grupo Bimbo Materiality:
https://grupobimbo.com/en/sustaintability/our-stakeholders/materiality
For more information about Grupo Bimbo Policies visit:
https://grupobimbo.com/en/our-group/policies
For more information on Corporate Governance and Risks visit:
https://grupobimbo.com/en/sustaintability/information-evaluators

GRUPO BIMBO | ar 2019

Empresa Socialmente Responsable
20 AÑOS

AWARDS AND RECOGNITIONS 2019

INSTITUTION	RECOGNITION	DATE	DESCRIPTION
Expansión	Among Top Ten companies in Mexico with best Corp. Integrity	Nov. 2019	Scored 98 /100 within ranking of 500 most transparent companies in the IC500
Mundo Ejecutivo Magazine	One of Mexico's most global companies	Nov. 2019	Recognition awarded during Mundo Ejecutivo's Summit1000
Euromonitor International	100 Global Megacompanies	Mar. 2019	
Love Mondays	Top 5 Most Loved Companies	Mar. 2019	Recognition granted by the evaluation platform
Ethisphere Institute	The Most Ethical Companies	Feb. 2019	Recognition granted for the 3rd consecutive year
QUEMA y Movisa	Gold Award for the Active and Healthy Company challenge	Jun 2019	For efforts and devotion in promoting healthy habits among associates
EBC	Honoris Causa to Daniel Servitje Montull	Apr 2019	Recognition for his professional experience and entrepreneurial spirit
Mirec Awards	Best collaboration in Renewable Energy Sources and Corp User of Energy		
Ranking Meaningful Brands	Among most important companies for consumers	Apr 2019	Havas Group recognizes companies that are important to consumers
Merco Ranking	Company with the Best Reputation in the country	Aug. 2019	Awarded by the Merco ranking for Companies and Leaders of Mexico
Merco Ranking	Food Industry company with the Best Reputation	Aug. 2019	Awarded by the Merco ranking for Companies and Leaders of Mexico
Merco Ranking	Daniel Servitje was recognized as the Most Reliable Leader and with the Best Reputation	Aug. 2019	Awarded by the Merco ranking for Companies and Leaders of Mexico
Universum	Top 100 Most Appealing Employers in Mexico	Jun. 2019	Within the business, engineering, IT, natural sciences, humanities, and health sectors
PROPAEM	Six Work Centers in the State of Mexico	Jun. 2019	Recognition for work centers with Clean Industry
Expansión	Within the Top 500 Most Important Companies in Mexico	Nov. 2019	Recognition granted by Expansión magazine
Expansión	The Top Manufacturing Company in Mexico	Aug. 2019	Recognition granted by Expansión magazine
Baking & Snack	Sustainability Award	Sep 2019	Award for efforts in four categories: Community, Associates, Health, and Wellness
US Environmental Protection Agency (EPA)	Partner of the Year Award 2019 ENERGY STAR®	Apr. 2019	Award for Partner of the Year 2019 ENERGY STAR®, given by the EPA in recognition for our commitment to the energy use strategy and leadership in the baking industry
Bóscares	Supply Chains with Zero Deforestation	Nov. 2019	Recognition from Reforestamos México, with the support of CONAFOR (the Nation Forestry Commission), the School of Social Responsibility from Anáhuac University (CLARES) and the UNDP's Finance Biodiversity Initiative (BIOFIN)

MEMBERSHIPS

(GRI 102-13)

The following is a list of the primary sector entities to which we belong, and associations or organizations for which we are members, and which work in defense of interests we support.

DOMESTIC

- Asociación Nacional de Fabricantes de Chocolates, Dulces y Similares, A.C. (ASCHOCO)
- Asociación Nacional de Tiendas de Autoservicio y Departamentales (ANTAD)
- Asociación Nacional de Transporte Privado (ANTP)
- Asociación Mexicana de Industriales de Galletas y Pastas, A.C.(AMEXIGAPA)
- Cámara Nacional de la Industria de la Transformación (CANACINTRA)
- Cámara Nacional del Maíz Industrializado (CANAMI)
- Cámara Nacional de la Industria Panificadora y Similares de México (CANAINPA)
- Confederación Patronal de la República Mexicana (COPARMEX)
- Consejo Coordinador Empresarial (CCE)
- Consejo Mexicano de Negocios (CMN)
- Consejo Mexicano de la Industria de Productos de Consumo (ConMéxico)
- Consejo Nacional Agropecuario (CNA)
- Consejo Empresarial Mexicano de Comercio Exterior, Inversión y Tecnología, A.C. (COMCE)
- Consejo de Autorregulación y Ética Publicitaria (CONAR)
- Consejo de la Comunicación
- Consejo Mexicano de Asuntos Internacionales (COMEXI)
- Consejo Empresarial de Salud y Bienestar
- Ecología y Compromiso Empresarial (ECOCE)
- Iniciativa GEMI
- Movimiento por una Vida Saludable (MOVISA)
- Unión Social de Empresarios de México (USEM)
- American Chamber of Commerce of Mexico (AMCHAM)
- Fundación Mexicana para la Salud (FUNSALUD)

INTERNATIONAL

- Consumer Goods Forum (CGF)
- International Food and Beverage Alliance (IFBA)
- Roundtable on Sustainable Palm Oil (RSPO)
- World Federation of Advertisers (WFA)
- World Environment Center (WEC)
- Earthworm Foundation

MATERIALITY

To produce this report, we have worked according to the last two materiality studies performed in 2015 and 2019 to identify those material aspects to be reported that directly or indirectly impact our stakeholders.

In this table we show the principles of the Global Compact SDGs and Sustainable Development Goals to which we contribute.

THE GLOBAL COMPACT

SUSTAINABLE DEVELOPMENT GOALS

ENERGY EFFICIENCY AND RENEWABLE ENERGY

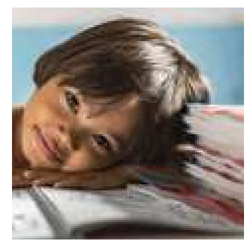
PRODUCT QUALITY AND SAFETY

HUMAN RIGHTS IN THE SUPPLY CHAIN

FAIR RELATIONS WITH PRODUCERS AND SUPPLIERS

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING



2 ZERO HUNGER

4 QUALITY EDUCATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

INNOVATION IN HEALTHY PRODUCTS

RESPONSIBLE COMMUNICATION AND LABELING

ADAPTING TO AND MITIGATING CLIMATE CHANGE

ETHICS AND INTEGRITY

SUSTAINABLE RAW MATERIAL SUPPLY

RESPONSIBLE SUPPLY CHAIN MANAGEMENT PRACTICES

SUSTAINABLE PACKAGING AND CIRCULAR ECONOMY

EQUALITY AND DIVERSITY IN OPPORTUNITIES

5 GENDER EQUALITY

7 AFFORDABLE AND CLEAN ENERGY

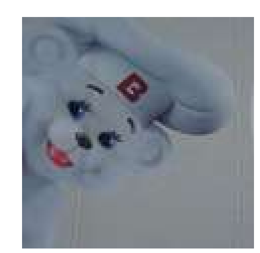
6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

13 CLIMATE ACTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

15 LIFE ON LAND



17 PARTNERSHIPS FOR THE GOALS

TRANSPARENCY AND COMMITMENT TO STAKEHOLDERS

CORPORATE GOVERNANCE

WATER MANAGEMENT

INVOLVEMENT WITH THE COMMUNITY

GLOBAL COMPACT SDGS

HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.

LABOR STANDARDS

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labor
5. Businesses should uphold the effective abolition of child labor.

ENVIRONMENT

6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges
8. Businesses should undertake initiatives to promote greater environmental responsibility
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery

GRI CONTENT INDEX

(GRI 102-55)

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102-5	Ownership and legal form	1, 318
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102-11	Precautionary principle or approach	https://grupobimbo.com/es/inversionistas/repor-tes-trimestrales
102-12	External initiatives	44
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102-15	Key impacts, risks, and opportunities	4
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GOVERNANCE		
102-18	Governance structure	177
102-19	Delegating authority	https://www.grupobimbo.com/es/gobierno-cor-porativo/codigo-de-gobierno-corporativo
102-20	Executive-level responsibility for economic, environ-mental, and social topics	222
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102-24	Nominating and selecting the highest governance body	86, https://www.grupobimbo.com/es/gobierno-cor-porativo/codigo-de-gobierno-corporativo
102-25	Conflicts of interest	https://www.grupobimbo.com/es/gobierno-cor-porativo/ codigo-de-gobierno-corporativo
102-26	Role of the highest governance body in setting purpose, values, and strategy	https://www.grupobimbo.com/es/gobierno-cor-porativo/codigo-de-gobierno-corporativo
102-27	Collective knowledge of highest governance body	222, https://www.grupobimbo.com/es/gobierno-cor-porativo/codigo-de-gobierno-corporativo
102-28	Performance evaluation of the highest level of governance	222, https://www.grupobimbo.com/es/gobierno-cor-porativo/codigo-de-gobierno-corporativo

GRI Community 2020 Grupo Bimbo

STANDARD	DISCLOSURE	PAGE OR DIRECT RESPONSE
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102-30	Efficiency in risk management processes	222 https://www.grupobimbo.com/es/gobierno-cor-porativo/codigo-de-gobierno-corporativo
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102-41	Collective bargaining agreements	https://www.grupobimbo.com/es/gobierno-cor-porativo/codigo-de-gobierno-corporativo
102-42	Identification and selection of stakeholders	https://grupobimbo.com/es/sustentabilidad/gru-pos-deinteres
102-43	Approach to stakeholder engagement	https://grupobimbo.com/es/sustentabilidad/gru-pos-deinteres
102-44	Key topics and concerns raised	https://grupobimbo.com/es/sustentabilidad/gru-pos-deinteres
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STANDARD	DISCLOSURE	PAGE OR DIRECT RESPONSE
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FP6	Percentage of total sales volume of consumer products, by product category, that are reduced by saturated fat, trans fat, sodium and added sugars.	24, 25
FP7	Percentage of total sales volume for consumer goods, by product category, containing added nutritional ingredients such as fiber, vita-mins, minerals, plant chemicals, or functional food additives.	32, 33
FP8	Policies and practices regarding communication to consumers on nutritional ingredients and information beyond legal requirements	38, 39

EXCLUSIONS

GRI 203

- Only provided the exclusion applies or is declared.
- The report herein does not include impacts.
- The impacts reported only apply to Mexico

GRI 203-1A

- All amounts are given in Mexican pesos.
- The percentage of equivalent net profit was validated by the Comptroller.
- The amount donated and the number of food banks only pertain to BBU and Canada.
- The tax benefits entry was considered to determine donation amounts by BBU to food banks.
- Donation amounts made include budget employed for the Good Neighbor program. This program was not applied in 2019 in BQ, UK and Nicaragua.

GRI 203-1C

All Good Neighbor projects are delivered as in-kind or monetary donations, to both the community as well as to not-for-profit institutions, as per our Global Policy on Donations – Social Impact.

GRI 402-1

- Average time is 3 weeks beforehand.
- Organizations with collective bargaining, a term between 7 and 30 days.
- Collective bargaining agreements have notification periods determined by the type of situation

GRI 301 MATERIALS

GRI 301-1, 301-2

- Information period is from Nov. 1, 2018 to Oct. 32, 2019 with the exception of compostable material, which considered purchases made during 2019.
- Spend and major suppliers for each organization (~80%) were considered in gathering information.

CARDBOARD:

- Information for this year was obtained through the CDP, within its Supply Chain program, with the exception of data on recycled board.
- Materials reported include packaging, paper, and board, as they are supplied linked to our packaging material commitment.

GRI 301-3

This indicator is partially reported because of participation in two collaborative programs with other companies, and the amount recovered is shared (described within the text).

GRI 302 ENERGY

GRI 302-1, 302-2, 302-3, 302-4, 302-5

- Fuel and Electricity: Information on use for our USA operation is gathered in November due to the delay in invoicing; November volumes are repeated for December to estimate the annual indicator.
- Iberia: Not all information on our Teror plant is included.
- Bimbo QSR: Partial reporting for our plants in China, Turkey, and Switzerland only. The remaining plants are undergoing standardization.
- Indicators for operations are reflected as plants gradually migrate from fuels.

GRI 303 WATER

GRI 303-1, 303-3

- Information on use for our USA operation is noy gathered until the 3Q due to quarterly invoicing; 3Q information is repeated for 4Q to estimate the annual indicator.
- Iberia: No information on our Teror plant is included.
- Bimbo QSR: Partial reporting only for China, Turkey, and Switzerland. The remaining plants are undergoing standardization.
- No water from wetlands, rivers, lakes or oceans is used.

GRI 303-2

No damage has been reported.

GRI 304 BIODIVERSITY

GRI 304-1

According to a study performed in previous years, none of our operations are located in protected areas or of great biodiversity importance.

GRI 304-2

No impact was reported on biodiversity as a result of products, services, or activities.

GRI 304-4

Operations do not affect species included within the IUCN Red List.

GRI 305 EMISSIONS

GRI 305-1,305-2,305-3,305-4,305-5,305-7

- Fuels and Electricity: Information on use for our USA operation is gathered in November due to the delay in invoicing; November volumes are repeated for December to estimate the annual indicator.
- Iberia: No information on our Teror plant is included
- Bimbo QSR: Partial reporting for our plants in China, Turkey, and Switzerland only. The remaining plants are undergoing standardization.

GRI 305-6

The indicator is partially reported because the implementation status of our Policy on Refrigerants is reported.

GRI 305-7

No persistent organic pollutants (POP) or hazardous air pollutants (HAP) are generated.

EFFLUENTS AND WASTES

EAA:

- India partially reports wastes as of Nov. 2018.
- Morocco reports no wastes.

Iberia:

- No information on waste in our Tenerife plant is reported.
- No information on our Teror plant is included.
- Data on hazardous waste for the whole year in Iberia was excluded.

Mexico:

- December's hazardous waste information for Mexico is excluded.

Bimbo QSR:

- Partial reporting only for plants in China, Turkey and Switzerland. The remaining plants are undergoing standardization.

GRI 306-3

No significant spills are reported.

GRI 306-4

Tall hazardous wastes are treated, none are transported, imported, and/or exported.

GRI 306-5

No significant impact was reported.

307 ENVIRONMENTAL COMPLIANCE

GRI 307-1

No significant fines or sanctions have been found.

GRI 308 ENVIRONMENTAL AND SOCIAL EVALUATION OF SUPPLIERS

GRI 308-1, 414-2

Status on environmental evaluation is reported through tools for said purpose.

GRI 408-1

- Social evaluation mechanisms for suppliers described herein include subjects of child and forced labor.
- No significant risks were identified in evaluations conducted this year on suppliers.

DESIERTO DE LOS LEONES ORGULLOSAMENTE LIMPIO

The program is exclusively for the Desierto de los Leones National Park in Mexico City.

PLANT TOURS PROGRAM

This program takes place in all organizations of Mexico, LAC, and LAS.

NATURAL DISASTERS

In 2019, this applies only to Mexico.

GRUPO BIMBO - ar 2019

GRI 413-1A

i) The volunteer program did not operate in 2019 in BQ, UK, EAA; for Latin America in Argentina, Peru and Uruguay.

ii) The environmental impact evaluation and surveillance underway for the Volunteer program are only conducted in Mexico through the civil association, Reforestamos México.

iii) The measurement on volunteers by gender, age, indigenous lineage or ethnic group, migratory status, income level, infrastructure availability, or specific health-related vulnerability are matters under review as regards personal data we were able to gather and publish when executing the volunteerism program, pursuant to applicable legislation and regulations we must follow as a Company, as well as current internal regulations

v)vi) No internal information is reported on the operation of our Sustainability Committee, and the plans for community involvement.

vii) Social and environmental impact measurements of the volunteer program do not currently form part of the representative bodies of our associates.

viii) The Speakup Line for Grupo Bimbo is the communication channel through which all associates and suppliers may make comments, suggestions, complaints or reports on any non-compliance to the GB Code of Ethics. The information published in this report only considers reports on cases involving associates and/or suppliers.

GRI 413-2

i)/ii) No information is reported.

ANNEX

ASSOCIATES

BACK TO TOPIC

102-7 SIZE OF THE ORGANIZATION

TOTAL NUMBER OF ASSOCIATES IN GRUPO BIMBO: 148,638

	TOTAL ASSOCIATES ON PAYROLL	TOTAL WORKERS HIRED AND AUTONOMOUS	TOTAL GB ASSOCIATES
Mexico	75,920	0	75,920
US/Canada	25,460	7,650	33,110
Latin America	20,174	3,656	23,830
Europe, Asia, Africa	12,270	3,508	15,778
Total within GB payroll	**133,824**	**14,814**	**148,638**

*Note 1: There is a difference of 3 people in Latin America for 3 half times registered in Argentina.
*Note 2: No information reported for paragraphs ii to v

102-8 LABOR FORCE

BACK TO TOPIC

	TOTAL ASSOCIATES WITHIN THE PAYROLL					TOTAL NDEPENDENT DISTRIBUTORS		TOTAL AUTONOMOUS WORKERS	
	TOTAL	MEN	WOMAN	NOT SPECIFIED	% OF TOTAL	TOTAL	% OF TOTAL	TOTAL	% OF TOTAL
Mexico	75,920	63,397	12,523	0	57%	0	0%	0	0%
North America	25,460	20,155	5,304	1	19%	85	2%	7,565	67%
Latin America	20,174	16,101	4,073	0	15%	1,770	51%	1,886	17%
Europe, Asia, Africa	12,270	9,248	3,022	0	9%	1,607	46%	1,901	17%
Total within GB payroll	133,824	108,901	24,922	1	100%				
Total independent workers	**3,462**	**NA**	**NA**	**NA**		**3,462**	**100%**		
Workers freelancers	**11,352**	**NA**	**NA**	**NA**				**11,352**	**100%**
Total worldwide	**148,638**								

Full time	145,485
Part time	3,153
Total within GB payroll	**133,824**
Total associates within payroll plus independent distributors	**137,286**

	FULL TIME	PART TIME	TOTAL
Mexico	75,788	143	75,931
US/Canada	30,267	2,300	32,567
Latin America	23,808	13	23,821
Europe, Asia, Africa	15,622	697	16,319
Total within GB payroll	**145,485**	**3,153**	**148,638**

GRUPO BIMBO – ar 2019

401-1 TURNOVER

BACK TO TOPIC

	AGE RANGE	PERSONNEL ACTIVE DURING 2019 — GENDER — MALE	FEMALE	NOT SPECIFIED	GRAND TOTAL	PERSONNEL TURNOVER (TERMINATIONS IN 2019) — GENDER — MALE	FEMALE	GRAND TOTAL	NEW HIRES DURING 2019 — GENDER — MALE	FEMALE	GRAND TOTAL	TOTAL NEW HIRES WHO RESIGN BEFORE THE FIRST YEAR OF EMPLOYMENT — GENDER — MALE	FEMALE	GRAND TOTAL	TURNOVER INDEX 2019 — GENDER — MALE	FEMALE	GRAND TOTAL	INDEX OF NEW ASSOCIATES 2019 — GENDER — MALE	FEMALE	GRAND TOTAL
Mexico	1 Less than 30	19,671	6,123		25,794	4,830	1,660	6,490	6,723	2,914	9,637	2,190	919	3,109	25%	27%	25%	34%	48%	37%
	2 Between 30 and 50	52,461	11,347		63,808	6,114	1,933	8,047	4,741	2,642	7,383	1,414	897	2,311	12%	17%	13%	9%	23%	12%
	3 Older than 50	7,749	1,194		8,943	505	126	631	95	102	197	31	48	79	7%	11%	7%	1%	9%	2%
Total Mexico		**79,881**	**18,664**		**98,545**	**11,449**	**3,719**	**15,168**	**11,559**	**5,658**	**17,217**	**3,635**	**1,864**	**5,499**	**14%**	**20%**	**15%**	**14%**	**30%**	**17%**
North America	1 Less than 30	3,637	1,045		4,682	1,030	340	1,370	1,542	424	1,966	526	163	689	28%	33%	29%	42%	41%	42%
	2 Between 30 and 50	11,064	3,265		14,329	1,476	513	1,989	2,021	661	2,682	598	198	796	13%	16%	14%	18%	20%	19%
	3 Older than 50	9,602	2,520	1	12,123	605	207	812	611	214	825	176	64	240	6%	8%	7%	6%	8%	7%
Total North America		**24,303**	**6,830**	**1**	**31,134**	**3,111**	**1,060**	**4,171**	**4,174**	**1,299**	**5,473**	**1,300**	**425**	**1,725**	**13%**	**16%**	**13%**	**17%**	**19%**	**18%**
Latin America	1 Less than 30	5,591	1,894		7,485	1,105	336	1,441	1,957	730	2,687	476	156	632	20%	18%	19%	35%	39%	36%
	2 Between 30 and 50	13,553	3,378		16,931	1,763	519	2,282	1,822	604	2,426	462	132	594	13%	15%	13%	13%	18%	14%
	3 Older than 50	1,450	334		1,784	96	31	127	55	11	66	11		11	7%	9%	7%	4%	3%	4%
	4 Not specified	1	1		2	1	1	2	1	1	2	1	1	2	100%	100%	100%	100%	100%	100%
Total Latin America		**20,595**	**5,607**		**26,202**	**2,965**	**887**	**3,852**	**3,835**	**1,346**	**5,181**	**950**	**289**	**1,239**	**14%**	**16%**	**15%**	**19%**	**24%**	**20%**
Europe, Asia, Africa	1 Less than 30	5,958	419		6,377	2,991	42	3,033	3,844	192	4,036	1,959	13	1,972	50%	10%	48%	65%	46%	63%
	2 Between 30 and 50	6,119	2,359		8,478	887	130	1,017	1,890	585	2,475	467	43	510	14%	6%	12%	31%	25%	29%
	3 Older than 50	1,504	631		2,135	147	38	185	250	80	330	39	5	44	10%	6%	9%	17%	13%	15%
	4 Not specified	2	2		4		2	2	2	2	4		2	2	0%	100%	50%	100%	100%	100%
Total Europe, Asia, Africa		**13,583**	**3,411**		**16,994**	**4,025**	**212**	**4,237**	**5,986**	**859**	**6,845**	**2,465**	**63**	**2,528**	**30%**	**6%**	**25%**	**44%**	**25%**	**40%**
Grand Total		**138,362**	**34,512**	**1**	**172,875**	**21,550**	**5,878**	**27,428**	**25,554**	**9,162**	**34,716**	**8,350**	**2,641**	**10,991**	**16%**	**17%**	**16%**	**18%**	**27%**	**20%**

NOTES
* Total terminations consider those which were voluntary.
Terminations exclude internal movements among GB companies, restructuring, determined time, deaths, retirements, disabling illness, and justified dismissals

401-3 PARENTAL LEAVE

BACK TO TOPIC

COUNTRY	ORGANIZATION	ASSOCIATES WHO HAD THE RIGHT TO TAKE TIME OFF WORK FOR MATERNITY / PATERNITY		ASSOCIATES WHO USED THEIR RIGHT TO TAKE TIME OFF WORK FOR MATERNITY / PATERNITY		TOTAL ASSOCIATES WHO RETURNED TO WORK AFTER THE PERMIT		TOTAL ASSOCIATES WHO RETAIN THEIR WORK AFTER ONE YEAR OF HAVING RETURNED TO WORK		ASSOCIATES WHO TAKE THE RIGHT TO TAKE TIME OFF WORK ON 2019 AND RETURNED ON 2019		INDICATOR OF RETURN TO WORK		RATE OF RETENTION	
		MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Mexico	Corporate, Bimbo, Barcel, Moldex, Qnet, El Globo, Ricolino	2333	585	2333	585	1670	274	2531	400	432	129	71.58%	46.84%	151.56%	145.99%
Mexico	Bimbo	1807	406	1807	406	1314	198	1662	195	351	99	72.72%	48.77%	126.48%	98.48%
Mexico	Barcel	507	109	507	109	356	56	437	56	81	19	70.22%	51.38%	122.75%	100.00%
Mexico	Moldex	S/I	7	S/I	7	S/I	0	S/I	0	S/I	1		0.00%		
Mexico	Qnet	S/I	2	S/I	2	S/I	1	S/I	1	S/I	0		50.00%		
Mexico	El Globo	S/I	46	S/I	46	S/I	17	S/I	17	S/I	7		36.96%		100.00%
Mexico	Ricolino	19	7	19	7	0	0	0	0	S/I	S/I	0.00%	0.00%		
North America	Bimbo Canada, BBU	57	315	57	315	42	274	43	83	0	0	73.68%	86.98%	102.38%	2075.00%
US	BBU	S/I	255	S/I	255	S/I	252	S/I	73	S/I	S/I		98.82%		28.97%
Latin America	LAC, LAS, and Brazil	358	263	358	263	269	169	296	269	19	74	75.14%	64.26%	110.04%	159.17%
Ecuador	LAC	42	19	42	19	42	19	42	19	0	0	100%	100%	100.00%	100%
Costa Rica	LAC	33	9	33	9	33	5	33	7	0	3	100.00%	55.56%	100.00%	140.00%
Guatemala	LAC	44	13	44	13	44	4	44	13	0	9	100.00%	30.77%	100.00%	325.00%
Honduras	LAC	0	16	0	16	0	12	0	22	0	10		75.00%		183.33%
Nicaragua	LAC	3	12	3	12	3	7	3	13	0	6	100.00%	58.33%	100.00%	185.71%
Panama	LAC	18	6	18	6	18	3	17	13	0	10	100.00%	50.00%	94.44%	433.33%
Venezuela	LAC	15	2	15	2	15	2	15	2	0	0	100%	100%	100.00%	100%
Salvador	LAC	27	6	27	6	17	2	27	8	0	6	62.96%	33.33%	158.82%	400.00%
Colombia	LAS	57	49	57	49	22	19	22	19	0	0	38.60%	38.78%	100.00%	100.00%
Uruguay	LAS	8	7	8	7	7	4	6	4	2	6	87.50%	57.14%	85.71%	100.00%
Paraguay	LAS	8	7	8	7	5	3	5	3	0	2	62.50%	42.86%	100.00%	100.00%
Argentina	LAS	42	30	42	30	19	30	19	30	17	6	45.24%	100.00%	100.00%	100.00%
Chile	LAS	56	37	56	37	41	27	41	27	0	0	73.21%	72.97%	100.00%	100.00%
Peru	LAS	5	3	5	3	3	0	3	0	0	0	60.00%		100.00%	
Brazil	BB	0	47	0	47	0	32	0	15	0	16		68.09%		46.88%
EAA	Europe, Asia, Africa	1382	1332	107	61	90	37	18	83	0	39	84.11%	60.66%	20.00%	224.32%
UK	UK	4	8	4	8	4	4	0	2	0	0	100.00%	50.00%		50.00%
Portugal	Bimbo Iberia	16	5	16	5	16	2	0	2	0	0	100.00%	40.00%	0.00%	100.00%
Spain	Bimbo Iberia	70	25	70	25	61	25	16	39	0	39	87.14%	100.00%	26.23%	156.00%
China	Shanghai	329	363	1	1	0	1	0	0	0	0	0.00%	100.00%		0.00%
China	Chengdu	51	56	3	0	0	0	0	0	0	0	0.00%		0.00%	
China	Guangzhou	111	154	4	15	0	1	0	1	0	0	0.00%	6.67%		100.00%
China	Beijing	801	721	9	7	9	4	2	0	0	0	100.00%	57.14%	22.22%	0.00%

403-2 SAFETY AND WELLNESS

CONCEPT	NORTH AMERICA	MEXICO	LATIN AMERICA	EUROPE, ASIA, AFRICA	TOTAL
Disabling injury	403	1,643	214	199	**2,459**
Days of disability	19,207	41,899	6,597	8,463	**76,166**
Hours worked	49,249,643	184,225,983	51,804,344	82,407,006	**367,686,976**
Number of collaborators	24,682	75,069	19,998	10,200	**129,949**
Fatalities	1	1	0	0	**2**
Fatalities Independent operators / External personnel		1		1	**2**
Occupational illness	0	0	0	0	**0**
Days Lost Rate (DLR)	78.00	45.49	25.47	20.54	**169**
Absenteeism Rate (AR)	8.95	11.99	5.86	10.69	**37**
Incident Rate (IR)	1.64	1.78	0.83	0.48	**5**

Our safety management system allows us to know the number of injuries by gender, but our headcount (structures) does not have this classification, and therefore we are unable to estimate the real indicator or the incident frequency rate by gender. We only have the overall rate for GB associates and its affiliates.

To estimate the incident rate, we only considered direct associates (within the GB payroll), not the Independent operators or contractor personnel because we have no control over their headcount, thereby distorting the incident rate. However, all injuries classified as severe or fatal suffered by Independent operators or contractor personnel is investigated and reported to the Steering Committee of the organization, and to Grupo Bimbo's Central Committee on Safety, in addition to being reported separately in the GRI.

In the case of injuries enroute, (those taking place when the associate travels from home to work, or vice-versa) these are neither included in GB records, nor reported to the Central Committee on Safety. This is because we have no control over risk factors outside the work centers, nor any direct influence on associate behavior when off the job.

From January to November, prior to the separation of Barcel and Ricolino organizations, these were taken as a single organization (Barcel). Therefore, in December, the indicator was considered as one single one, which when adding the basic headcount the sum came to 16,804, but in the basic headcount it is separate. Data is not taken from the rest of the basic headcount.

BQSR recently rejoined Grupo Bimbo and an integration period was established for safety processes, incident rate estimation criteria, and the recording of injuries. BQSR will report its indicators in line with those of Grupo Bimbo, as of Jan. 2020. The percentage of BQ associates, represents 2% of GB population, associates deemed not covered by GB Safety Model initiatives; but they are covered by local regulations, thus being able to control their incident rate.

404-1 AVERAGE HOURS OF TRAINING PER YEAR PER ASSOCIATE

BACK TO TOPIC

WORK CATEGORY	TOTAL HOURS OF TRAINING		AVERAGE HOURS	
	WOMEN	MEN	WOMEN	MEN
Operations and Staff	382,425.93	1,204,468.03	17.97	12.96
Supervisors	150,418.38	576,249.80	60.87	56.83
Sr. Executives and VPs	63,650.11	161,230.13	58.39	54.01
Total worldwide by employment level	**596,494.42**	**1,941,947.96**	**24.01**	**18.31**

Note: This indicator does not include information on:
Mexico KANAN: 14 associates.
North America BQ: 1 associate with no gender or level recorded.
Europe, Asia, Africa India: 218 associates; UK: 1 with no level; BQm 101 without their levels.

404-2 PROGRAMS FOR UPGRADING ASSOCIATE SKILLS AND TRANSITION ASSISTANCE PROGRAMS

BACK TO TOPIC

a. Type and scope of programs implemented, and assistance provided to enhance associate skills.

PROGRAM IMPLEMENTED	SCOPE	TYPE	DESCRIPTION
Onboarding	For all personnel (upon hiring)	Internal training courses	Program aimed at all newly hired associates, wherein they are presented with Company philosophy, challenges, safety and wellness model, and other relevant subjects for a good start within our Company.
Leadership Seminar	Manager position (upon filling a Manager position)	Internal training courses	Explains to leaders the type of Company we want and the leadership style we expect from them. Supplies tools so that the Manger may analyze like a leader and discover aspects that help him/her to be a better person and leader.
Forward Vision, Learning and Change	Manager position (upon filling a Manager position)	Internal training courses	Review the Vision of Grupo Bimbo and highlight the responsibilities that leaders have as agents of change, to convert Company initiatives into success stories.
Safety and Wellness	Manager position (within the first six months of filling this position)	Internal training courses	Analyze GB Health and Safety Model; explain policy and stress the importance that health and safety on the job has for GB.
MS01 Basic Principles (Supervision Modules)	Manager position (within the first year of filling this position)	Internal training courses	Ensure operation result scope in an atmosphere of respect for the individual. The Manager will analyze and apply the skills needed to improve his/her own training and development, as well as that of his/her associates.
MS02 Listen with Understanding	Manager position (within the first year of filling this position)	Internal training courses	Strengthen communication through effective listening. The Manager learns and applies the skills needed to listen with empathy and assertiveness.
MS03 Attention to Associate Claims and Concerns	Manager position (within the first year of filling this position)	Internal training courses	Maintain a sound work environment with team, through timely attention to claims and concerns made by associates. The Manager will learn and apply skills needed to recognize moods and to direct them in a positive way.
MS04 Communicating with the Team	Manager position (within the first year of filling this position)	Internal training courses	Ensure effectiveness of communication processes with associates. The Manager will learn and apply the skills needed to communicate ideas clearly and effectively.
MS05 Ensuring Associate Performance	Manager position (within the first year of filling this position)	Internal training courses	Ensure meeting individual and team goals. The Manager will learn and apply skills needed to maintain focus on results and indicators through systematic evaluations, motivating and constantly teaching associates.
MS06 Performance Evaluation Interview	Manager position (within the first year of filling this position)	Internal training courses	The Manager shall learn and apply the skills needed to evaluate results, proactive attitudes and associate responsibility in a motivating atmosphere throughout the interview, also recognize results, the way to obtain them, the bases for improvement.
MS07 Recognition: How do I give it?	Manager position (within the first year of filling this position)	Internal training courses	The Manager will learn and apply the skills needed to reinforce associate motivation, through recognition of their personal achievements and by facilitating a feeling of satisfaction and identification with the Company.

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PROGRAM IMPLEMENTED	SCOPE	TYPE	DESCRIPTION
MS08 Correcting problem behavior	Manager position (within the first year of filling this position)	Internal training courses	Enrich and maintain a sound working environment for the team. The Manager will learn and apply the skills needed to identify and change inappropriate associate behavior, in a timely manner.
MS09 Coaching for Improvement	Manager position (within the first year of filling this position)	Internal training courses	Provoke interdependence among associates to transform behaviors and attitudes. The Manager will learn and apply skills needed to provide support and drive the search for solutions that associates can adopt in their work environment.
MS10 Change Management	Manager position (within the first year of filling this position)	Internal training courses	Overcome reluctance to change among team members. The Manager will learn and apply skills needed to generate and promote self-confidence, dealing with frustration, and commitment to benefits derived from the change.
MS11Settling on-the-job conflicts	Manager position (within the first year of filling this position)	Internal training courses	Keep the Company highly productive and deeply humane through a sound work environment. The Manager will learn and apply skills needed to mediate labor relations between management and workers (win-win).
MS12 Disciplinary Actions	Manager position (within the first year of filling this position)	Internal training courses	Ethically and responsibly guide associates by convincing them to change behavior or low performance, applying motivation or constructive sanctions.
MS13 Termination of the Work Agreement	Manager position (within the first year of filling this position)	Internal training courses	Psychologically and legally prepare Manager to successfully complete the dismissal of an associate from the Company, using firm but fair explanations on why this person must be separated from the Company.
MS14 Assistance with Personal Problems	Manager position (within the first year of filling this position)	Internal training courses	Maintain a sound work environment through the proper orientation of associates who raise a personal issue. The Manager will learn and apply the skills needed to provide support and foster the search for the best solution for the associate.
Executive Leadership Development Program (EDLP)	For GB Senior Executives and VPs, according to needs detected. It begins one day before (Sunday) but only as participant reception as the venue. It is not counted within the program because there are no activities that day.	Internal training courses	Development of Leadership Skills
Harvard Hmm	Manager position (upon filling a Manager position)	Internal training courses	Specialized Program from Harvard
Renewing My Commitment	Manager position (Specialized leadership program since 2019)	Internal training courses	The Manager, together with the team, renew their commitment through GB leadership basics.

PROGRAM IMPLEMENTED	SCOPE	TYPE	DESCRIPTION
Network Workshop	Manager position (Program executed according to operation needs)	Internal training courses	Facilitate work via networking, fostering the willingness to collaborate as a group and enhance productivity.
Mindset Shift	For Staff position and above	Internal training courses	We consider it critical that all Grupo Bimbo leaders are able to understand what the Digital Transformation entails. Constantly innovating, GB University designed the Mindset Shift program for you to explore 6 hours of select multimedia content related to Digital Transformation.

b. Assistance programs for transition, to facilitate Management continuity stemming from retirement or outplacement-related career termination.

PROGRAM IMPLEMENTED	SCOPE	TYPE	DESCRIPTION
A sound financial future	Associates aged 18 to 54	Internal training courses	Have information that helps prepare a personal financial plan. Learn about savings mechanisms offered by GB. Learn about filings that need to be presented to obtain a pension.
Let's Discuss My Future	Associates aged 55 to 59	Internal training courses	Learn about requirements and filings to be completed, when facing future retirement.
Life Plan	Associates 60 years old and above (only Mexico)	Internal training courses	Learn of the process that leads to a change of this type, and the emotional components when facing retirement. Learn about the requirements and filings needed. Learn of the benefits offered by the GB retirement plan.
Estimate – Pension Plan	Staff level associates and above	Internal training courses	Grupo Bimbo has a Retirement Pension Plan, which is fair recognition for the valuable years of service of our personnel, who after a whole life of working and responsibilities in GB, is now at retirement age.

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404-3 PERCENTAGE OF ASSOCIATES WHO ARE EVALUATED REGULARLY AND WHO UNDERGO CAREER DEVELOPMENT REVIEWS

BACK TO TOPIC

ASSOCIATES WHO RECEIVED A REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW			%	
	WOMEN	MEN	WOMEN	MEN
Operations and Staff	13,233	67,766	62%	70%
Sr. Executives and VPs	2,167	9,497	92%	94%
Managers and Directors	925	2,752	89%	92%
Without data	3	15	13%	1%
Global total by employment level	**16,328**	**80,030**	**66%**	**71%**

* Data at the end of May 2019

* This report does not include: Frozen (WHB)

405-1 DIVERSITY AND INCLUSION

BACK TO TOPIC

	EUROPE, ASIA, AFRICA	LATIN AMERICA	MEXICO	NORTH AMERICA	TOTAL GENERAL
Women	**3,022**	**4,073**	**12,523**	**5,304**	**24,922**
VP 1			5		5
VP 1				4	4
VP2	1	2	7	9	19
Staff	515	806	3,501	786	5,608
Hourly	1,945	2,688	7,356	3,694	15,683
Director	39	21	88	94	242
Manager	161	69	212	378	820
No data	71				71
Supervisor	290	487	1,354	339	2,470
Men	**9,248**	**16,104**	**63,397**	**20,155**	**108,904**
VP1	2	3	26		31
VP1	1			9	10
VP2	16	13	28	56	113
Staff	513	1,412	4,855	539	7,319
Steering Committee			1		1
Executive Committee		2	10		12
Executive Committee				1	1
No data	4,768	13,072	51,253	16,511	85,604
Director	81	88	361	255	785
Second Executive	292	148	583	1,009	2,032
No Data	2,849			4	2,853
Supervisor	726	1,366	6,280	1,771	10,143
No data				**1**	**1**
Chief Executive				1	1
Overall Total	**12,270**	**20,177**	**75,920**	**25,460**	**133,827**

CONSOLIDATED

FINANCIAL STATEMENTS

CONTENT

AUDIT AND CORPORATE PRACTICES COMMITEE REPORT

(GRI 102-17, 102-20, 102-21, 102-27, 102-28, 102-29, 102-30, 102-33, 102-45)

Mexico City, March 18, 2020

TO THE BOARD OF DIRECTORS OF
GRUPO BIMBO, S.A.B. DE C.V.

In my capacity as chairman of the Audit and Corporate Practices Committee (the "**Committee**") of Grupo Bimbo, S.A.B. de C.V. (the "**Company**"), and in accordance with point e), section II of Article 42 of the Securities Market Act, I hereby present you the opinion of the Committee regarding the content of the report of the Chief Executive Officer regarding the financial situation and results of the Company for the year ended December 31, 2019.

In the opinion of the Committee, the accounting and information policies and criteria followed by the Company and used to prepare the consolidated financial information are appropriate and sufficient, and consistent with international financial reporting standards. Therefore, the consolidated financial information presented by the Chief Executive Officer reasonably reflects the financial situation and results of the Company as of December 31, 2019 and for the year ended on that date.

Sincerely,

Edmundo Vallejo Venegas
Chairman of the Audit nd Corporate Practices Committee
of Grupo Bimbo, S.A . de C.V.

Mexico City, March 18, 2020

TO THE BOARD OF DIRECTORS OF
GRUPO BIMBO, S.A.B. DE C.V.

Dear members of the Board of Directors,

In conformity with the provisions of the Securities Market Act, the corporate charter of this Company and the Regulations of the Audit and Corporate Practices Committee of Grupo Bimbo, S.A.B. de C.V. {the "Group" or the "Company"), I hereby present to you the report of the activities carried out by the Audit and Corporate Practices Committee {the "Committee") during the year ended December 31, 2019. In carrying out our work, we abided by the recommendations established in the Code of Best Corporate Practices.

Based on the previously approved work plan, the Committee met seven times during the year, in which it discussed the issues it is legally obligated to consider and carried out the activities described below:

INTERNAL CONTROLS

With the assistance of both Internal and External Auditors, we verified that management had established general guidelines for internal control, as well as the necessary procedures for their application and enforcement. In addition, we followed up on the remarks and observations made by the external and internal auditors in performance of their duties.

The members of Management responsible for such matters presented the plans of action corresponding to the observations resulting from the internal audit, so our contact with them was frequent and their responses satisfactory.

The Committee learned about the functions of the Global Internal Control and Risk Management Department during the year, specifically the Control Self-Assessment (CSA) activities, with positive progress and results in terms of the coverage achieved and the progress of the projects at global level and its coverage of different areas and organizations.

The Committee learned about the progress of the Identity Access Management (1AM) project and its subsequent phases. It was reported that the PwC firm is working on the 3rd stage of this project to improve the governance model in this area, prior to the implementation of the access and identity management tool scheduled for 2020.

Conclusions to compare the current business risks highlighted by some global organizations, experts in this field, with the risks identified by Grupo Bimbo, both operational and transformational, were presented to the Committee. The identified risks were divided into two groups: 1) risks not considered in the Group's priority list, and 2) risks where the Committee requests confirmation that the Administration is treating it accordingly. The conclusions of this work were shared with the Chief Executive Officer.

The Enterprise Risk Management process was reported to already cover all organizations.

CODE OF ETHICS

With the support of the Internal Audit Department and other areas of the Company, we verified compliance by the associates of the Company with the Group's current Code of Ethics.

We learned of the results and central issues identified in maintaining a hotline for Group associates, and management informed us of the actions taken in those cases.

EXTERNAL AUDIT

We were in constant contact with the representative of the EY firm to follow up on the relevant issues and know the activities carried out during the year, along with the Company's management. The audit of the consolidated financial statements as of December 31, 2019 has been completed and the opinion was clean. From 2019, the firm is one in all the countries in which the Company operates.

We approved the fee for these auditing services, including additional fees to account for the growth of the Group and other permitted services. We ensured that these payments did not compromise the independence of that firm.

The Committee authorized the review by EY of the report of the Internal Audit function in the review of the GRI (Global Reporting Initiative) reports, for the purposes of the annual report of Grupo Bimbo, detecting areas of improvement in the understanding of the indicators, the documental evidence support and the final validation process of the report.

EY presented its recommendations on good corporate governance in relation to operations with related parties. The Committee requested management to review the policies for operations with subsidiaries and related parties to incorporate the concepts related to the powers of the Administration, the Audit and Corporate Practices Committee and the Board of Directors. It was agreed that the regular business operations with related parties will be evaluated annually by Internal Audit, without having to report quarterly to the Audit and Corporate Practices Committee.

EY carried out an evaluation to the Internal Audit function and it was determined that Grupo Bimbo complies with the regulations of the Institute of Internal Auditors (IIA), in accordance with the definition of internal audit, the fundamental principles, 'the standards and the code of ethics issued by the Institute, which implies that, starting in 2020, all internal audit reports may indicate that they comply with If A.standards.

The external auditors presented their approach and work program and areas of interaction with Grupo Bimbo's Internal Audit department, the Committee approved this presentation.

We maintained direct and close communication with the external auditors, and they informed us on a quarterly basis of the progress of their work and any observations they had; we took note of their comments on the quarterly and annual financial statements. We were promptly informed of their conclusions and reports on the annual financial statements.

We reviewed the content in a timely manner of the Prior Notice to the issuance of the External Audit Report (or Independent Auditor's Report) made in accordance with the International Auditing Standards on the consolidated financial statements of the Company as of December 31, 2019 and for the year ended on that date, which have . been prepared in accordance with International Financial Reporting Standards (hereinafter IFRS), issued by the Independent External Auditor of the Company and legal representative of Mancera, SC (or EY Mexico), in order to comply with the provisions of Article 35 of the General Provisions Applicable to Supervised Entities and Issuers by the National Banking and Securities Commission that Contract External Audit Services of Basic Financial Statements (hereinafter Provisions, Sole Circular of External Auditors or CUAE).

In addition, we conducted an evaluation of the services of the external auditing firm for the year 2019 and were promptly informed of the preliminary financial statements.

INTERNAL AUDIT

We reviewed and approved the department's budget, as well as the audit plan for 2020, corresponding to a total of 418 audits in 29 different countries. The auditable universe between legal entities, bakeries, sales centers, systems and projects, among others, was reviewed in detail. In particular, requests were made to closely monitor the company's cybersecurity risks globally.

In each of this Committee's meetings, we received and approved regular reports on the progress of the approved work plan.

We followed up on the comments and suggestions made by the Internal Audit Department and verified that Management resolved any deviations from the established internal controls, and we therefore consider the status of that system to be reasonably correct.

We authorized an annual training plan for personnel of the area and verified its effectiveness. A number of specialized professional firms participated actively in that plan to maintain the members with updated information on the appropriate topics.

The Committee authorized the Internal Audit Department to use the services of the firm Baker Tilly for internal audit work on Finance and Information Technologies, for the operations of Bimbo QSR in South Africa and China.

SECURITY

The report of the Global VP of Security and Protection was received, where he disclosed the relevant corporate risks, highlighting information theft, organized crime and labor infiltration. The relevant external and internal illicit acts were also reported, being the use of inventory management systems in sales and distribution centers one of the most important control weaknesses. It was reported that this Department is in the process of diagnosing the operations of BBU and Bimbo Canada.

INFORMATION TECHNOLOGY

The Global VP of Systems Infrastructure presented a summary of the actions aimed at the prevention and mitigation of risk in cybersecurity. This Committee suggested that management meet with external auditors to review best practices in the industry. Finally, it was suggested to reinforce the crisis containment plan and the business continuity plan, according to Grupo Bimbo's global policies on this matter.

FINANCIAL INFORMATION AND ACCOUNTING POLICIES

We reviewed the quarterly and annual financial statements of the Company together with the parties responsible for their preparation, recommended their approval by the Board of Directors, and authorized their publication. Throughout the process we took into account the opinions and remarks of the external auditors.

To arrive at an opinion on the financial statements, we verified, with the support of the internal and external auditors, that the accounting policies and standards and the information used by management in the preparation of the financial statements was appropriate and sufficient and had been applied in a consistent manner with the prior year, taking into account the changes in IFRS effective both in that year and the preceding year. As a result, the information presented by Management reasonably reflects the financial position, results of operations and cash flows of the Company.

COMPLIANCE WITH REGULATORY STANDARDS AND LAWS. CONTINGENCIES

With the support of the internal and external auditors, we confirmed the existence and reliability of the controls established by the Company to assure compliance with the various legal provisions to which it is subject, and it was assured that these were appropriately disclosed in the financial information.

At the close of each quarter, we reviewed the Company's various tax, legal and labor contingencies and confirmed that appropriate procedures were in place and consistently followed, so that Management could identify and address them in an appropriate manner. The situation and progress of the activities related to the cases facing the group in Canada and Brazil were reviewed based on the information generated, the opinion of the law firms handling the cases in both countries and the progress of the investigations carried out by local authorities.

The Global Tax VP presented the peculiarities of the BEPS and the progress made in carrying out the transfer pricing studies by PwC, being their evaluation of the performance of this firm very positive.

The Global Financial Planning VP commented on global insurance management, where he highlights the need to strengthen prevention for risks caused by natural disasters.

COMPLIANCE WITH OTHER OBLIGATIONS

We met with Management executives and officers as we considered necessary to remain abreast of the progress of the Company and any material or unusual activities and events.

We obtained information about significant matters that could involve a possible breach of operating policies, the internal control system and policies on accounting records, and we were also informed of corrective measures taken in each case, finding them satisfactory.

We did not find it necessary to request the support or opinion·of independent experts, because the issues raised in each meeting were duly supported by the information on hand, and the conclusions reached were satisfactory to Committee members.

TRANSACTIONS WITH RELATED PARTIES

We reviewed and recommended for approval by the Board of each and every related party transaction requiring approval by the Board of Directors for fiscal year 2019, as well as for recurring transactions that are expected to be conducted in fiscal year 2020 that require Board approval.

EVALUATION OF MANAGEMENT

We reviewed and recommended for approval by the Board, the evaluation of management and compensation of the Chief Executive Officer as well as the members Bimbo's Executive Committee in 2019 previously reviewed and recommended by the Evaluation and Results Committee.

In my capacity as Chairman of the Audit and Corporate Practices Committee, I reported regularly to the Board of Directors on the activities conducted within the Committee.

The work that we conducted was duly documented in minutes of each meeting, which were reviewed and approved at the time by the Committee members.

Sincerely,

Edmundo Vallejo Venegas
Chairman of the Audit and Corporate Practices Committee
Grupo Bimbo, S.A.B. de C.V.

INDEPENDENT AUDITOR'S **REPORT**

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

OPINION

We have audited the accompanying consolidated financial statements of Grupo Bimbo, S.A.B. de C.V. and Subsidiaries (the Company), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018 and the consolidated statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, as well as the explanatory notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Bimbo, S.A.B. de C.V. and Subsidiaries as of December 31, 2019 and 2018 and its consolidated results and cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

EMPHASIS OF MATTER

As mentioned in Note 2a) to the consolidated financial statements, on January 1, 2019 the Company adopted IFRS 16 *"Leases"*, which establishes the principles for initial recognition, subsequent measurement, presentation and disclosure of leases. The Company decided to apply the modified retrospective approach for the IFRS 16 adoption.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico in accordance with the "Código de Ética Profesional del Instituto Mexicano de Contadores Públicos" ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTERS

The consolidated financial statements of Grupo Bimbo, S.A.B de C.V. and Subsidiaries for the year ended December 31, 2017 were audited by other auditors, whose report dated March 12, 2018 expressed an unmodified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon; thus, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report, including the responsibilities related to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the accompanying consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

ASSESSMENT OF IMPAIRMENT IN GOODWILL AND INTANGIBLE ASSETS

DESCRIPTION OF THE KEY AUDIT MATTER

As described in Notes 11 and 12 to the consolidated financial statements as of December 31, 2019 the value of goodwill and intangible assets amounts to $114,112 million.

The analysis of impairment in the value of goodwill and intangible assets was significant to our audit, since the value of such assets with respect to the consolidated financial statements is significant and the calculation of the recoverable amount of the assets requires significant judgements and significant estimates by management, which are affected by future market conditions. In addition, the calculation of the recoverable value is subject to the risk that the future cash flows used in the calculation may differ from the expected amounts, or the results may be different from the originally estimated values.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We involved our internal specialists, who assessed the key assumptions and methods used by the Company's management in the impairment testing.

We evaluated the assumptions used by management with regard to the annual growth rates and cost projections, along with other key assumptions used to prepare the impairment tests.

We assessed the business plans used by the Company to estimate its future cash flows in the impairment testing of the Cash Generating Units (CGUs) in our audit scope.

We evaluated the macroeconomic environment, including comparing the Company's performance against that of market participants using publicly available information.

We assessed the reasonableness of the disclosures included in the Company's consolidated financial statements.

BUSINESS COMBINATIONS

DESCRIPTION OF KEY AUDIT MATTERS

We have considered the allocation of the acquisition method to be a key audit matter, either preliminary or final, due to the complexity of the purchase price allocation, the analysis of its accounting and the measurement of the consideration transferred from the businesses acquired.

Note 3 to the accompanying consolidated financial statements includes disclosures regarding the Company's accounting policies in respect of the recognition of acquisitions and Note 1 includes the business acquisitions made during the year.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We involved our internal specialists, who assessed the key assumptions and methods used by Company management in the analysis of the purchase price allocation, either preliminary or final.

We analyzed the final and preliminary allocation of the purchase price of the acquisitions made during the year, as well as the accounting of the consideration transferred.

We evaluated the reasonableness of the Company's disclosures related to its business combinations and the final allocation of the purchase price in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE 2019 ANNUAL REPORT OF THE COMPANY

The other information comprises the information included in the annual report filed with the National Banking and Securities Commission ("the CNBV") and the annual report presented to the shareholders but does not include the consolidated financial statements and our auditor's report thereon. We expect to obtain the other information after the date of this auditor's report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read and consider the Annual Report filed with the CNBV and the annual report submitted to the shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to issue a statement on the Annual Report required by the CNBV that contains a description of the matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Audit and Corporate Practices Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

GRUPO BIMBO | ar 2019

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with the Company's Audit and Corporate Practices Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Company's Audit and Corporate Practices Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Company's Audit and Corporate Practices Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is the undersigned.

Mancera, S.C.
A Member Practice of Ernst & Young Global Limited

Adán Aranda Suárez

March 18, 2020
Mexico City, Mexico

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

(Amounts in millions of Mexican pesos)

	NOTES	DECEMBER 31 2019	2018	2017
Assets				
Current assets:				
Cash and cash equivalents		$ 6,251	$ 7,584	$ 7,216
Trade receivables and other accounts receivable, net	5	26,198	25,950	24,806
Inventories	6	9,819	9,340	8,368
Prepaid expenses		1,188	1,098	975
Derivative financial instruments	17	143	106	682
Guarantee deposits for derivative financial instruments	17	325	619	417
Assets held for sale	8	273	154	26
Total current assets		**44,197**	**44,851**	**42,490**
Property, plant and equipment, net	8	84,341	87,243	82,972
Right-of-use asset, net	9	25,550	-	-
Investments in associates	10	2,871	2,645	2,318
Derivative financial instruments	17	1,533	3,017	2,592
Deferred income tax	16	4,590	3,886	6,288
Intangible assets, net	11	51,318	54,476	56,194
Goodwill	12	62,794	65,513	63,426
Other assets, net		1,887	1,685	2,969
Total		**$ 279,081**	**$ 263,316**	**$ 259,249**
Liabilities and equity				
Current liabilities:				
Short-term portion of long-term debt	13	$ 5,408	$ 1,153	$ 1,885
Trade accounts payables		23,105	21,074	19,677
Other accounts payable and accrued liabilities	14	18,473	23,055	21,800
Short-term lease liabilities	9	4,599	-	-
Accounts payable to related parties	15	1,064	909	955
Current income tax	16	115	256	1,073
Statutory employee profit sharing payable		1,183	1,423	1,286
Derivative financial instruments	17	673	879	241
Total current liabilities		**54,620**	**48,749**	**46,917**
Long-term debt	13	81,264	88,693	91,546
Long-term lease liabilities	9	20,741	-	-
Derivative financial instruments	17	437	347	-
Employee benefits	18	30,426	25,885	30,638
Deferred income tax	16	5,241	5,720	4,682
Other long-term liabilities	19	8,041	9,347	8,442
Total liabilities		**200,770**	**178,741**	**182,225**
Equity:	20			
Capital stock		4,156	4,199	4,225
Retained earnings		61,332	59,238	60,849
Equity financial instrument		8,931	9,138	-
Cumulative foreign currency translation effect from foreign operations		1,247	4,739	7,144
Actuarial (loss)/gain on defined benefit plans of labor obligations		(226)	3,131	459
Valuation of equity financial instrument		(422)	(386)	-
Unrealized (loss)/gain on cash flow hedges	17	(1,282)	(369)	90
Controlling interest		**73,736**	**79,690**	**72,767**
Non-controlling interest		**4,575**	**4,885**	**4,257**
Total equity		**78,311**	**84,575**	**77,024**
Total liabilities and equity		**$ 279,081**	**$ 263,316**	**$ 259,249**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

(Amounts in millions of Mexican pesos, except for basic earnings per ordinary share in Mexican pesos)

	NOTES	FOR THE YEARS ENDED DECEMBER 31 2019	2018	2017
Net sales		$ 291,926	$ 289,320	$ 268,485
Cost of sales	21	138,184	135,669	124,765
Gross profit		153,742	153,651	143,720
General expenses:				
Distribution and selling		110,234	109,701	103,865
Administrative		16,641	19,006	18,134
Integration costs		2,435	1,855	2,929
Other expenses, net	22	4,013	4,580	1,320
	21	133,323	135,142	126,248
Operating profit		20,419	18,509	17,472
Comprehensive financing cost:				
Interest expense	23	8,561	7,668	5,872
Interest income		(560)	(386)	(314)
Foreign exchange loss(gain), net		445	(85)	118
Loss (gain) on monetary position		114	(202)	79
		8,560	6,995	5,755
Share on profit of associates	10	249	194	234
Profit before income tax		12,108	11,708	11,951
Income tax	16	4,733	4,897	6,282
Consolidated net profit		$ 7,375	$ 6,811	$ 5,669
Controlling interest		**$ 6,319**	**$ 5,808**	**$ 4,629**
Non-controlling interest		**$ 1,056**	**$ 1,003**	**$ 1,040**
Basic earnings per ordinary share		**$ 1.36**	**$ 1.24**	**$ 0.98**
Weighted average number of shares (in thousands of shares)		**4,651,529**	**4,689,122**	**4,701,910**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF
CHANGES IN EQUITY

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

(Amounts in millions of Mexican pesos)

	CAPITAL STOCK	EQUITY INSTRUMENTS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance as of December 31, 2016	$ 4,226	$ -	$ 57,636	$ 9,568	$ 71,430	$ 3,646	$ 75,076
Consolidation effect of structured entities	-	-	-	-	-	(530)	(530)
Increase in non-controlling interest (Note 1)	-	-	-	-	-	212	212
Dividends declared	-	-	(1,364)	-	(1,364)	-	(1,364)
Repurchase of shares (Note 20)	(1)	-	(52)	-	(53)	-	(53)
Balance before comprehensive income	**4,225**	**-**	**56,220**	**9,568**	**70,013**	**3,328**	**73,341**
Consolidated net profit for the year	-	-	4,629	-	4,629	1,040	5,669
Other comprehensive income	-	-	-	(1,875)	(1,875)	(111)	(1,986)
Consolidated comprehensive income	-	-	4,629	(1,875)	2,754	929	3,683
Balance as of December 31, 2017	**4,225**	**-**	**60,849**	**7,693**	**72,767**	**4,257**	**77,024**
Equity financial instrument issued, net	-	9,138	-	-	9,138	-	9,138
Equity financial instrument returns, net	-	-	(104)	-	(104)	-	(104)
Effects of the adoption of IFRIC 23 (Note 19)	-	-	(2,283)	-	(2,283)	-	(2,283)
Effects of the adoption of IFRS 9	-	-	32	-	32	-	32
Effects of the adoption of IFRS 15	-	-	(157)	-	(157)	-	(157)
Effects of the adoption of IAS 29 (Argentina) (Note 3f)	-	-	(2,180)	-	(2,180)	-	(2,180)
Consolidation effect of structured entities	-	-	-	-	-	(864)	(864)
Increase in non-controlling interest (Note 1)	-	-	-	-	-	491	491
Dividends declared	-	-	(1,646)	-	(1,646)	-	(1,646)
Repurchase of shares (Note 20)	(26)	-	(1,081)	-	(1,107)	-	(1,107)
Balance before comprehensive income	**4,199**	**9,138**	**53,430**	**7,693**	**74,460**	**3,884**	**78,344**
Consolidated net profit for the year	-	-	5,808	-	5,808	1,003	6,811
Other comprehensive income	-	-	-	(578)	(578)	(2)	(580)
Consolidated comprehensive income	-	-	5,808	(578)	5,230	1,001	6,231
Balance as of December 31, 2018	**4,199**	**9,138**	**59,238**	**7,115**	**79,690**	**4,885**	**84,575**
Equity financial instrument returns	-	-	(595)	-	(595)	-	(595)
Tax effect on equity financial instrument	-	(207)	178	- -	(29)	-	(29)
Consolidation effect of structured entities	-	-	-	-	-	(917)	(917)
Dividends declared	-	-	(2,103)	-	(2,103)	-	(2,103)
Repurchase of shares (Note 20)	(43)	-	(1,705)	-	(1,748)	-	(1,748)
Balance before comprehensive income	**4,156**	**8,931**	**55,013**	**7,115**	**75,215**	**3,968**	**79,183**
Consolidated net profit for the year	-	-	6,319	-	6,319	1,056	7,375
Other comprehensive income	-	-	-	(7,798)	(7,798)	(449)	(8,247)
Consolidated comprehensive income	-	-	6,319	(7,798)	(1,479)	607	(872)
Balance as of December 31, 2019	**$ 4,156**	**$ 8,931**	**$ 61,332**	**$ (683)**	**$ 73,736**	**$ 4,575**	**$ 78,311**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

(Amounts in millions of Mexican pesos)

	NOTES	2019	2018	2017
Consolidated net profit		$ 7,375	$ 6,811	$ 5,669
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss:				
Valuation of equity financial instrument	3c	(36)	(386)	-
Net change in actuarial (loss)/gain on defined benefit plans of labor obligations		(4,715)	3,782	571
Income tax related to these items	16	1,358	(1,110)	(11)
		(3,393)	2,286	560
Items that will be reclassified subsequently to profit or loss:				
Effect of net economic hedge		2,124	820	2,492
Foreign operations currency translation effect of the year		(5,321)	(2,981)	(4,685)
Net change in unrealized (loss)/gain on cash flow hedges	17	(1,353)	(608)	977
Income tax related to these items	16	(304)	(97)	(1,330)
		(4,854)	(2,866)	(2,546)
Total other comprehensive loss		**(8,247)**	**(580)**	**(1,986)**
Consolidated comprehensive (loss)/income for the year		**$ (872)**	**$ 6,231**	**$ 3,683**
Comprehensive (loss)/income attributable to controlling interest		**$ (1,479)**	**$ 5,230**	**$ 2,754**
Comprehensive income attributable to non-controlling interest		**$ 607**	**$ 1,001**	**$ 929**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

(Amounts in millions of Mexican pesos)

	NOTES	FOR THE YEARS ENDED DECEMBER 31 2019	2018	2017
Cash flow from operating activities				
Profit before income tax		$ 12,108	$ 11,708	$ 11,951
Adjustments for:				
Depreciation and amortization	8, 9, 11	14,373	10,000	8,761
Loss/ (gain) on disposal of property, plant and equipment		17	14	702
Share on profit of associates		(249)	(194)	(234)
Impairment of long-lived assets		1,318	907	545
Multi-employer pension plan and other long-term liabilities	22	1,762	(401)	89
Current-year service labor cost	18	717	986	826
Interest expense	23	8,561	7,668	5,872
Interest income		(560)	(386)	(314)
Short-term and low value lease expenses	9	2,141	-	-
Changes in assets and liabilities:				
Trade receivables and other accounts receivable		(1,348)	(1,250)	(591)
Inventories		(876)	(1,194)	(898)
Prepaid expenses		(135)	(167)	(205)
Trade accounts payables		2,187	360	2,041
Other accounts payable and accrued liabilities		(3,406)	306	(3,592)
Accounts payable to related parties		156	(46)	140
Income tax paid		(3,961)	(4,327)	(4,420)
Guarantee deposits for derivative financial instruments		294	(202)	331
Statutory employee profit sharing payable		(241)	137	154
Employee benefits and workers' compensation		(2,197)	(2,809)	123
Assets classified as held for sale		-	(128)	(111)
Short-term and low value lease expenses		(2,141)	-	-
Net cash flows from operating activities		28,520	20,982	21,170
Investing activities				
Purchase of property, plant and equipment	8	(13,117)	(15,067)	(13,446)
Business combinations, net of cash received	1	(94)	(3,600)	(12,482)
Proceeds from sale of property, plant and equipment		470	599	333
Purchase of intangible assets	11	(264)	(760)	-
Increase of distribution rights in structured entities	11	(132)	(180)	(523)
Other assets		(89)	232	(1,281)
Dividends received	10	73	42	24
Interest received		330	386	314
Investments in associates	10	(49)	(43)	(9)
Net cash flows used in investing activities		(12,872)	(18,391)	(27,070)

(Continue)

	NOTES	2019	2018	2017
		FOR THE YEARS ENDED DECEMBER 31		
Financing activities				
Loans obtained	13	22,594	8,024	40,772
Loans paid	13	(22,640)	(11,005)	(26,904)
Payment of derivative financial instruments related to debt		(1,070)	1,557	(2,117)
Interest paid		(5,681)	(7,280)	(4,429)
Equity financial instrument returns		(595)	(104)	-
Dividends paid		(2,103)	(1,646)	(1,364)
Leases payments	20	(4,784)	-	-
Equity instrument issued	9	-	8,986	-
Payment of interest rate hedges		(1,411)	(412)	(1,401)
Collection of interest rate hedges		835	665	1,596
Repurchase of shares	20	(1,748)	(1,107)	(53)
Guarantee deposits for derivative financial instruments		-	-	392
Net cash flows (used in)/from financing activities		(16,603)	(2,322)	6,492
Adjustments to cash flows due to exchange rate fluctuations and inflationary effects		(378)	99	(190)
Net (decrease) increase in cash and cash equivalents		(1,333)	368	402
Cash and cash equivalents at beginning of year		7,584	7,216	6,814
Cash and cash equivalents at end of year		**$ 6,251**	**$ 7,584**	**$ 7,216**

(Concludes)

For the years ended December 31, 2019, 2018 and 2017, there were no material non-monetary transactions.
The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GRUPO BIMBO, S.A.B. DE C.V. AND SUBSIDIARIES

(Amounts in millions of Mexican pesos, except where otherwise indicated)

1. NATURE OF OPERATIONS AND SIGNIFICANT EVENTS

Grupo Bimbo, S.A.B. de C.V. and Subsidiaries (“Grupo Bimbo” or “the Company”) is a Mexican entity, primarily engaged in the production, distribution and sale of fresh and frozen bread, buns, cookies, pastries, muffins, bagels, tortillas, salty snacks and confectionery.

The Company operates in different geographical areas that represent the reporting segments it uses and which are Mexico, North America, Latin America and Europe, Asia and Africa ("EAA").

The Company’s corporate offices are located at Prolongación Paseo de la Reforma No. 1000, Colonia Peña Blanca Santa Fe, Álvaro Obregón, ZIP Code 01210, Mexico City, Mexico.

During 2019, 2018 and 2017, net sales of the subsidiaries located in the Mexico segment represented approximately 33%, 32% and 31%, respectively, of the Company's consolidated net sales. During the same periods, the net sales of the Company’s subsidiaries located in the North America segment, represented approximately 49%, 50% and 51%, respectively, of the Company’s consolidated net sales.

SIGNIFICANT EVENTS

ACQUISITIONS 2019

MR. BAGELS BUSINESS ACQUISITION

On August 6, 2019, through its subsidiary Grupo Bimbo UK Limited, the Company acquired the bagels business to Mr. Bagel’s Limited, for GBP 4 million, equal to $94. This acquisition mainly corresponds to manufacturing equipment and inventories.

PURCHASE AGREEMENT

On October 1, 2019, the Company reached an agreement to acquire the Cerealto Siro Foods Paterna plant in Valencia, Spain; which is engaged in making sliced bread and salty buns. This acquisition is subject to the authorization from the National Commission of Markets and Competition.

ACQUISITIONS 2018

ACQUISITION OF MANKATTAN COMPANY (“MANKATTAN”)

On June 28, 2018, through its subsidiary East Balt B.V., the Company acquired the Mankattan trademark and a 100%-stake in Mankattan for USD 200 million, that was paid as follows:

	MILLIONS OF USD		MEXICAN PESOS
Transaction amount	200	$	3,985
Acquisition of trademarks	(19)	$	(368)
Liabilities assumed	(23)	$	(466)
Security deposits	(11)	$	(230)
Total amount paid	147	$	2,921

Mankattan is engaged in producing and distributing packaged bread, pastries, buns and yudane (a Japanese-style sandwich bread), among other products, that are distributed through the traditional and modern channel customers and quick service restaurants (QSR). Mankattan operates four companies that serve the markets of Beijing, Shanghai, Sichuan, and Guangdong, along with their surrounding areas.

This acquisition complements the Company's current operations in China, in terms of brand products and QSR business. It also represents an opportunity to create significant synergies, especially in Northern China, by optimizing the supply chain to better serve consumers.

The Company recognized transaction costs of $66 under integration expenses

SOURCES OF FINANCING

The Company used the resources obtained through the equity instruments issued on April 17, 2018 to fund this acquisition.

ACCOUNTING EFFECTS OF THE ACQUISITION OF MANKATTAN

The valuation and recognition of the acquisition was performed in accordance with IFRS 3 Business Combinations. The following table summarizes the fair values of the assets acquired and liabilities assumed that were recognized as a result of the acquisition made on June 28, 2018 at the exchange rate ruling at the date of the transaction:

		PRELIMINARY FAIR VALUE		PPA ADJUSTMENTS		DEFINITIVE FAIR VALUE
Amount paid in the transaction	$	2,921	$	-	$	2,921
Amounts recognized for identifiable assets and liabilities assumed:						
Cash and cash equivalents		235		-		235
Accounts receivable		581		-		581
Inventories		79		-		79
Property, plant and equipment		682		290		972
Identifiable intangible assets		628		-		628
Other assets		46		-		46
Total identifiable assets		2,251		290		2,541
Goodwill		2,050		(290)		1,760
Total assets acquired		**4,301**		**-**		**4,301**
Total liabilities assumed		**1,380**		**-**		**1,380**
Value of acquired investment	**$**	**2,921**	**$**	**-**	**$**	**2,921**

The goodwill resulting from this acquisition was allocated to the EAA segment and mainly represents synergies expected from the combination of the pre-existing operation in China.

CONSOLIDATED FIGURES

An analysis of the amounts contributed by Mankattan to the consolidated figures of Grupo Bimbo for the 186 days elapsed from June 28 to December 31, 2018 is as follows:

		CONSOLIDATED JANUARY 1, TO DECEMBER 31, 2018		MANKATTAN 28 JUNE TO DECEMBER 31, 2018
Net sales	$	288,266	$	1,133
Operating profit/(loss)	$	18,509	$	(57)
Equity holders of the parent	$	5,808	$	(82)

AS OF DECEMBER 31, 2018		CONSOLIDATED		MANKATTAN
Total assets	$	263,316	$	4,697
Total liabilities	$	178,741	$	1,281

If Mankattan had been consolidated from January 1, 2018, the consolidated net sales and consolidated net profit would have been $289,277 and $5,774, respectively.

ACQUISITION OF INTERNATIONAL BAKERY S.A.C.

On March 27, 2018, through its subsidiaries Panificadora Bimbo del Perú, S.A. and Bimbo Holanda B.V., the Company acquired a 100% stake in International Bakery, S.A.C. for USD 7.8 million, equal to $143, which was paid on April 2, 2018.

International Bakery is engaged in producing and distributing bread, buns, pound cake, muffins and torrone, among other products, that are distributed to modern channel customers and quick service restaurants. International Bakery had 350 employees.

BUSINESS ACQUISITION IN COLOMBIA

On May 31, 2018, through its subsidiary Bimbo de Colombia, S.A., the Company acquired El Paisa, S.A.S. for USD 2.6 million, equal to $52. This acquisition consists primarily of property, plant and equipment, inventories, trademarks, customer relationships and non-compete agreements.

ACQUISITION OF ALIMENTOS NUTRA BIEN S.A.

On December 17, 2018, through its subsidiary Ideal, S.A., the Company acquired a 100%-stake in Alimentos Nutra Bien, S.A. for USD 36.7 million, equal to $743. This company is a prominent producer of artisanal bread made with non-genetically modified natural ingredients and certified organic ingredients. This acquisition strengthens the Company's presence in the Chilean market.

ACCOUNTING EFFECTS OF THE ACQUISITIONS

The valuation and recognition process of the acquisitions of El Paisa in Colombia and International Bakery were concluded in 2018.

The valuation and recognition process of the acquisition of Alimentos Nutra Bien, S.A. in Chile was concluded in 2019.

The following table summarizes the fair values of the assets acquired and liabilities assumed that were recognized at the moment the acquisitions were made at the exchange rate prevailing at the date of the transaction:

DATE OF ACQUISITION		INTERNATIONAL BAKERY MARCH 27		EL PAISA MAY 31		ALIMENTOS NUTRABIEN DECEMBER 17
Amount paid in the transaction [1]	$	137	$	52	$	750
Amounts recognized for identifiable assets and liabilities assumed:						
Cash and cash equivalents		5		-		19
Accounts receivable		29		-		406
Inventories		7		1		20
Property, plant and equipment		21		11		248
Identifiable intangible assets		58		29		306
Other assets		5		-		-
Total identifiable assets		125		41		999
Goodwill [1]		101		11		204
Total assets acquired		226		52		1,203
Current liabilities		67		-		396
Long-term liabilities		22		-		57
Total liabilities assumed		**89**		**-**		**453**
Value of acquired investment	**$**	**137**	**$**	**52**	**$**	**750**

[1] Includes adjustments to the purchase price made during 2019 regarding the acquisition of International Bakery and Alimentos Nutrabien.

Goodwill resulting from these acquisitions was allocated to the Latin America segment and mainly represents synergies expected from the combination of pre-existing operations in these countries.

ACQUISITIONS 2017

ACQUISITION OF BIMBO QSR, (FORMERLY EAST BALT BAKERIES)

On October 15, 2017, through its subsidiaries Bimbo Bakeries USA, Inc. and Bimbo S.A. de C.V., the Company acquired a 100%-stake in Bimbo QSR for USD 650 million that was paid as follows:

	MILLIONS OF USD		MEXICAN PESOS
Transaction amount	650	$	12,196
Payment for economic rights	(60)	$	(1,126)
Amount paid for shares	590	$	11,070
Liabilities assumed from former shareholders	(76)	$	(1,429)
Total amount paid	514	$	9,641

Bimbo QSR is a leading company in the food service industry. It produces bread rolls, English muffins, tortillas, bagels, artisanal bread and other baked products mainly for Quick Service Restaurants around the world. It was stablished in 1955 in Chicago, IL and had approximately 2,200 employees and operated 21 plants in the United States and 11 countries in Europe, Asia, the Middle East and Africa, including two associated companies.

The Company recognized transaction costs of $45 under integration expenses.

SOURCES OF FINANCING

To finance this acquisition, the Company initially used a long-term line of credit and resources obtained through the issuance of local bond Bimbo 17. Subsequently, the drawdowns made against the long-term line of credit were refinanced with resources obtained through the issuance of Bimbo International Bond 47.

ACCOUNTING EFFECTS OF THE ACQUISITION OF BIMBO QSR

The valuation and recognition of the acquisition was performed in accordance with IFRS 3 Business Combinations. The following table summarizes the fair values of the assets acquired and liabilities assumed that were recognized as a result of the acquisition made on October 15, 2017 at the exchange rate prevailing at the date of the transaction:

		PRELIMINARY FAIR VALUE		PPA ADJUSTMENTS		DEFINITIVE FAIR VALUE
Amount paid in the transaction	$	9,641	$	-	$	9,641
Amounts recognized for identifiable assets and liabilities assumed:						
Cash and cash equivalents		746		-		746
Accounts receivable		908		-		908
Inventories		323		-		323
Property, plant and equipment		3,577		578		4,155
Identifiable intangible assets		4,690		(163)		4,527
Other assets		2,374		108		2,482
Deferred income tax		152		(108)		44
Total identifiable assets		**12,770**		**415**		**13,185**
Goodwill		3,095		(415)		2,680
Total assets acquired		**15,865**		**-**		**15,865**
Current liabilities		1,274		-		1,274
Long-term liabilities		4,950		-		4,950
Total liabilities assumed		**6,224**		**-**		**6,224**
Value of acquired investment	**$**	**9,641**	**$**	**-**	**$**	**9,641**

CONSOLIDATED FIGURES

An analysis of the amounts contributed by Bimbo QSR to the consolidated figures of Grupo Bimbo for the 77 days elapsed from October 15, 2017 to December 31, 2017 is as follows:

		CONSOLIDATED JANUARY 1, TO DECEMBER 31, 2017		BBIMBO QSR OCTOBER 15 TO DECEMBER 31, 2017
Net sales	$	267,515	$	2,175
Operating profit	$	17,472	$	61
Controlling interest	$	4,629	$	(22)

AS OF DECEMBER 31, 2017		CONSOLIDADO		BIMBO QSR
Total assets	$	259,249	$	15,373
Total liabilities	$	182,225	$	2,557

Had Bimbo QSR been consolidated from January 1, 2017, consolidated net sales and consolidated net profit would have been $275,939 and $4,666, respectively.

ACQUISITION OF READY ROTI INDIA PRIVATE LIMITED

On May 25, 2017, the Company acquired, through its subsidiary Bimbo Holanda B.V., 65% of the voting shares of Ready Roti India Private Limited, located in the Republic of India. This company is a leading baking company in New Delhi and the surrounding areas. Produces mainly packaged bread, pizza dough and salty and sweet buns with leading brands such as Harvest Gold® and Harvest Selects®. It generated annual sales of approximately USD 48 million and had four plants with more than 500 employees.

ACQUISITION OF BAY FOODS, INC.

On September 19, 2017, the Company acquired, through its subsidiary Bimbo Bakeries USA, Inc., ("BBU") a 100%-stake in Bay Foods, Inc., located in the United States. Bay Foods produces refrigerated English muffins and complements the Company's presence in a new channel.

ACQUISITION OF STONEMILL BAKEHOUSE LIMITED

On March 2, 2017, the Company acquired, through its subsidiary Canada Bread, a 100%-stake in Stonemill Bakehouse Limited. This company is the main producer of artisanal bread made with non-genetically modified natural ingredients and certified organic ingredients. This acquisition strengthens the Company's presence in the Canadian market.

ACQUISITION OF BIMBO MOROCCO S.A.R.L.A.U (FORMERLY, COMPAÑÍA PASTELERÍA Y SALADOS ("COPASA")

On March 30, 2017, the Company acquired, through its subsidiary Bakery Iberian Investments, S.L.U., a 100%-stake in Bimbo Morocco. This company produces and distributes bread products and has three plants.

ACCOUNTING EFFECTS OF THE ACQUISITIONS

The valuation and recognition of the acquisitions of Ready Roti, Bay Foods, Stonemill and COPASA was performed in accordance with IFRS 3.

The following table summarizes the fair values of the assets acquired and liabilities assumed that were recognized as a result of the acquisitions made at the exchange rate prevailing at the date of the transaction:

DATE OF ACQUISITION	READY ROTI MAY 25	BAY FOODS SEPTEMBER 19	STONEMILL MARCH 2	COPASA MARCH 30
Amount paid in the transaction	$ 1,305	$ 1,210	$ 401	$ 60
Amounts recognized for identifiable assets and liabilities assumed:				
Cash and cash equivalents	603	13	-	23
Accounts receivable	20	45	38	3
Inventories	37	12	16	11
Property, plant and equipment	218	-	133	115
Identifiable intangible assets	1,084	822	227	9
Other assets	9	8	5	13
Total identifiable assets	**1,971**	**900**	**419**	**174**
Goodwill	678	783	131	160
Total assets acquired	**2,649**	**1,683**	**550**	**334**
Current liabilities	254	60	32	274
Long-term liabilities	387	413	117	-
Total liabilities assumed	**641**	**473**	**149**	**274**
Non-controlling interests (1)	703	-	-	-
Value of acquired investment	**$ 1,305**	**$ 1,210**	**$ 401**	**$ 60**
Goodwill allocation	EAA	Norteamérica	Norteamérica	EAA

(1) It is comprised of $491 in 2018 and $212 in 2017.

2. BASIS OF PREPARATION

Adoption of new and revised International Financial Reporting Standards

a) Application of new and revised International Financial Reporting Standards (IFRS) and their interpretations, which adoption is mandatory in the current year

In the current year, the Company adopted a series of new and amended IFRS issued by the International Accounting Standards Board (IASB), which are effective for annual periods beginning on or after January 1, 2019.

The Company applied IFRS 16 for the first time, which establishes the principles for the recognition, measurement, presentation and disclosure of leases. The nature and effect of the changes as a result of the adoption of this new accounting standard are described below:

TRANSITION TO IFRS 16

The Company decided to use the modified retrospective method for the adoption of IFRS 16 and therefore applied the following considerations in the transition:

1. To recognize the cumulative effect of the adoption of the new accounting standard as of January 1, 2019. Consequently, the financial information from prior years was not restated.

2. To use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application and on lease contracts for which the underlying asset is of low value. Therefore, such leases will be recognized directly in profit or loss.

GRUPO BIMBO – ar 2019

Below is presented a reconciliation between the values of commitments for operating leases as of December 2018 and the effect of adoption as of January 1, 2019:

Commitments for operating leases as of December 31, 2018	$	17,114
Plus:		
Effects of initial adoption for expected renewals of contracts		9,368
Other commitments not included as of December 31, 2018		1,241
	$	27,723

In order to discount operating lease commitments at nominal value, the Company used an annualized weighted average incremental interest rate of 3.8%.

Discounted lease commitments as of January 1, 2019	$	21,023
Plus:		
Commitments previously classified as finance leases		3,197
Lease liabilities as of January 1, 2019	$	24,220

AMENDMENTS TO IAS 19, *PLAN AMENDMENT, CURTAILMENT OR SETTLEMENT*

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, a Company is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. During the year ended December 31, 2019, the Company did not perform modification, reduction or termination of the employee benefit plans.

AMENDMENTS TO IAS 28, *LONG-TERM INTERESTS IN ASSOCIATES AND JOINT VENTURES*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, an entity does not take into account any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in associates and joint ventures.

These amendments did not have an impact on the Company's consolidated financial statements.

ANNUAL IMPROVEMENTS 2015-2017 CYCLE (ISSUED IN DECEMBER 2017)

These improvements include:

IFRS 3, *BUSINESS COMBINATIONS*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

The Company, during the year ended December 31, 2019, did not make any acquisition in stages.

IAS 12, *INCOME TAXES*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

Since the current practice is in line with these amendments, the Company did not recognize an effect on the consolidated financial statements.

b) New and revised IFRS issued but not yet effective

The Company has not applied the following new and revised IFRS that have been issued but are not yet effective:

Amendments to IFRS 3	Definition of a business [1]
Amendments to IAS 1 and IAS 8	Definition of material [1]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture [2]

(1) Effective for annual periods beginning on or after January 1, 2020, with early adoption permitted.
(2) Effective for annual periods beginning on or after a certain date that has yet to be determined.

AMENDMENTS TO IFRS 3 DEFINITION OF A BUSINESS

The IASB issued amendments to the definition of a "business" to help entities determine whether an acquired set of activities and assets is a business or not. To be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

In addition, the IASB introduced an optional fair value concentration test. The purpose of this test is to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions carried out on or after January 1, 2020.

AMENDMENTS TO IFRS 10 AND IAS 28 SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE

The amendments establish that the gain or loss resulting from loss of control of a subsidiary that does not constitute a business in a transaction with an associate or joint venture accounted for using the equity method is recognized by the parent only to the extent of unrelated investors' interests in the associate or joint venture. The gain or loss resulting from the remeasurement at fair value of the investment retained in a former subsidiary (that has become an associate or joint venture that is accounted for using the equity method) is recognized in the profit or loss of the parent only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has not been determined by the IASB; however, early adoption is permitted. Company management expects the adoption of these amendments to have an impact on the Company's consolidated financial statements in the future if it engages in transactions of this kind.

AMENDMENTS TO IAS 1 AND IAS 8 DEFINITION OF MATERIAL

The amendments are intended to simplify the definition of material established in IAS 1 in order to improve the understanding of the existing requirements rather than to modify the underlying concept of materiality established by IFRS. The concept of obscuring material information with immaterial information has been included in the new definition. The IASB replaced the threshold 'could influence' with 'could reasonably be expected to influence' in the definition of material.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other standards and the Conceptual Framework that contained a definition of material or reference to the term materiality in order to ensure consistency across the standards.

The amendments will be applied prospectively for reporting periods starting on or after January 1, 2020.

CONCEPTUAL FRAMEWORK OF THE IFRS

Together with the amended Conceptual Framework that became effective on the day of its publication on 29 March 2018, the IASB issued the Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, 3, 6 and 14, IAS 1, 8, 34, 37 and 38, IFRIC 12, 19, 20 and 22, and SIC 32. However, not all amendments updated the pronouncements with respect to including references to the existing version of the Conceptual Framework so that they refer to the revised Conceptual Framework. Certain pronouncements have only been updated to specify which version they refer to (the IASC Framework adopted by the IASB in 2001, the 2010 IASB Framework or the 2018 revised Framework) or to establish that the definitions in the standard have not been updated to the new definitions contained in the revised Conceptual Framework.

The amendments, which are actually updates, are effective for annual periods beginning on or after January 1, 2020.

c) Consolidated statement of profit or loss and statement of comprehensive Income

The Company presents its profit or loss in two separate statements: i) the consolidated statement of profit or loss, and ii) the consolidated statement of comprehensive income. The Company's expenses are presented based on their function, which is consistent with the practice of the industry to which the Company belongs: the nature of these expenses is presented in Note 21. Although not required to do so under IFRS, the Company includes operating profit in the consolidated statement of profit or loss, since this item is an important indicator for evaluating the Company's operating results

d) Statement of cash flows

The Company prepares the statement of cash flows using the indirect method. Interest and dividends received are shown as investing activities, while interest and dividends paid are shown as financing activities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Compliance statement

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB.

b) Basis of preparation

The Mexican peso is the Company's functional currency for transactions in Mexico and the presentation currency of its consolidated financial statements.

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for certain assets and liabilities (derivative financial instruments), which are measured at fair value at the end of the reporting period, and the non-monetary assets of the Company's subsidiaries in hyperinflationary economies, which are restated for inflation, as explained in the accounting policies below.

i. Historical cost
   Historical cost is generally equal to the fair value of the consideration paid for goods and services.

ii. Fair value
Fair value is the price to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability being measured that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value-in-use in IAS 36.

In addition, for financial reporting purpose, fair value measurements are classified into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its totality, which are described as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and other entities according to IFRS 10.

The Company's most significant subsidiaries are as follows:

SUBSIDIARY	% EQUITY INTEREST	COUNTRY	SEGMENT	PRIMARY ACTIVITY
Bimbo, S.A. de C.V.	97	Mexico	Mexico	Baking
Barcel, S.A. de C.V.	98	Mexico	Mexico	Snacks
Productos Ricolino, S.A.P.I. de C.V. (1)	98	Mexico	Mexico	Confectionery
BBU	100	United States	North America	Baking
Canada Bread Corporation, LLC	100	Canada	North America	Baking
Bimbo do Brasil, Ltda.	100	Brazil	Latin America	Baking
Bakery Iberian Investments, S.L.U.	100	Spain and Portugal	EAA	Baking

(1) On November 1, 2019, Barcel S.A. de C.V. spun off the confectionery business, arising as a result of the spin-off Productos Ricolino S.A.P.I de C.V.

Subsidiaries are consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date control is lost. Gains and losses of subsidiaries acquired during the year are recognized in the consolidated statement of profit or loss and statement of comprehensive income from the acquisition date, as applicable.

Non-controlling interest represents the portion of profit or loss and net assets that are not owned by the Company and represents the minority interest that is recognized separately in the consolidated financial statements.

The political and economic situation in Venezuela has significantly limited the capacity of the Company's subsidiaries in Venezuela to maintain their production process under normal conditions. Because of the above, and since Grupo Bimbo will continue its operations in Venezuela, as of June 1, 2017, the Company changed the method under which it recognized the financial position and performance of its operations in Venezuela; therefore, at the date of these financial statements, the Company measures its investment in Venezuela at fair value. This change resulted in a net impairment loss on the investment of $54, which was recognized in the statement of profit or loss for 2017 under other (income)/expenses.

Equity investments in non-listed companies previously classified as financial assets as of December 31, 2017 are now classified and measured as equity instruments designated at fair value through other comprehensive income from January 1, 2018. The Company elected to classify irrevocably its equity investments in affiliates in Venezuela under this category as it intends to hold these investments in the foreseeable future. As of December 31, 2019 and 2018, the Company recognized an impairment loss of $36 and $386 in other comprehensive income.

Profit or loss and each component of other comprehensive income are attributed to controlling and non-controlling interest even if it results in a deficit balance of the latter.

All balances and transactions between the consolidated companies have been eliminated in preparing the consolidated financial statements.

d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the entity, the liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Costs related to the acquisition are generally recognized in profit or loss as incurred.

At the acquisition date, all identifiable assets acquired, and liabilities assumed in a business combination are measured at fair value, except for:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefits are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 *Employee Benefits*, respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree that are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (as of December 31, 2019, 2018 and 2017, the Company does not have share-based payments);

- Assets (or group of assets) that are classified as held for sale in accordance with IFRS 5 Non-current *Assets Held for Sale and Discontinued Operations* that are measured in accordance with this standard

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Goodwill is measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If, after reassessment, the fair value of the net assets acquired and liabilities assumed at the acquisition date is in excess of the aggregate consideration transferred, the amount recognized for non-controlling interests in the acquiree and any previous interest held over the acquiree is recognized in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the proportionate share of the acquiree's identifiable net assets. The election is made on a transaction-by-transaction basis.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at fair value at the acquisition date and is included as part of the consideration transferred. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively and the corresponding adjustments are charged against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period', which cannot exceed one year following the acquisition date, on facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on the classification of the contingent consideration. Contingent considerations classified as equity are not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent considerations classified as assets or liabilities are remeasured at subsequent reporting dates in accordance with IFRS 9 or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, and the corresponding gain or loss is recognized in profit or loss.

When a business combination is achieved in stages, any previous interest held over the acquiree is remeasured at fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss when such treatment is appropriate if that interest is disposed of.

If the initial accounting treatment for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Such provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

e) Assets held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets or disposal. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

f) Recognition of the effects of inflation

The effects of inflation are recognized when the functional currency of an entity is the currency of a country with a hyperinflationary economic environment.

An analysis of the cumulative inflation rates for the three prior years in the countries of the Company's primary operations is as follows:

	2019 – 2017		2018 – 2016		2017 – 2015	
	CUMULATIVE INFLATION RATE	TYPE OF ECONOMY	CUMULATIVE INFLATION RATE	TYPE OF ECONOMY	CUMULATIVE INFLATION RATE	TYPE OF ECONOMY
Mexico	14.43%	Non-hyperinflationary	15.69%	Non-hyperinflationary	12.71%	Non-hyperinflationary
USA	6.24%	Non-hyperinflationary	5.99%	Non-hyperinflationary	4.32%	Non-hyperinflationary
Canada	6.11%	Non-hyperinflationary	5.42%	Non-hyperinflationary	5.02%	Non-hyperinflationary
Spain	3.11%	Non-hyperinflationary	3.66%	Non-hyperinflationary	2.84%	Non-hyperinflationary
Brazil	9.88%	Non-hyperinflationary	13.46%	Non-hyperinflationary	20.87%	Non-hyperinflationary
Argentina	126.27%	Hyperinflationary	148.19%	Hyperinflationary	96.83%	Non-hyperinflationary

In 2017, the economic in Venezuela qualified as hyperinflationary in relation to the inflation rates of the three prior years and the Company therefore recognized the corresponding inflationary effects. Such effects are immaterial to the Company's financial position and performance and cash flows. As of June 1, 2017, the Company changed the valuation method for its investment in Venezuela and therefore, the effects of inflation were recognized through May 2017.

Starting in July 2018, the economy in Argentina qualified as a hyperinflationary economy; consequently, the Company's subsidiaries in that country recognized adjustments for the cumulative effects of inflation:

- Using inflation factors to restate non-monetary assets such as inventories, property, plant and equipment and intangible assets.
- Recognizing the net monetary position in the consolidated statement of profit or loss.

As a result of the recognition of the effects of inflation, the Company performed retroactive impairment testing as of December 31, 2017, which gave rise to the following impairment adjustment, which was recognized in retained earnings:

		IMPAIRMENT ADJUSTMENT
Property, plant and equipment, net	$	808
Intangible assets		1,251
Goodwill		121
	$	**2,180**

g) Foreign currency transactions

Exchange differences of monetary items are recognized in profit or loss, except in the following cases:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered in order to hedge certain foreign currency risks (see Note 17); and
- Exchange differences on monetary assets or liabilities related to foreign operations with no planned settlement and for which payment cannot be made (thus forming part of the net investment in the foreign operation) are initially recognized in other comprehensive income and are reclassified from equity to profit or loss as reimbursements of monetary items.

TRANSLATION TO THE REPORTING CURRENCY

On consolidation, the assets and liabilities of foreign operations are translated into Mexican pesos using the exchange rate prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period, unless the exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. The operations in hyperinflationary economies are translated using the exchange rate prevailing at the reporting date. The exchange differences arising on translation for consolidation are recognized in other comprehensive income and accumulated in equity attributed to non-controlling interests as appropriate.

All accumulated differences in stockholders' equity from a foreign operation in the case of its sale are reclassified to profits or loss, that is, the sale of the Company's entire participation in a foreign operation, or a disposition that involves a loss of control in the subsidiary that includes a foreign operation, loss of joint arrangement or an associate that includes a partial foreign operation in which the retained interest becomes a financial instrument.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate as of the reporting date. Exchange differences resulting from the translation are recognized in other comprehensive income.

The average exchange rates and closing exchange rates between the Mexican peso and the functional currencies of the countries of the main subsidiaries, are as follows:

	AVERAGE EXCHANGE RATE			CLOSING EXCHANGE RATE		
	2019	2018	2017	2019	2018	2017
USA	19.2616	20.1529	19.1012	18.8452	19.6829	19.7354
Canada	14.5108	15.0496	14.9497	14.2680	14.4324	15.7316
Spain	21.5632	22.9400	22.6216	21.1707	22.5369	23.6687
Brazil	4.8823	5.1882	5.8001	4.6754	5.0797	5.9660
Argentina	0.3997	0.5324	1.0667	0.3147	0.5221	1.0442

h) Cash and cash equivalents

Cash and cash equivalents principally consist of bank deposits in checking accounts and highly liquid, readily available low-risk investments in short-term securities, maturing within three months following the purchase date. Cash is stated at nominal value and cash equivalents are stated at fair value. Gains and losses from changes in the value of cash and cash equivalents are recognized in profit or loss (see financial assets below). Cash and cash equivalents principally consist of investments in government debt instruments with daily maturities.

i) Financial assets

All recognized financial assets are subsequently measured totally, either at amortized cost or fair value, according to the classification of the financial assets.

FINANCIAL ASSET CLASSIFICATION

Financial instruments that met the following conditions are measured subsequently at fair value through other comprehensive income:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

The remaining financial assets are subsequently measured at fair value through profit or loss.

Notwithstanding the above, upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they are not held for trading and do not correspond to contingent consideration transferred by an acquirer in a business in a business combination.

Equity investments at fair value through other comprehensive income are initially measured at cost, plus transaction costs, and are subsequently measured at fair value and the gains and losses from the fair value changes are recognized in OCI. At derecognition, cumulative gains and losses are not reclassified to profit or loss, and instead are recorded in retained earnings.

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1. Accounts receivable
   Trade accounts receivable and other accounts receivable that are non-derivative financial assets with fixed or determinable payments that are not traded on an active market, are classified as accounts receivable and are measured at amortized cost using the effective interest rate (EIR) method, less any impairment losses.

   Interest income is recognized by applying the effective interest rate, except for short-term receivables when the interest is immaterial.

2. Impairment of financial assets
   Financial assets other than financial assets at fair value through profit and loss are tested for impairment at the end of each reporting period.

   The Company recognizes a provision for expected credit losses (ECLs) on trade receivables. The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Company's historical credit loss experience and is subsequently adjusted for factors that are specific to the debtors, general economic conditions and an assessment of the current direction and forecast of future conditions at the reporting date, including the time value of money, when applicable.

   The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by the entity. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

   Regarding trade receivables, the carrying amount is reduced using an allowance account. Trade receivables that are considered uncollectible are charged to the allowance account. Subsequent recovery of previously recognized impairment losses is reversed by adjusting the allowance account. The amount of the changes in the allowance account is recognized in profit or loss of the year.

j) Inventories and cost of sales

Inventories are valued at the lower of either their cost or net realizable value.

Inventories are accounted for according to the following criteria:

- Raw materials, containers, packaging material and spare parts: at acquisition cost, which includes the cost of the merchandise plus import costs, minus discounts, using the average cost method.
- Finished goods and orders in process: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

k) Property, plant and equipment

Property, plant and equipment is recognized at cost, net of accumulated depreciation and accumulated impairment losses, if any. Fixed assets acquired before December 31, 2007 were restated for inflation through that date based on the National Consumer Price Index, which became the estimated cost of such assets as of January 1, 2011 upon the Company's adoption of IFRS.

The cost includes those costs directly attributable to bringing the asset to the location and condition necessary for it to operate as intended by management.

The costs of expansion, remodeling or improvements that enhance the capacity or extend the useful life of the asset are also capitalized. Repair and maintenance costs are expensed as incurred. The carrying amount of the replaced asset, if any, is derecognized when replaced, and the effect is recognized in profit and loss.

Freehold land is not depreciated. Depreciation of property, plant and equipment is calculated on the assets' carrying amounts on a straight-line basis over the following range useful lives of the assets, as follows:

	YEARS
Buildings:	
Infrastructure	15 – 30
Foundations	35 – 50
Roofs	10 – 30
Fixed facilities and accessories	10 – 20
Manufacturing equipment	5 – 25
Vehicles	8 – 16
Furniture and equipment	5 – 18
Computer equipment	4
Leasehold improvements	The lower of either the related lease term or the useful life of the asset

The Company allocates the amount initially recognized in respect of an item of buildings and manufacturing equipment to its various significant parts (components) and depreciates each of these components separately.

The carrying amount of an asset is reduced to its recoverable value if the carrying amount exceeds its recoverable value.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss under other expenses, net.

Leasehold improvement and adaptations to buildings and establishments in which the Company is the lessee are recognized at historic cost less the respective depreciation.

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l) Right of use assets

Right of use assets are initially measured at the present value of lease payments, less any lease incentives received and initial direct costs. Right of use assets are subsequently measured at cost net of accumulated depreciation, impairment losses and adjustments for any remeasurement of lease liabilities in accordance with IFRS 16.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets. If ownership of the underlying asset transfers to the lessee or the cost of the right of use asset reflects the exercise of a purchase option, depreciation is calculated over the useful life of the underlying asset.

Lease payments for low-value assets (less than USD 5,000) and short-term leases (less than 12 months) are recognized directly in profit or loss.

m) Inversión en asociadas

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the decisions regarding financial and operating policy of the investee but is not control or joint control over those policies.

The results and the net assets and liabilities of associates are recognized in the consolidated financial statements using the equity method, except if the investment or part of the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, the investment in an associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate since the acquisition date. When the Company's share of loss of an associate exceeds the Company's interest in that associate, the Company discontinues the recognition of its share of further losses.

On acquisition of the investment any difference between the cost of the investment and the Company's share of the net fair value of the identifiable assets and liabilities of the associate is accounted for as goodwill, which is included in the carrying amount of the investment. Any excess of the Company's share of the net fair value of the joint venture's identifiable assets and liabilities over the cost of the investment, after remeasurement, is recognized immediately in profit or loss in the period in which the investment was acquired.

The Company discontinues the use of the equity method from the date the investment ceases to be an associate, or when the investment is classified as held for sale. If the Company's interest in an associate is reduced, but the equity method is continued to be applied, the Company reclassifies to profit or loss the proportion of the gain or loss previously recognized in other comprehensive income relative to that reduction in ownership interest if the gain or loss would have been reclassified to profit or loss in the case of disposal of the related assets or liabilities.

Profits and losses resulting from transactions between the Company and the associate are recognized in the Company's consolidated financial statements only to the extent of unrelated investors' interests in the associate.

n) Intangible assets

Intangible assets are primarily comprised of trademarks and customer relationships resulting from the acquisition of businesses. Intangible assets are measured on initial recognition at cost. Intangible assets acquired through a business combination are recognized at fair value at the acquisition date, separately from goodwill. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite, based on the contractual terms established at acquisition. Trademarks are considered to have indefinite useful lives when ownership is acquired, otherwise are amortized.

Intangible assets with finite live are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed and adjusted at least at the end of each reporting period. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss under general expenses.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment at least annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

o) Impairment of tangible and intangible assets, other than goodwill

Annually, the Company assesses whether there is any indicator that its tangible and intangible assets, including the right-of-use asset, may be impaired. If any such indicator exists, the Company estimates the asset's recoverable amount. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis can be identified, corporate assets are also allocated to the cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives or not yet available for use, are tested for impairment on an annual basis, or more often if there is any indicator that the intangible asset may be impaired.

The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to each asset.

If the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, such amount is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

On an annual basis, when there are signs that the value of an asset has significantly increased as a result of changes in the legal, economic, technologic or market environment or increases in the interest rates affecting the discount rate used to calculate the value in use of the asset in prior years, the Company evaluates the new recoverable amount of the asset in order to determine the amount of accumulated impairment to be reversed.

Further, when an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

p) Goodwill

Goodwill arising from business combinations is recognized at the cost determined on the acquisition date of the business, as described in the business acquisitions policy note above, net of any accumulated impairment losses (see Note 12).

Goodwill is allocated to each cash-generating unit (or group of cash-generating units) that is expected to benefit from the synergies achieved from the combination.

The cash-generating units to which goodwill has been allocated are tested for impairment on an annual basis, or more frequently if there are any indicators of impairment. If the recoverable amount of a cash-generating unit is lower than its carrying amount, the impairment losses recognized in respect of the cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. Impairment in goodwill is recognized directly in profit or loss. Any loss from impairment in the value of goodwill cannot be reversed in future years.

When the relevant cash-generating unit is disposed of, the amount of goodwill is included in the calculation of gains or losses at the time of the disposal.

The Company's policy for goodwill arising on the acquisition of an associate is described in Note 3m.

q) Financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction costs, except for financial liabilities designated at fair value through profit or loss, which are initially recognized at fair value. Subsequent measurement depends on the category in which the financial liability is classified.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities. Note 17 describes the category of each financial liability of the Company.

r) Hedging activities and derivatives

Derivatives are initially recognized at fair value on the date on which a derivative contract is entered and are subsequently remeasured at fair value. Presentation of the related gain or loss from changes in fair value of the derivative financial instrument depends on whether they are designated as hedging instruments, and if so, the nature of the hedging relationship. The Company only holds derivative financial instruments classified as cash flow hedges and hedges of net investment in foreign operations.

At the inception of a hedge relationship, the Company formally documents the hedge relationship between the hedging instrument and the hedged items, including the risk management objective and strategy for undertaking the hedge. Periodically, the Company documents whether the derivative financial instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivatives are not offset in the consolidated financial statements unless there is an enforceable legal right to offset the recognized amounts and there is an intention to settle. Derivatives are accounted for as non-current assets or liabilities if the remaining maturity of the instrument is more than 12 months and the instrument is not expected to be realized or settled in 12 months. All other derivatives are accounted for as current assets or liabilities.

CASH FLOW HEDGES

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in OCI under valuation effects of cash flow hedges. The gain or loss relating to the ineffective portion is immediately recognized in profit or loss. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss.

HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of net economic hedge effects. The gain or loss relating to the ineffective portion is immediately recognized in profit or loss under Foreign exchange gain/(loss), net. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss on the disposal of the foreign operation in the event it occurs.

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s) Lease liabilities

Lease liabilities are initially measured at the present value of outstanding fixed and variable lease payments, discounted at the incremental borrowing rate of each country where the Company operates. The amount of lease liabilities is increased for the accretion of interest and reduced for the lease payments made and increased or reduced based on remeasurements to reflect the new measurements or amendments made to the lease agreements.

The estimated incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The Company calculates the incremental borrowing rate using observable inputs, market interest rates and its credit score.

Lease liabilities are recognized in the consolidated statement of financial position as short-term when the term of the lease is less than 12 months and long-term when it is more than 12 months.

t) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured based on the estimated cash flows required to settle the present obligation, its carrying amount represents the present value of these cash flows when the effect of the time value of money is material.

All contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37 and the amount initially recognized, less cumulative amortization recognized in accordance with IFRS 15.

UNCERTAINTY OVER TAX TREATMENTS

The Company constantly evaluates the tax treatments of all its consolidated entities and identifies those with uncertainty as to their acceptance by the tax authorities. Considering the current circumstances of the reviews in process, as well as the tax treatments used by the companies, the Company calculates this uncertainty based on the conditions of each tax jurisdiction and the approach that best estimates the uncertainty, using the most likely amount method or the expected value method, as applicable, and recognizes the effects determined in profit or loss.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

u) Income tax

Income tax expense consists of current and deferred tax. Current and deferred taxes are recognized as either income or an expense in profit or loss, except for tax items that must be recognized as other comprehensive income items or in equity. For business combinations, the tax effect is included in the recognition of the business combination.

1. Current income tax
   Current income tax is calculated based on the tax rates and tax laws enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. The related income tax expense is recorded in profit or loss as incurred.

2. Deferred income tax
   Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year the temporary differences will reverse based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

   Deferred taxes are recognized on all temporary differences between financial reporting and tax values of assets and liabilities based on tax rates that have been enacted at the reporting date and where applicable, they include unused tax losses and certain tax credits. Deferred tax assets or liabilities are recognized for all temporary differences, with certain exceptions. The Company recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i) those that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and do not affect neither the accounting profit or loss or taxable income;
ii) those associated with investments in subsidiaries and associates to the extent it is probable that the temporary differences will not reverse in the foreseeable future;
iii) those that arises from the initial recognition of goodwill. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that taxable profits will be available against which the deductible temporary difference can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

v) Employee benefits

i. Pensions and seniority premiums

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity or a fund and will have no legal or constructive obligation to pay further contributions. The obligation is recognized as an expense when the employees have rendered the service entitling them to the contributions.

A defined benefit plan is a post-employment plan for which the Company has the obligation to provide the agreed benefits to current and former employees. The cost of providing benefits under a defined benefit plan that includes pensions and seniority premiums is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), are immediately recognized in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognized in profit or loss at the date of the plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The retirement obligations recognized in the statement of financial position include actuarial gains and losses in the defined benefit plans of the Company. The present value of the defined benefit obligation is determined based on the discounted value of estimated cash flows, using interest rates tied to government bonds denominated in the same currency in which the benefits are to be paid and whose terms are similar to those of the obligation.

ii. Statutory employee profit sharing

In Mexico and Brazil, the Company is required to recognize a provision for employee profit sharing when it has a present legal or constructive obligation as a result of a past event and the amount can be reliably estimated. Statutory employee profit sharing is recognized in profit or loss as incurred.

iii. Short-term employee benefits

The Company recognizes a benefits liability that corresponds to employees with respect to wages and salaries, annual vacations, short-term bonuses and sick leave in the service period in which it is rendered.

iv. Termination benefits

A liability is recognized for termination benefits when the Company cannot withdraw its offer to provide termination benefits and/or when it recognizes the related restructuring costs.

v. Long-term bonus

The Company grants a cash bonus to certain executives, which is calculated based on performance metrics. The bonus is paid 30 months following the date on which it was granted, and it is recognized in profits or loss in the year it accrues.

vi. Multi-employer pension plans (MEPPs)

The Company classifies multi-employer plans as defined contribution plans or defined benefit plans in order to determine the accounting for such plans. If a MEPP is classified as a defined benefit plan, the Company accounts for its share in the defined benefit obligation, plan assets and costs associated with the plan in the same manner as for any other defined benefit plan. When sufficient information is not available to use defined benefit accounting for a MEPP, the Company accounts for such plan as a defined contribution plan recognizing in profit or loss the amount of the paid contributions.

Exit payments or withdrawal from a multi-employer plan are recognized and measured in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

w) Revenue recognition

Revenue primarily comes from contracts with customers for the sale of products and is recognized when control of the goods is transferred to the customer, given the performance obligation satisfaction in that moment, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. When determining the transaction price, the Company considers the effects of variable considerations (i.e. rights of return and rebates). Payments made to customers for commercial services are recognized as distribution and selling expenses.

RIGHTS OF EXCHANGE OF PRODUCTS

Certain contracts provide a customer with a right to exchange the products within a specified period. The Company uses the expected value method to estimate the products that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. For goods that are expected to be returned, instead of revenue, the Company recognizes an estimated refund liability.

REBATES TO CUSTOMERS

The Company provides retrospective rebates to certain customers when the conditions established in the contracts are met. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the most likely amount method for contracts with a single volume threshold and the expected value method for contracts with more than one volume threshold.

x) Reclassifications

Certain captions shown in the consolidated financial statements for the years ended December 31, 2018 and 2017 as originally issued have been reclassified for uniformity of presentation with the 2019 financial statements. The effects of these reclassifications were recognized retrospectively in the statement of financial position as of December 31, 2018 and 2017, in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

	REFERENCE	BALANCE AS OF DECEMBER 31, 2018 AS ORIGINALLY REPORTED	RECLASSIFICATIONS	BALANCE AS OF DECEMBER 31, 2018
Long-term accounts receivable from independent business partners	(a)	$ 404	$ (404)	$ -
Other assets, net		$ 1,281	$ 404	$ 1,685
Net sales		$ 288,266	$ 1,054	$ 289,320
Cost of sales		$ 135,667	$ 2	$ 135,669
Distribution and selling expenses	(b)	$ 108,630	$ 1,071	$ 109,701
Administrative expenses		$ 19,241	$ (235)	$ 19,006
Other expenses, net		$ 4,364	$ 216	$ 4,580

	REFERENCE	BALANCE AS OF DECEMBER 31, 2017 AS ORIGINALLY REPORTED	RECLASSIFICATIONS	BALANCE AS OF DECEMBER 31, 2017
Long-term accounts receivable from independent business partners	(a)	$ 557	$ (557)	$ -
Other assets, net		$ 2,412	$ 557	$ 2,969
Net sales		$ 267,515	$ 970	$ 268,485
Cost of sales		$ 124,763	$ 2	$ 124,765
Distribution and selling expenses	(b)	$ 102,801	$ 1,064	$ 103,865
Administrative expenses		$ 18,388	$ (254)	$ 18,134
Other expenses, net		$ 1,162	$ 158	$ 1,320

(a) Grouping of long-term accounts receivable from independent business partners under other assets, net.

(b) Change in presentation of payments made to customers.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a regular basis. The effects of changes in accounting estimates are recognized in the period of the change and future periods if the change affects both current and subsequent periods.

a) Critical judgment in applying accounting policies

Consolidation of structured entities

As described in more detail in Note 7, BBU has entered into agreements with third party contractors ("Independent Business Partners") in which it holds no direct or indirect interest but that qualify as structured entities (SE). The Company has concluded that some of these structured entities meet the requirements to be consolidated in accordance with IFRS 10 Consolidated Financial Statements.

b) Key sources of estimation uncertainty

1. Useful lives, residual values and depreciation and amortization methods for long-lived assets

   As described in Note 3, the Company annually reviews the estimated useful lives, residual values and depreciation and amortization methods of long-lived assets, including property, plant and equipment and intangible assets. Additionally, for intangible assets, the Company determines whether their useful lives are finite or indefinite. During the periods presented in the consolidated financial statements, there were no modifications to such estimates.

2. Impairment of goodwill and intangible assets

   Determining whether goodwill has been impaired involves calculating the recoverable amount of cash-generating units to which goodwill has been allocated. The calculation of the recoverable amount requires the Company to determine the higher between the fair value less cost of disposal and value in use, where the value in use is determined based on the future cash flows that cash-generating units are expected to produce and an appropriate discount rate to calculate the present value of future cash flows.

3. Fair value measurements

   Derivative financial instruments are recognized in the statement of financial position at fair value as of the reporting date. In addition, the fair value of certain financial instruments is disclosed in Note 17, mainly with respect to long-term debt, though there is no risk of adjustment to the related carrying amounts. In addition, the Company has acquired businesses for which it is required to determine the fair value of the consideration paid, the identifiable assets acquired, liabilities assumed and, if applicable, the non-controlling interest at the date of the acquisition, as described in Note 1.

   The fair values described above are estimated using valuation techniques that may include inputs that are not based on observable market data. The main assumptions used by management are described in the related notes. The Company considers that the valuation techniques and assumptions selected are appropriate for the determination of the fair values.

4. Employee benefits

   The cost of defined benefit plans and MEPPs that have been considered as defined benefits is determined using actuarial valuations that involve assumptions related to discount rates, future salary increases, employee turnover rates and mortality rates, among others. Due to the long-term nature of these plans, such estimates are sensitive to changes in the assumptions.

5. Recoverability of deferred income tax

   To determine whether the deferred income tax asset related to tax losses carryforwards is impaired or if it will be recovered in the future, the Company is based on the tax projections it prepares.

6. Employee benefits, insurance and other liabilities

   Insurance risks in the United States such as to the liability for general damages to third parties, and employee benefits are self-insured by the Company with coverage that is subject to specific limitations agreed in an insurance program. Provisions for claims are recorded on an incurred-claim basis. Insurable risk liabilities are determined using the Company's historical data. As of December 31, 2019, 2018 and 2017, the net liability amounted to $4,650, $4,757 and $5,085, respectively.

5. TRADE RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE

	2019	2018	2017
Trade receivables	$ 17,128	$ 19,249	$ 18,135
Allowance for doubtful accounts and expected credit loss,	(711)	(706)	(782)
	16,417	18,543	17,353
Notes receivable	30	110	146
Income tax, value added tax and other recoverable taxes [(1)]	8,047	5,579	5,907
Other receivables	1,704	1,718	1,400
	$ 26,198	**$ 25,950**	**$ 24,806**

(1) During March 2019, the Company obtained certain favorable decisions on legal actions in Brazil related to some contributions, recognizing a right to recover of $734.

The average credit terms on sales of goods, that are not cash sales, is Mexico 30 days, 60 days in the United States and EAA, 21 days in Canada and 30 days in Latin America.

6. INVENTORIES

	2019	2018	2017
Raw materials, containers and packaging materials	$ 4,317	$ 4,281	$ 3,703
Orders in progress	99	187	160
Finished goods	3,517	3,508	3,231
Spare parts	958	995	963
	8,891	8,971	8,057
Raw materials in transit	928	369	311
	$ 9,819	**$ 9,340**	**$ 8,368**

For the years ended December 31, 2019, 2018 and 2017, the Company recognized inventory outputs of $89,112, $86,985 and $81,691, respectively, in cost of sales.

7. STRUCTURED ENTITIES

The Company, through BBU, enters into agreements with independent business partners for distribution rights to sell and distribute the Company's products through direct deliveries to retail stores in certain sales territories. The Company does not hold equity interest in any of the entities controlled by the independent business partners, some of which, finance the purchase of distribution rights through loans from financial institutions with the Company´s support. To maintain the routes operational and ensure the delivery of products to customers, the Company assumes explicit and implicit commitments. The Company has concluded that all independent business partners that are legal entities qualify as Structured Entities (SE), primarily due to the financial and operative support they receive from the Company. Based on this, the SE are consolidated in the Company's financial statements.

An analysis of the assets and liabilities of independent business partners included in the consolidated financial statements as of December 31, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
Property – vehicles	$ 3,097	$ 3,208	$ 3,188
Distribution rights	6,770	7,084	6,927
Total assets	$ 9,867	$ 10,292	$ 10,115

	2019	2018	2017
Short-term portion of long-term debt:			
Obligations under finance leases	$ 637	$ 647	$ 658
Loans granted to independent business partners	42	44	42
Long-term debt:			
Obligations under finance leases	1,718	1,731	1,798
Loans granted to independent business partners	46	47	42
Debt with affiliated entities (net of accounts receivable)	5,271	5,472	5,139
Total liabilities	**$ 7,714**	**$ 7,941**	**$ 7,679**
Non-controlling interest	**$ 2,153**	**$ 2,351**	**$ 2,436**

Funding provided by BBU to independent business partners that have been classified as SE and consolidated are eliminated in the consolidated financial statements.

Long-term lease liabilities are secured by the vehicles subject to leases and do not represent additional claims on the Company's general assets.

In addition, the Company has sold certain distribution rights to former employees and other individuals, who are also considered independent business partners, but not structured entities.

The Company finances up to 90% of the distribution rights sell price to certain independent business partners. The loans receivable bear interest of between 5% and 11% annually, with a weighted average of 10%, and are payable in 120 monthly installments. Independent business partners make an initial payment to the Company for the non-financed 10% of the purchase price. In most cases, an independent third-party lender finances the down payment. Both the Company and the financing of independent third parties are guaranteed by the distribution routes, equipment, customer lists, and other assets. The independent third-party lender has priority over the collateral.

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8. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the carrying amount of property, plant and equipment at the beginning and at the end of 2019, 2018 and 2017 is as follows:

	BALANCE AS OF JANUARY 1, 2019	ADDITIONS	BUSINESS COMBINATIONS AND PPA ADJUSTMENTS [1]	TRANSFERS [2]	TRANSLATION EFFECT	RETIREMENTS	IMPAIRMENT	INFLATION EFFECT	BALANCE AS OF DECEMBER 31, 2019
Investment:									
Buildings	$ 28,256	$ -	$ (117)	$ 2,326	$ (1,376)	$ (301)	$ -	$ 408	$ 29,196
Manufacturing equipment	82,214	-	(291)	7,965	(3,353)	(2,101)	-	645	85,079
Vehicles	18,107	-	10	(2,332)	(144)	(1,127)	-	(3)	14,511
Office equipment	1,235	-	(11)	396	(39)	(21)	-	4	1,564
Computer equipment	5,741	-	(18)	812	(202)	(324)	-	16	6,025
Total investment	**135,553**	**-**	**(427)**	**9,167**	**(5,114)**	**(3,874)**	**-**	**1,070**	**136,375**
Depreciation and impairment:									
Buildings	(12,326)	(1,803)	213	(1,252)	648	246	(52)	(149)	(14,475)
Manufacturing equipment	(41,653)	(4,934)	397	1,409	1,668	1,908	(296)	(492)	(41,993)
Vehicles	(7,137)	(918)	3	822	90	921	-	27	(6,192)
Office equipment	(707)	(97)	12	21	20	15	(1)	(2)	(739)
Computer equipment	(4,503)	(667)	17	5	160	318	-	(14)	(4,684)
Total accumulated depreciation	**(66,326)**	**(8,419)**	**642**	**1,005**	**2,586**	**3,408**	**(349)**	**(630)**	**(68,083)**
	69,227	(8,419)	215	10,172	(2,528)	(466)	(349)	440	68,292
Land	8,261	-	2	26	(385)	(21)	-	93	7,976
Construction in progress and machinery in transit	9,909	13,117	-	(14,374)	(365)	-	-	59	8,346
Less: Assets held for sale	(154)	-	-	(109)	9	(19)	-	-	(273)
Net investment	**$ 87,243**	**$ 4,698**	**$ 217**	**$ (4,285)**	**$ (3,269)**	**$ (506)**	**$ (349)**	**$ 592**	**$ 84,341**

	BALANCE AS OF JANUARY 1, 2018	ADDITIONS	BUSINESS COMBINATIONS AND PPA ADJUSTMENTS [1]	TRANSFERS	TRANSLATION EFFECT	RETIREMENTS	IMPAIRMENT	INFLATION EFFECT	BALANCE AS OF DECEMBER 31, 2018
Investment:									
Buildings	$ 26,514	$ -	$ 673	$ 1,969	$ (1,148)	$ (291)	$ -	$ 539	$ 28,256
Manufacturing equipment	76,190	-	(247)	9,887	(2,613)	(2,010)	-	1,007	82,214
Vehicles	17,644	104	(46)	1,660	(130)	(1,155)	-	30	18,107
Office equipment	1,084	-	15	162	(24)	(9)	-	7	1,235
Computer equipment	5,626	-	(1)	549	(108)	(355)	-	30	5,741
Total investment	**127,058**	**104**	**394**	**14,227**	**(4,023)**	**(3,820)**	**-**	**1,613**	**135,553**
Depreciation and impairment:									
Buildings	(11,715)	(1,319)	(14)	441	289	218	(72)	(154)	(12,326)
Manufacturing equipment	(38,439)	(5,163)	793	(252)	1,268	1,736	(1,029)	(567)	(41,653)
Vehicles	(7,247)	(1,133)	37	200	73	952	(2)	(17)	(7,137)
Office equipment	(609)	(129)	5	8	14	8	-	(4)	(707)
Computer equipment	(4,220)	(654)	11	(14)	70	331	-	(27)	(4,503)
Total accumulated depreciation	**(62,230)**	**(8,398)**	**832**	**383**	**1,714**	**3,245**	**(1,103)**	**(769)**	**(66,326)**
	64,828	(8,294)	1,226	14,610	(2,309)	(575)	(1,103)	844	69,227
Land	8,404	-	52	(37)	(314)	(42)	(1)	199	8,261
Construction in progress and machinery in transit	9,766	14,963	57	(14,573)	(400)	21	-	75	9,909
Less: Assets held for sale	(26)	(127)	-	-	(1)	-	-	-	(154)
Net investment	**$ 82,972**	**$ 6,542**	**$ 1,335**	**$ -**	**$ (3,024)**	**$ (596)**	**$ (1,104)**	**$ 1,118**	**$ 87,243**

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	BALANCE AS OF JANUARY 1, 2017	ADDITIONS	BUSINESS COMBINATIONS AND PPA ADJUSTMENTS[1]	TRANSFERS	TRANSLATION EFFECT	RETIREMENTS	IMPAIRMENT	INFLATION EFFECT	BALANCE AS OF DECEMBER 31, 2017
Investment:									
Buildings	$ 25,572	$ -	$ 1,080	$ 1,362	$ (1,904)	$ (148)	$ -	$ 552	$ 26,514
Manufacturing equipment	74,817	-	(307)	7,243	(2,833)	(3,342)	-	612	76,190
Vehicles	17,303	259	135	1,532	(899)	(918)	-	232	17,644
Office equipment	1,015	-	7	131	(6)	(63)	-	-	1,084
Computer equipment	5,003	-	(38)	930	(99)	(171)	-	1	5,626
Total investment	**123,710**	**259**	**877**	**11,198**	**(5,741)**	**(4,642)**	**-**	**1,397**	**127,058**
Depreciation and impairment:									
Buildings	(10,354)	(905)	(645)	(5)	286	(30)	(27)	(35)	(11,715)
Manufacturing equipment	(42,629)	(4,984)	4,887	21	1,570	2,994	(63)	(235)	(38,439)
Vehicles	(7,243)	(1,019)	(29)	1	410	753	(1)	(119)	(7,247)
Office equipment	(595)	(105)	42	(16)	6	59	-	-	(609)
Computer equipment	(3,913)	(632)	64	(1)	93	169	-	-	(4,220)
Total accumulated depreciation	**(64,734)**	**(7,645)**	**4,319**	**-**	**2,365**	**3,945**	**(91)**	**(389)**	**(62,230)**
	58,976	(7,386)	5,196	11,198	(3,376)	(697)	(91)	1,008	64,828
Land	7,701	-	897	49	(195)	(115)	(4)	71	8,404
Construction in progress and machinery in transit	8,055	13,187	386	(11,247)	(869)	(1)	-	255	9,766
Less: Assets held for sale	(148)	-	-	-	11	111	-	-	(26)
Net investment	**$ 74,584**	**$ 5,801**	**$ 6,479**	**$ -**	**$ (4,429)**	**$ (702)**	**$ (95)**	**$ 1,334**	**$ 82,972**

(1) This column includes: i) acquisition of Mr. Bagel business, ii) adjustments to the purchase price allocation of Mankattan and Alimentos Nutra Bien recognized in 2019, iii) acquisition of Alimentos El Paisa, iv) International Bakery, v) Mankattan and vi) Alimentos Nutra Bien and vii) adjustments to the purchase price allocation of Bimbo QSR, Ready Roti and Bays recognized in 2018; viii) acquisition of Stonemill, ix) Compañía de Pastelería y Salados, x) Ready Roti, xi) Bays and xii) Bimbo QSR and vxii) adjustments to the purchase price allocation of Donuts Iberia, Panettiere and General Mills recognized in 2017.

(2) Correspond mainly to transfers of buildings and equipment to right of use asset.

IMPAIRMENT LOSSES RECOGNIZED DURING THE YEAR

In 2019, 2018 and 2017, the Company performed an impairment review of unused buildings and industrial machinery and equipment, resulting in recognition of an impairment loss in profit and loss of $349, $296 and $95, respectively. A breakdown of impairment by segment is as follows: Mexico $34, North America $9, Latin America $278 and EAA $28 in 2019; Mexico $(29), North America $280, Latin America $(5) and EAA $50 in 2018 and Mexico $20, North America $27, Latin America $25 and EAA $23 in 2017.

In addition, in 2018 the Company recognized impairment of $808 in its operation in Argentina, which was recognized in retained earnings (see Note 3f).

9. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

A reconciliation of the carrying amount of right-of-use asset at the beginning and at the end of 2019 is as follows:

	BALANCE AS OF JANUARY 1, 2019	ADDITIONS	RETIREMENTS	EARLY TERMINATION	CHANGES	TRANSLATION EFFECT	INFLATION EFFECT	BALANCE AS OF DECEMBER 31, 2019
Right-of-use:								
Buildings	$ 15,893	$ 4,643	$ (101)	$ (2,001)	$ 651	$ (169)	$ 1	$ 18,917
Vehicles	4,996	1,945	(74)	(471)	8	(127)	-	6,277
Others	134	43	(4)	(5)	1	(3)	-	166
	21,023	6,631	(179)	(2,477)	660	(299)	1	25,360
Assets under financial lease	5,076	170	(303)	-	-	(194)	-	4,749
Total right-of-use assets	**26,099**	**6,801**	**(482)**	**(2,477)**	**660**	**(493)**	**1**	**30,109**
Depreciation:								
Buildings	-	(2,864)	101	198	(10)	35	-	(2,540)
Vehicles	-	(1,218)	74	106	-	24	-	(1,014)
Others	-	(69)	4	3	-	1	-	(61)
	-	(4,151)	179	307	(10)	60	-	(3,615)
Assets under finance lease	(900)	(385)	303	-	-	38	-	(944)
Total accumulated depreciation	(900)	(4,536)	482	307	(10)	98	-	(4,559)
Right-of-use asset, net	**$ 25,199**	**$ 2,265**	**$ -**	**$ (2,170)**	**$ 650**	**$ (395)**	**$ 1**	**$ 25,550**

An analysis of changes in lease liabilities in 2019 is as follows:

	CAPITALIZED OPERATING LEASES	FINANCE LEASES	TOTAL
Balance as of January 1	$ 21,023	$ 3,197	$ 24,220
Additions	6,631	170	6,801
Accrued interest	1,013	28	1,041
Payments	(4,446)	(338)	(4,784)
Early termination	(2,208)	-	(2,208)
Modifications	655	-	655
Foreign exchange effects	(4)	-	(4)
Translation effect	(262)	(119)	(381)
Balance as of December 31	22,402	2,938	25,340
Less – current portion	(3,916)	(683)	(4,599)
	$ 18,486	**$ 2,255**	**$ 20,741**

The maturity of long-term lease liabilities are as follows:

	CAPITALIZED OPERATING LEASES	FINANCE LEASES	TOTAL
2021	$ 2,830	$ 638	$ 3,468
2022	2,431	596	3,027
2023	2,042	457	2,499
2024	1,691	280	1,971
2025 and thereafter	9,492	284	9,776
	$ 18,486	**$ 2,255**	**$ 20,741**

10. INVESTMENTS IN ASSOCIATES

An analysis of investments in associates as of December 31, 2019, 2018 and 2017 is as follows:

ASSOCIATE	ACTIVITY	% EQUITY INTEREST	2019	2018	2017
Beta San Miguel, S.A. de C.V.	Sugar refinery	8	$ 968	$ 855	$ 773
Mundo Dulce, S.A. de C.V.	Confectionery	50	347	337	342
Fábrica de Galletas La Moderna, S.A. de C.V.	Cookies	50	321	313	277
Grupo La Moderna, S.A. de C.V.	Holding company	4	278	265	236
Congelación y Almacenaje del Centro, S.A. de C.V.	Warehousing	15	236	207	180
Fin Común Servicios Financieros, S.A. de C.V.	Financial services	41	180	161	167
Productos Rich, S.A. de C.V.	Baking	18	169	148	145
Other	Other	Various	372	359	198
			$ 2,871	**$ 2,645**	**$ 2,318**

The associate entities are incorporated and operate primarily in Mexico and are recognized using the equity method in the consolidated financial statements.

Beta San Miguel, S.A. de C.V., Grupo La Moderna, S.A. de C.V., Congelación y Almacenaje del Centro, S.A. de C.V. and Productos Rich, S.A. de C.V. are all considered associates, since the Company has significant influence over these companies given that it is a member of the Board of Directors of such associates.

A summary of the changes in the Company's investments in associates is as follows:

	2019	2018	2017
Balance as of January 1	$ 2,645	$ 2,318	$ 2,124
Acquisitions and capital contributions	49	175	9
Dividends received	(72)	(42)	(24)
Share on profit of associates	249	194	234
Decreases	-	-	(25)
Balance as of December 31	**$ 2,871**	**$ 2,645**	**$ 2,318**

11. INTANGIBLE ASSETS

An analysis of intangible assets by geographical segment as of December 31, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
Mexico	$ 2,733	$ 2,926	$ 2,704
North America	39,769	42,428	44,399
EEA	7,576	7,971	6,498
Latin America	1,240	1,151	2,593
	$ 51,318	$ 54,476	$ 56,194

An analysis of intangible assets by item as of December 31, 2019, 2018 and 2017 is as follows:

	USEFUL LIFE RANGE	2019	2018	2017
Trademarks	Indefinite	$ 34,410	$ 35,314	$ 35,224
Use and distribution rights	Indefinite	7,734	7,928	7,619
		42,144	43,242	42,843
Trademarks	4 to 9 years	311	312	340
Customer relationships	7 to 40 years	17,526	17,870	17,116
Licenses and software	2 to 8 years	2,441	2,223	2,162
Non-compete agreements	2 to 5 years	158	165	148
Other		1,464	1,457	1,167
		21,900	22,027	20,933
Accumulated amortization and impairment		(12,726)	(10,793)	(7,582)
		$ 51,318	**$ 54,476**	**$ 56,194**

The accumulated impairment in the value of trademarks with indefinite useful lives as of December 31, 2019, 2018 and 2017 is $3,745, $2,939 and $1,730, respectively.

The main customer relationships that resulted from the Company's acquisitions are as follows:

	YEAR OF ACQUISITION	REMAINING USEFUL LIFE	NET CARRYING AMOUNT 2019	2018	2017
Weston Foods, Inc.	2009	7	$ 2,261	$ 2,705	$ 3,048
Sara Lee Bakery Group, Inc	2011	10	965	1,114	1,219
Canada Bread	2014	16	2,343	2,388	2,652
Bimbo QSR	2017	23 a 38	4,054	4,351	4,838

Reconciliation of the carrying amount of intangible assets at the beginning and at the end of 2019, 2018 and 2017 is as follows:

COST

	TRADEMARKS	USE AND DISTRIBUTION RIGHTS	CUSTOMER RELATIONSHIPS	LICENSES AND SOFTWARE	NON-COMPETE AGREEMENTS	OTHER	TOTAL
Balance as of December 31, 2016	$ 35,621	$ 7,330	$ 11,864	$ 1,661	$ 130	$ 38	$ 56,644
Structured entities	-	596	-	-	-	-	596
Business combinations and PPA adjustments	382	-	5,472	418	15	1,129	7,416
Translation effect	(439)	(307)	(220)	83	3	-	(880)
Balance as of December 31, 2017	35,564	7,619	17,116	2,162	148	1,167	63,776
Structured entities	-	328	-	-	-	-	328
Additions	381	-	-	120	-	259	760
Business combinations and PPA adjustments	609	-	940	12	(14)	90	1,637
Transfers	-	-	399	-	-	-	399
Inflation effect	63	-	-	-	-	-	63
Translation effect	(991)	(19)	(585)	(71)	31	(59)	(1,694)
Balance as of December 31, 2018	35,626	7,928	17,870	2,223	165	1,457	65,269
Structured entities	-	132	-	-	-	-	132
Additions	-	-	-	264	-	-	264
Business combinations and PPA adjustments	133	-	247	-	1	16	397
Transfers	(34)	-	-	-	-	-	(34)
Translation effect	(1,004)	(326)	(591)	(46)	(8)	(9)	(1,984)
Balance as of December 31, 2019	**$ 34,721**	**$ 7,734**	**$ 17,526**	**$ 2,441**	**$ 158**	**$ 1,464**	**$ 64,044**

ACCUMULATED AMORTIZATION AND IMPAIRMENT

	TRADEMARKS	USE AND DISTRIBUTION RIGHTS	CUSTOMER RELATIONSHIPS	LICENSES AND SOFTWARE	NON-COMPETE AGREEMENTS	OTHER	TOTAL
Balance as of December 31, 2016	$ (1,741)	$ (266)	$ (3,791)	$ (819)	$ (63)	$ (26)	$ (6,706)
Impairment in structured entities	-	(73)	-	-	-	-	(73)
Amortization expense	(17)	(3)	(698)	(383)	(15)	-	(1,116)
Impairment	(61)	-	-	-	-	-	(61)
Translation effect	131	5	201	35	2	-	374
Balance as of December 31, 2017	(1,688)	(337)	(4,288)	(1,167)	(76)	(26)	(7,582)
Impairment structured entities	-	(148)	-	-	-	-	(148)
Amortization expense	(18)	-	(765)	(579)	(8)	(232)	(1,602)
Impairment	(1,268)	-	(333)	-	(51)	-	(1,652)
Translation effect	51	-	64	61	15	-	191
Balance as of December 31, 2018	**(2,923)**	**(485)**	**(5,322)**	**(1,685)**	**(120)**	**(258)**	**(10,793)**
Impairment in structured entities	-	(99)	-	-	-	-	(99)
Amortization expense	(5)	-	(856)	(328)	(6)	(223)	(1,418)
Impairment	(847)	-	-	-	-	(6)	(853)
Translation effect	170	19	205	37	3	2	437
Balance as of December 31, 2019	**$ (3,605)**	**$ (565)**	**$ (5,973)**	**$ (1,976)**	**$ (123)**	**$ (485)**	**$ (12,726)**
Net balances as of December 31, 2017	**$ 33,876**	**$ 7,282**	**$ 12,828**	**$ 995**	**$ 72**	**$ 1,141**	**$ 56,194**
Net balances as of December 31, 2018	**$ 32,703**	**$ 7,443**	**$ 12,548**	**$ 538**	**$ 45**	**$ 1,199**	**$ 54,476**
Net balances as of December 31, 2019	**$ 31,117**	**$ 7,169**	**$ 11,553**	**$ 465**	**$ 35**	**$ 979**	**$ 51,318**

Amortization of intangible assets is recognized under administrative expenses.

In 2019, the Company recognized an impairment loss in other expenses associated to the value of trademarks of $847. The impairment loss was recognized in the following geographical segments: $201 in Mexico, $71 in Latin America and $575 in North America.

In 2019, the Company stopped considering certain trademarks in the North America segment with a carrying amount of $1,212 to have an indefinite useful life and beginning in 2020, these assets will be amortized over a remaining useful life of 40 years.

In 2018, the Company recognized an impairment loss associated to the value of trademarks of $401. The impairment loss was allocated in the following geographical segments: $45 in Mexico, $24 in Latin America, $327 in North America and $5 in EAA.

In addition, in 2018 the Company recognized an impairment loss in retained earnings associated to the value of trademarks, customer relationship and non-compete agreements in Argentina of $1,251 (see Note 3f).

In 2017, the Company recognized an impairment loss in other expenses associated to the value of trademarks of $61. The impairments loss was allocated in the following geographical segments: $28 in Mexico and $33 in North America.

The total amount of impairment in distribution rights corresponds to the Company's operations in the United States.

For the purpose of impairment tests, the fair value of trademarks was estimated using the relief-from-royalty method with royalty rates ranging from 2% to 5%, and with 3% being the rate used for most trademarks.

12. GOODWILL

An analysis of goodwill by geographical area is as follows:

	2019	2018	2017
Goodwill:			
Mexico	$ 1,471	$ 1,470	$ 1,334
North America	59,950	61,952	63,305
EAA	10,444	11,240	8,063
Latin America	3,019	3,461	3,038
	74,884	**78,123**	**75,740**

	2019	2018	2017
Accumulated impairment:			
Mexico	$ (577)	$ (569)	$ (560)
North America	(6,122)	(6,389)	(6,229)
EAA	(3,486)	(3,696)	(3,467)
Latin America	(1,905)	(1,956)	(2,058)
	(12,090)	(12,610)	(12,314)
	$ 62,794	**$ 65,513**	**$ 63,426**

An analysis of movements in goodwill for the years ended December 31, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
Balance as of January 1	$ 65,513	$ 63,426	$ 62,884
Acquisitions in business combinations (Note 1)	35	2,663	4,518
Impairment	(17)	(331)	(389)
Transfers	34	-	-
Reclassifications due to adjustments to the values of business combinations	(512)	1,784	(3,216)
Translation effect	(2,259)	(2,029)	(371)
Balance as of December 31	**$ 62,794**	**$ 65,513**	**$ 63,426**

An analysis of movements in cumulative impairment losses as of December 31, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
Balance as of January 1,	$ 12,610	$ 12,314	$ 8,476
Impairment for the year	17	331	389
Reclassifications due to adjustments to the values of acquisitions	-	-	3,216
Translation effect	(537)	(35)	233
Balance as of December 31,	**$ 12,090**	**$ 12,610**	**$ 12,314**

KEY ASSUMPTIONS USED IN THE VALUE IN USE CALCULATIONS

The key assumptions of the primary cash-generating units ("CGU´s") used in impairment tests are as follows:

	DISCOUNT RATE			AVERAGE GROWTH			CAPEX OVER NET SALES		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Mexico	8.90%	9.80%	10.70%	3.10%	6.10%	7.00%	2.20%	2.10%	3.00%
USA	6.50%	7.50%	8.50%	5.33%	3.60%	3.20%	2.86%	2.60%	2.10%
Canada	6.25%	6.00%	5.80%	2.20%	1.90%	4.80%	3.00%	3.70%	3.80%
Spain	6.50%	7.00%	6.50%	2.10%	2.10%	2.50%	3.70%	6.00%	7.40%
Brazil	10.25%	9.80%	11.30%	5.20%	9.40%	6.90%	5.90%	5.70%	3.80%

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

When analyzing impairment, goodwill is allocated to the CGU´s, which are represented mainly by the United States, Canada, Spain and others.

The carrying amount of goodwill assigned to each cash-generating unit, after impairment losses, is as follows:

	2019	2018	2017
USA	$ 40,396	$ 42,227	$ 41,609
Canada	13,335	13,336	14,663
Spain	1,175	1,229	4,071
Other CGUs	7,868	8,721	3,083
	$ 62,774	$ 65,513	$ 63,426

USA

The recoverable amount of the CGU is the higher of the asset's value in use (VIU) and its fair value less costs to disposal (FVLCD). This year the VIU was higher and in order to calculate this amount, the Company applied the discounted cash flows method, which consists of applying a discount rate to the projected cash flows of the CGU. The discount rate used is the Weighted Average Cost of Capital (WACC), which considers the cost of capital contributed by the shareholder and the cost of debt. The projections applied have a 5-year horizon, plus the last perpetuity that considers the normalized flow plus an increment in line with the country's inflation rate.

After applying the aforementioned methodology, the Company concluded that there is no impairment in the value of the goodwill of this CGU.

MOROCCO

The recoverable amount of the CGU is estimated based on the greater between the VIU and FVLCTS.

To determine the recoverable amount, the Company used the discounted cash flows method, which considers a discount rate applied to projected cash flows of the CGU. The discount rate used is the Weighted Average Cost of Capital (WACC), which considers the cost of capital contributed by the shareholder and the cost of debt. The projections applied have a 5-year horizon, plus the last perpetuity that considers the normalized flow plus an increment in line with the country's inflation rate.

Based on the application of this methodology, the Company concluded that an impairment loss existed in the value of goodwill associated to this CGU of $201 in 2018, recognized in profit or loss.

ARGENTINA

The Company applied the discounted cash flow method to this CGU and identified impairment of $121 in 2018 in the value of the goodwill associated to its CGU in Argentina, which was recognized in retained earnings (see Note 3f).

REST OF CGUS

For the rest of the CGUs, the value in use was higher than the carrying amount and no impairment losses were recognized.

13. DEUDA A LARGO PLAZO

	FAIR VALUE	BOOK VALUE 2019	BOOK VALUE 2018	BOOK VALUE 2017
International bonds -				
On September 6, 2019 the Company issued a bond under Rule 144 A and Regulation S of the Securities and Exchange Commission (SEC) for USD 600 million, maturing on September 6, 2049. Such bond pays a fixed interest rate of 4.000% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity.	$ 10,666	$ 11,307	$ -	$ -
On November 10, 2017 the Company issued a bond under Rule 144 A and Regulation S of the Securities and Exchange Commission (SEC) for USD 650 million, maturing on November 10, 2047. Such bond pays a fixed interest rate of 4.70% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity.	12,885	12,249	12,794	12,828
On June 27, 2014 the Company issued a bond under Rule 144 A and Regulation S of the SEC for USD 800 million, maturing on June 27, 2024. Such bond pays a fixed interest rate of 3.875% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity. See Note 17.2.3 (a) and (b) for more information.	15,781	15,076	15,746	15,788
On June 27, 2014 the Company issued a bond under Rule 144 A and Regulation S of the SEC for USD 500 million, maturing on June 27, 2044. Such bond pays a fixed interest rate of 4.875% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity. See Note 17.2.3 (c) and (d) for more information.	10,125	9,423	9,841	9,868
On January 25, 2012 the Company issued a bond under Rule 144 A and Regulation S of the SEC for USD 800 million, maturing on January 25, 2022. Such bond pays a fixed interest rate of 4.50% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity.	15,705	15,076	15,746	15,788
On June 30, 2010 the Company issued a bond under Rule 144 A and Regulation S of the SEC for USD 800 million, maturing on June 30, 2020. Such bond pays a fixed interest rate of 4.875% payable on a semi-annual basis. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity. On October 8, 2019, the Company made a partial payment of USD 600 million, the remaining current debt is USD 200 million.	3,816	3,769	15,746	15,788
Local bonds -				
As of December 31, 2019, the Company has issued the following local bonds, payable at the maturity date:				
Bimbo 17- Issued on October 6, 2017. This local bond matures in September 2027 and Such bond pays a fixed interest rate 8.18%. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity as well as the partial payment of Bimbo QSR acquisition.	9,499	9,633	9,723	10,000
Bimbo 16- Issued on September 14, 2016. This local bond matures in September 2026 and Such bond pays a fixed interest rate of 7.56%. The proceeds from this issuance were used to refinance the Company's debt, extending the average maturity.	7,535	7,706	7,830	8,000

	VALOR RAZONABLE	2019	2018	2017
Revolving committed line of credit (multicurrency) On May 21, 2018 the Company renewed and amended the terms and conditions of the committed multicurrency line of credit, which was originally obtained on April 26, 2010 and modified in 2013, 2016 and February 2018. In accordance with the new terms and conditions, the financial institutions engaged in this line of credit are BBVA Bancomer S.A., Banco Nacional de México S.A., HSBC Bank USA N.A., HSBC México S.A., Banco Santander (México) S.A., JPMorgan Chase Bank N.A., Bank of America N.A., ING Bank N.V., MUFG Bank Ltd. and Mizuho Bank Ltd. The total amount is up to USD 2 million, maturing on October 7, 2023. However, on October 7, 2021 the amount will be reduced to USD 1.6 million. The drawdowns against this line of credit bear interest at the London Interbank Offered Rate (LIBOR) plus 0.95% for drawdowns made in USD, at the Canadian Dollar Offered Rate (CDOR) plus 0.95% for drawdowns made in Canadian dollars, at the Interbank Equilibrium Interest Rate (TIIE) plus 0.725% for drawdowns made in Mexican pesos, and at the Euro Interbank Offered Rate (EURIBOR) plus 0.95% for drawdowns made in euros. In 2018 and 2017, the Company made drawdowns against and payments to this line of credit. As of December 31, 2019, there is a withdrawn balance on this line of credit in USD and Mexican pesos.	95	95	-	-
Revolving committed line of credit (euros) - On November 6, 2015 the Company obtained a committed line of credit in euros. This line of credit for up to EUR 350 million was cancelled on March 2, 2018. The line of credit matured on February 6, 2021 and bore interest at the EURIBOR plus 1%. The financial institutions engaged in this line of credit are BBVA Bancomer S.A., ING Capital LLC y Bank of America N.A. As of December 31, 2017, the amount drawn down was EUR 100 million, which was used to meet its working capital needs and finance the acquisition of Donuts Iberia. The line of credit was paid in full on March 2, 2018.	-	-	-	2,356

	VALOR RAZONABLE	2019	2018	2017
Unsecured loans for working capital - LThe Company occasionally enters into short-term unsecured loans to meet its working capital needs.	770	770	-	-
Other - Certain subsidiaries have entered into other direct loans to meet their working capital needs. The maturity dates for such loans range from 2018 to 2025.	2,152	2,152	2,783	3,450
Debt issuance expenses	(586)	(586)	(363)	(435)
	88,443	86,672	89,846	93,431
Less:				
Short-term portion of long-term debt	(5,408)	(5,408)	(1,153)	(1,885)
Long-term debt	**$ 83,035**	**$ 81,264**	**$ 88,693**	**$ 91,546**

As of December 31, 2019, maturities of long-term debt are as follows:

YEAR	AMOUNT
2021	$ 58
2022	15,788
2023	309
2024	15,255
2025 and thereafter	49,854
	$ 81,264

The reconciliation of the Company's debt at the beginning and at the end of the year is as follows:

DEBT	2019	2018	2017
Beginning balance	$ 89,846	$ 93,431	$ 81,803
Loans obtained	22,815	8,024	40,772
Loans paid	(22,640)	(11,005)	(26,904)
Amortization of debt issuance expenses	(221)	71	-
Effects of remeasurements	(3,128)	(675)	(2,240)
Ending balance	$ 86,672	$ 89,846	$ 93,431

All outstanding local bonds, international bonds and the syndicate revolving committed line of credit are guaranteed with the primary subsidiaries of Grupo Bimbo. As of December 31, 2019, 2018 and 2017, the Company has complied with the obligations established in its loan agreements, including the required financial ratios, such as leverage ratio (Debt/EBITDA) and interest ratio (EBITDA/interest expense).

14. OTHER ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018	2017
Other accounts payable:			
Other taxes payable	$ 2,685	$ 3,166	$ 3,074
Other creditors	1,860	2,265	1,702
	4,545	**5,431**	**4,776**
Accrued liabilities:			
Personnel compensation and bonuses	$ 8,517	$ 11,083	$ 9,392
Fees and consulting	1,133	1,923	1,983
Advertising and promotion	909	1,264	1,973
Interest and bank fees	954	849	1,254
Supplies and fuel	713	1,084	1,109
Insurance and guaranty bonds	562	545	553
Taxes and contributions	563	145	191
Other	577	731	569
	13,928	17,624	17,024
	$ 18,473	**$ 23,055**	**$ 21,800**

15. RELATED PARTY BALANCES AND TRANSACTIONS

Balances and transactions between Grupo Bimbo and its subsidiaries, which are related parties, have been eliminated in preparing the consolidated financial statements and are not disclosed in this note. Transactions between the Company and other related parties are detailed below.

a) Business transactions

Transactions with associate companies and related parties, carried out in the normal course of business, were as follows:

	2019	2018	2017
Purchases of:			
Raw materials:			
Beta San Miguel, S.A. de C.V. [1]	$ 1,685	$ 1,653	$ 1,982
Frexport, S.A. de C.V. [2]	669	659	902
Industrial Molinera Monserrat, S.A. de C.V. [2]	-	28	336
Finished goods:			
Fábrica de Galletas La Moderna, S.A. de C.V. [1]	$ 877	$ 758	$ 634
Mundo Dulce, S.A. de C.V. [1]	833	504	852
Pan-Glo de México, S. de R.L. de C.V. [1]	67	74	167

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	2019	2018	2017
Stationary, uniforms and other:			
Efform, S.A. de C.V. [1]	$ 276	$ 240	$ 195
Proarce, S.A. de C.V. [2]	84	135	101
Uniformes y Equipo Industrial, S.A. de C.V. [1]	120	137	129
Financial services:			
Fin Común Servicios Financieros, S.A. de C.V. [1]	$ 810	$ 766	$ 697

(1) Associate company
(2) Related party

Balances receivable due from related parties consist of unsecured accounts and are collectible in cash. No guarantees have been given or received with related parties. The Company has not recognized any expense in the current year or in prior years for uncollectible balances or bad debts with related parties.

b) Accounts payable to related parties

Net balances payable due to related parties are:

	2019	2018	2017
Beta San Miguel, S.A. de C.V.	$ 616	$ 563	$ 615
Frexport, S.A. de C.V.	148	20	10
Fábrica de Galletas La Moderna, S.A. de C.V.	129	128	118
Mundo Dulce, S.A. de C.V.	65	53	48
Uniformes y Equipo Industrial, S.A. de C.V.	30	41	37
Proarce, S.A. de C.V.	29	22	40
Makymat, S.A. de C.V.	18	21	12
Pan-Glo de México, S. de R. L. de C.V.	16	28	22
Efform, S.A. de C.V.	11	25	49
Other	2	8	4
	$ 1,064	**$ 909**	**$ 955**

c) Compensation of key management personnel

The compensation of the Company's management and other key members of management for the years ended December 31, 2019, 2018 and 2017 was $1,194, $1,789 and $1,476, respectively. This compensation is determined based on personnel individual performance and market trends and approved by the Board of Directors

16. INCOME TAX

INCOME TAX IN MEXICO

The current and expected income tax rate for 2019, 2018, and 2017 and subsequent years is 30%.

On 30 October 2019, a series of tax reforms effective as of 1 January 2020 were approved in Mexico. The main changes are as follows:

1. Restrictions on the deduction of net interest
2. Restrictions on the deductibility of payments made to entities located in low tax jurisdictions
3. Re-characterization of transactions when the tax authorities conclude that there is no business reason for the transaction

As of December 31, 2019, the Company is in the process of evaluating the potential impacts of the aforementioned tax reforms.

INCOME TAX IN OTHER COUNTRIES

Subsidiaries established abroad calculate income tax or an equivalent of it based on the individual performance of each subsidiary and in accordance with the regulations of each country. In the U.S. the Company has an authorization to file a consolidated income tax return. From 2013, the Spanish operations have an authorization to file a consolidated income tax return. Beginning 2019, French subsidiaries have been authorized to file a consolidated income tax return.

Except for the subsidiaries mentioned above, each subsidiary calculates and pays income tax as an individual legal entity. The annual tax returns are filed within the six months following the end of the fiscal year. Additionally, the subsidiaries must make provisional payments during each fiscal year.

The tax rates applicable in other countries where the Company operates and the period in which tax losses may be applied, are as follows:

	STATUTORY INCOME TAX RATE (%)					EXPIRATION OF TAX LOSS CARRYFORWARDS	
	2019		2018		2017		
Argentina	30	(a)	30	(a)	35	5	(b)
Brazil	34		34		34		(c)
Canada	15	(d)	15	(d)	15	20	(h)
Spain	25		25		25		(e)
USA	21	(f)	21	(f)	35		(g)
Mexico	30		30		30	10	

The tax losses generated by the Company are mainly in the United States, Mexico, Brazil and Spain.

(a) In December 2017, a tax reform was approved in Argentina, which reduced the corporate income tax rate from 35% to 30% for 2018 and 2019.

(b) Losses on the sale of shares or other equity investments and derivatives may only be offset against income of the same nature. Tax losses from foreign sources may only be carried forward against income from foreign sources.

(c) Tax losses may be indefinitely carried forward but may only be offset each year up to an amount equivalent to 30% of the net taxable profit for each year.

(d) The corporate income tax rate is a combination of the federal corporate tax rate of 15%, and relevant state (provincial) corporate income tax rates where the Company has a permanent establishment. State tax rates range from 10% to 16%. Therefore, the combined tax rate may range from 25% to 31%.

(e) Tax loss carryforwards have no expiration date; however, their application is limited to 25% of the net taxable profit for the year.

(f) In December 2017, a tax reform was approved in the United States, which reduced the federal corporate tax rate from 35% to 21% from 2018.

(g) As a result of the tax reform, tax loss carryforwards have no expiration date; however, their amortization is limited to 80% of the taxable profit generated for the year.

(h) The Company's tax losses may be carried back against the three prior years.

Operations in the United States, Canada, Uruguay, Colombia, Guatemala, Panama, Honduras, Nicaragua and Ecuador are subject to minimum income tax payments or substitutive tax.

Analysis of provisions, effective tax rate and deferred effects

a) The Company's consolidated income tax is as follows:

	2019	2018	2017
Income tax:			
Current	$ 3,926	$ 3,510	$ 4,444
Deferred	723	1,387	1,838
	4,649	**4,897**	**6,282**
Uncertain positions	84	-	-
	$ 4,733	**$ 4,897**	**$ 6,282**

b) A reconciliation of the statutory income tax rate to the effective income tax rate in Mexico expressed as a percentage of profit before income tax for the years ended December 31, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
Profit before income tax	$ 12,108	$ 11,708	$ 11,951
Statutory income tax rate	30%	30%	30%
Income tax at statutory tax rate	3,632	3,512	3,585
Plus/(less) the tax effects of the following items:			
Effects of the U.S. tax reform	-	-	706
Inflationary effects of monetary accounts in the statement of financial position and statement of profit or loss	605	776	772
Non-deductible expenses and other	655	94	790
Non-taxable profit and tax incentives	(699)	(578)	(553)
Difference in tax rates and currency of subsidiaries in different tax jurisdictions	(53)	(331)	310
Effects on tax values of property, plant and equipment	(253)	(246)	(243)
Share on loss of associates	(75)	(61)	(70)
Unrecognized available tax loss carryforwards	921	1,731	985
Income tax recognized in profit or loss	**$ 4,733**	**$ 4,897**	**$ 6,282**
Effective income tax rate	**39.1%**	**41.8%**	**52.6%**

To determine their deferred income tax as of December 31, 2019, 2018 and 2017, the Company's subsidiaries applied the income tax rate that will be in effect when the temporary differences giving rise to deferred taxes are expected to reverse.

a) The primary items that generate deferred income tax as of December 31, 2019, 2018 and 2017 are:

	BALANCE AS OF DECEMBER 31, 2018	EFFECTS THROUGH PROFIT OR LOSS	EFFECTS THROUGH OCI	RECLASSIFICATIONS	TRANSLATION EFFECTS	BALANCE AS OF DECEMBER 31, 2019
Allowance for doubtful accounts	$ (245)	$ (43)	$	$ -	$	$ (288)
Inventories and advanced payments	(44)	13	-	-	-	(31)
Property, plant and equipment	4,654	(1,048)	-	-	-	3,606
Intangible assets and other assets	10,367	442	-	-	(100)	10,709
Other reserves and provisions	(9,649)	(423)	(1,358)	-	-	(11,430)
Current employee profit sharing	(421)	69	-	-	-	(352)
Available tax loss carryforwards	(2,152)	1,523	-	(752)	-	(1,381)
Net economic hedge	-	(744)	744	-	-	-
Assets and liabilities for leases, net	-	(173)	-	-	-	(173)
Derivative financial instruments	-	431	(440)	-	-	(9)
Other items	(676)	676	-	-	-	-
Total (assets)/liabilities, net	**$ 1,834**	**$ 723**	**$ (1,054)**	**$ (752)**	**$ (100)**	**$ 651**

	BALANCE AS OF DECEMBER 31, 2017	EFFECTS THROUGH PROFIT OR LOSS	EFFECTS THROUGH OCI	EFFECTS THROUGH RETAINED EARNINGS AND OTHER	TRANSLATION EFFECTS	BUSINESS COMBINATIONS	BALANCE AS OF DECEMBER 31, 2018
Allowance for doubtful accounts	$ (202)	$ (48)	$ -	$ 5	$ -	$ -	$ (245)
Inventories and advanced payments	(92)	48	-	-	-	-	(44)
Property, plant and equipment	4,691	(37)	-	-	-	-	4,654
Intangible assets and other assets	9,075	347	-	-	-	945	10,367
Other reserves and provisions	(9,818)	(896)	1,110	(45)	-	-	(9,649)
Current employee profit sharing	(370)	(51)	-	-	-	-	(421)
Available tax loss carryforwards	(4,373)	2,221	-	-	-	-	(2,152)
Net economic hedge	-	(535)	246	-	289	-	-
Other items	(517)	338	(149)	(196)	(152)	-	(676)
Total (assets)/ liabilities, net	**$ (1,606)**	**$ 1,387**	**$ 1,207**	**$ (236)**	**$ 137**	**$ 945**	**$ 1,834**

	BALANCE AS OF DECEMBER 31, 2016	EFFECTS THROUGH PROFIT OR LOSS	EFFECTS THROUGH OCI	TRANSLATION EFFECTS	BUSINESS COMBINATIONS	BALANCE AS OF DECEMBER 31, 2017
Allowance for doubtful accounts	$ (402)	$ 200	$ -	$ -	$ -	$ (202)
Inventories and advanced payments	(62)	(25)	-	-	(5)	(92)
Property, plant and equipment	6,260	(1,968)	-	-	399	4,691
Intangible assets and other assets	12,491	(4,168)	-	-	752	9,075
Other reserves and provisions	(15,450)	5,775	11	-	(154)	(9,818)
Current employee profit sharing	(335)	(35)	-	-	-	(370)
Available tax loss carryforwards	(7,648)	3,346	-	-	(71)	(4,373)
Net economic hedge	-	(1,033)	1,033	-	-	-
Other items	319	(254)	297	(879)	-	(517)
Total (assets)/ liabilities, net	**$ (4,827)**	**$ 1,838**	**$ 1,341**	**$ (879)**	**$ 921**	**$ (1,606)**

The deferred income tax assets and liabilities are presented separately in the consolidated statement of financial position, since they correspond to different taxable entities and tax authorities. An analysis is as follows:

	2019	2018	2017
Deferred income tax asset	$ (4,590)	$ (3,886)	$ (6,288)
Deferred income tax liability	5,241	5,720	4,682
Total deferred income tax liability/(asset), net	$ 651	$ 1,834	$ (1,606)

The Company has determined that the undistributed earnings of its foreign subsidiaries will not be distributed in the foreseeable future. As of December 31, 2019, there are undistributed earnings for temporary differences related to investments in subsidiaries and associates, for which no deferred tax liabilities have been recognized.

As of December 31, 2019, the Company's unused tax losses have the following expiration dates:

YEAR	AMOUNT
2020	$ 482
2021	781
2022	784
2023	1,136
2024	1,401
2025	2,656
2026	10,694
2027	155
2028	21
2029 and thereafter	28,660
	46,770
Unrecognized available tax loss carryforwards	**(41,716)**
Total	**$ 5,054**

Certain subsidiaries that have tax losses have not recognized the deferred tax asset, since they do not have sufficient taxable income or projected earnings to estimate the time for recovery of such tax losses. Unrecognized accumulated benefits of such tax losses were $12,515 in 2019, $11,429 in 2018 and $11,237 in 2017.

Some subsidiaries in Mexico, Canada and Colombia have unused tax losses. The unused tax losses for which a deferred tax asset has been recognized can be recovered, provided that they meet certain requirements. As of December 31, 2019, the Company expects to recover such tax losses through reversed temporary differences and future taxable profits.

17. FINANCIAL INSTRUMENTS

1. An analysis of financial instruments by category as of December 31, 2019, 2018 and 2017 is as follows:

	2019	2018	2017	CATEGORY
Assets				
Financial assets:				
Cash and cash equivalents	$ 6,251	$ 7,584	$ 7,216	Valor razonable
Trade receivables and other accounts receivable, net	18,152	20,371	18,899	Costo amortizado
Derivative financial instruments	143	106	682	Valor razonable
Guarantee deposits for derivative financial instruments	325	619	417	Valor razonable
Total current assets	**24,871**	**28,680**	**27,214**	
Other long-term assets	1,235	1,304	1,952	Costo amortizado
Other long-term assets	652	381	1,017	Valor razonable
Derivative financial instruments	1,533	3,017	2,592	Valor razonable
Total assets	**$ 28,291**	**$ 33,382**	**$ 32,775**	

	2019	2018	2017	CATEGORY
Liabilities				
Financial liabilities:				
Short-term portion of long-term debt	$ 5,408	$ 1,153	$ 1,885	Costo amortizado
Trade accounts payables	23,105	21,074	19,677	Costo amortizado
Other accounts payable	1,852	2,243	1,651	Costo amortizado
Accounts payable to related parties	1,064	909	955	Costo amortizado
Derivative financial instruments	673	879	241	Valor razonable
Total current liabilities	32,102	26,258	24,409	
Long-term debt	81,264	88,693	91,546	Costo amortizado
Derivative financial instruments	437	347	-	Valor razonable
Total liabilities	**$ 113,803**	**$ 115,298**	**$ 115,955**	

2. Risk management

During the normal course of its operations, the Company is exposed to risks inherent to different financial variables, as well as changes in the prices of some raw materials that are traded in international formal markets. The Company has established an orderly risk management process that assesses the nature and extent of those risks.

The primary financial risks to which the Company is exposed are:

- Market risks
- Interest rate risks
- Foreign currency exchange risks
- Commodity price risks
- Liquidity risks
- Credit risks
- Equity risks

The risk management process includes the following:

- Identify, assess and monitor external and internal risks that could have a significant impact on the Company;
- Prioritizing risks;
- Ensuring risk assignment and monitoring;
- Validating bodies and/or those responsible for risk management;
- Validating the progress made in the management of each prioritized risk;
- Making recommendations;
- Reviewing the consistency of open positions as compared to the corporate strategy.

Since the variables to which the Company is exposed are dynamic, hedging strategies are evaluated and monitored formally and periodically. Such strategies are reported to the relevant corporate governance body within the Company. The primary purpose of hedging strategies is to achieve a neutral and balanced position in relation to the risk exposure caused by certain financial variables.

2.1 Market risks

The Company is exposed to interest rate and foreign currency exchange risks as well as to price risks related to the purchase of certain commodities. The Company occasionally uses derivative financial instruments to mitigate the potential impact of fluctuations in these variables and prices on its financial performance. The Company considers that derivative financial instruments it enters into provide flexibility that allows for greater financial stability and better visibility and certainty regarding future costs and expenses.

The Company determines the target amounts and parameters of the primary positions for which the derivative financial instruments are contracted in order to minimize one or more of the risks generated by a transaction or group of transactions associated with the primary position.

The Company only enters into derivative financial instruments with financial institutions of well-known solvency and within the limits set for each institution.

The main types of derivative financial instruments used by the Company are as follows:

a) Contracts that establish a mutual obligation to exchange cash flows on preestablished future dates, at the nominal or reference value (swaps):

    1. Interest rate swaps to balance the mix of fixed and variable interest rates used for financial liabilities.
    2. Cross currency swaps, to change the currency in which both the principal and interest of a financial liability are expressed.

b) Foreign currency exchange forwards

c) Foreign currency exchange call options

d) Commodity futures

e) Options on raw material futures

f) Commodity swaps

Market risk exposure is monitored and reported by the Company on an ongoing basis.

The Company's policy is to contract derivative financial instruments for the sole purpose of hedging its foreign currency risk. Accordingly, in order to contract a derivative financial instrument, it must necessarily be associated with a primary position that exposes the Company to a specific risk. Consequently, the notional amounts of the Company's derivative financial instruments must be consistent with the amounts of the primary positions that are being hedged. The Company does not contract derivative financial instruments to obtain pretended earnings from premiums. If the Company decides to enter into a hedging strategy whereby options are combined, the net premiums paid/collected must represent a cash outflow.

Derivative financial instruments are comprised as follows:

	2019		2018		2017	
	BOOK VALUE	VALUE IN OCI	BOOK VALUE	VALUE IN OCI	BOOK VALUE	VALUE IN OCI
Assets						
Current assets:						
Forwards	$ -	$ (30)	$ 37	$ (4)	$ 33	$ (33)
Forwards on raw materials	-	-	-	189	189	(20)
Foreign exchange rate options	-	26	26	88	114	(114)
Unaccrued option premiums paid	-	-	29	-	45	(45)
Futures:						
Fair value of raw materials, natural gas, diesel and soy oil	143	(129)	14	287	301	(165)
Total short-term derivative financial instruments	**$ 143**	**$ (133)**	**$ 106**	**$ 560**	**$ 682**	**$ (377)**
Non-current assets:						
Cross currency swap	$ 1,533	$ 545	$ 3,009	$ (903)	$ 2,592	$ (897)
Forwards	-	7	8	(8)	-	-
Total long-term derivative financial instruments	**$ 1,533**	**$ 552**	**$ 3,017**	**$ (911)**	**$ 2,592**	**$ (897)**
Liabilities						
Current liabilities:						
Swap	$ -	$ -	$ 12	$ 1	$ 13	$ (13)
Foreign currency rate forwards	233	(198)	-	-	-	9
Forwards on raw materials	325	(256)	76	(76)	-	-
Cross currency swap	8	26	-	-	-	-
Futures:						
Fair value of raw materials, natural gas, diesel and soy oil	107	680	791	(563)	228	135
Total short-term derivative financial instruments	**$ 673**	**$ 252**	**$ 879**	**$ (638)**	**$ 241**	**$ 131**
Total long term derivative financial instruments	**$ 437**	**$ (1,168)**	**$ 347**	**$ (347)**	**$ -**	**$ (569)**
Equity:						
Total valuation of cash flow hedges, net of accrued interest	$ (1,825)	$ (1,335)	$ (490)	$ (634)	$ 144	$ 836
Terminated contracts for unused futures	(16)	(18)	2	26	(24)	141
	(1,841)	(1,353)	(488)	(608)	120	977
Deferred income tax, net	559	440	119	149	(30)	(297)
Other comprehensive (loss)/income	**$ (1,282)**	**$ (913)**	**$ (369)**	**$ (459)**	**$ 90**	**$ 680**

2.2 Management of interest rate risk

The Company is exposed to interest rate risk, mainly with respect to its financial liabilities. The risk is managed through an adequate mix of fixed and variable rates, which on occasion, is achieved by contracting derivative financial instruments, such as interest rate swaps, which are accounted for as hedging instruments when they meet with the corresponding criteria.

Management considers that the interest rate risk related to its financial assets is limited, since they are generally current assets.

As of December 31, 2019, the Company has long-term debt at variable rates referenced to the Euro Interbank Offered Rate ("EURIBOR") and the Mexico Interbank Floating Interest Rate ("TIIE" Spanish acronym). As of December 31, 2018 the Company had no long-term debt that bore interest at variable rates. As of December 31, 2017 a portion of the long-term debt accrued interest at the variable rate EURIBOR.

Interest rate sensitivity

The sensitivity analyses below have been determined based on balances exposed to interest rate risk, considering both derivative and non-derivative financial instruments at year-end closing; therefore, the analyses may not be representative of the interest rate risk for the period due to changes in the balances exposed to such risk. For floating rate instruments, for which the Company has not contracted a hedge to fix the rate, the sensitivity analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A change of 20 basis points in the one-month CDOR and EURIBOR and a change of 100 basis points in the 28-day TIIE represents management's best estimate of a reasonable potential change with respect to those rates.

An increase/decrease of 20 basis points in the EURIBOR would result in a decrease/increase in profit or loss of approximately $0.1 and $4.7 for the years ended December 31, 2019 and 2017, respectively.

An increase/decrease of 20 basis points in the TIIE would result in a decrease/increase in profit or loss of approximately $8 for the year ended December 31, 2019.

2.3 Management of foreign currency risk

The Company carries out transactions in different foreign currencies and presents its consolidated financial statements in Mexican pesos. Accordingly, it is exposed to foreign currency risk (i.e., due to forecasted purchases of raw materials, contracts and monetary assets and liabilities) and foreign currency translation risk (i.e. due to net investments is foreign subsidiaries). The Company is mainly exposed to foreign currency risk associated with the performance of the Mexican peso against the USD and the Canadian dollar and of the Canadian dollar against the USD.

- Management of foreign currency translation risk

The Company has investments in foreign subsidiaries whose functional currency is not the Mexican peso, which exposes it to foreign currency translation risk. The Company has contracted intercompany financial assets and liabilities with those foreign subsidiaries in various currencies, which also generate foreign currency translation risks.

Foreign currency translation risk is mitigated mostly through the designation of one or more loans denominated in these currencies to naturally hedge exposure to foreign currency as well as certain derivative financial instruments under the accounting method of net investment in foreign subsidiaries.

As of December 31, 2019, 2018 and 2017, the portion of loans in USD (described in Note 13) that have been designated as hedges on the net investment in foreign subsidiaries amount to USD 2,550, USD 2,550 and USD 2,650 million, respectively.

As of December 31, 2019, 2018 and 2017, the loans that have been designated as hedges on the net investment in foreign subsidiaries amount to CAD 290, CAD 290 and CAD 965 million, respectively (see Note 17, 2.3 (a)).

To test hedge effectiveness, the Company compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the net investment. As of December 31, 2019, 2018 and 2017, the amount designated as a hedge for long-term intercompany asset positions is CAD 630, CAD 650 and CAD 650 million, respectively.

As of December 31, 2017, the bank loan that has been designated as a hedge on the net investment in foreign subsidiaries amounts to EUR 100 million.

Management of transactional foreign currency risk

The Company's risk management policy on transactional foreign currency risk consists of hedging expected cash flows, mainly with regard to expected obligations that qualify as hedged items, represented by "highly probable" forecasted transactions for purposes of hedge accounting. When the future purchase is made, the Company adjusts the non-financial asset hedged for the gain or loss previously recognized in Other Comprehensive Income.

Foreign currency exchange sensitivity

The sensitivity analyses below have been determined based on balances exposed to foreign currency exchange risk, considering both derivative and non-derivative financial instruments at year-end closing; therefore, the analyses may not be representative of the foreign currency risk for the period due to changes in the balances exposed to such risk.

A depreciation/appreciation of one Mexican peso per USD that represents management's estimate of a reasonable potential change in the parity of both currencies would result in a decrease/increase of approximately $48, $55 and $38 in profit or loss for the years ended December 31, 2019, 2018 and 2017, respectively.

A depreciation/appreciation of one Mexican peso per Canadian dollar that represents management's estimate of a reasonable potential change in the parity of both currencies would result in a decrease/increase of approximately $0, $1 and $1 in profit or loss for the years ended December 31, 2019, 2018 and 2017, respectively.

A depreciation/appreciation of $1 Mexican peso per euro that represents management's estimate of a reasonable potential change in the parity of both currencies would result in a decrease/increase of approximately $0, $1 and $0 in profit or loss for the year ended December 31, 2019, 2018 and 2017, respectively.

Analysis of derivative financial instruments for hedging interest rate and foreign currency risk

An analysis of the derivatives used to hedge interest rate and foreign currency risks and their fair value as of December 31, 2019, 2018 and 2017 is as follows:

a) Swaps maturing on June 27, 2024 that translate a portion of the 144A Bond of USD 800 million to Canadian dollars and change the fixed interest rate in USD to a fixed interest rate in Canadian dollars.

							MARKET VALUE		
NOTIONAL AMOUNT	CURRENCY	NOTIONAL AMOUNT	CURRENCY	MATURITY	INTEREST RATE CHARGED	INTEREST RATE PAID	2019	2018	2017
270	USD	290	CAD	27-jun-2024	3.875%	4.1125%	$ 976	$ 1,091	$ 774
224	USD	240	CAD	27-jun-2024	3.875%	4.1175%	-	-	638
103	USD	110	CAD	27-jun-2024	3.875%	4.1558%	-	-	289
10	USD	11	CAD	27-jun-2024	3.875%	4.1498%	-	-	28
92	USD	99	CAD	27-jun-2024	3.875%	4.0415%	-	-	268
101	USD	108	CAD	27-jun-2024	3.875%	4.1246%	-	-	288
							$ 976	**$ 1,091**	**$ 2,285**

b) Swaps maturing on June 27, 2024 that translate the remaining portion of the 144A Bond of USD 800 million to Mexican pesos and change the fixed interest rate in USD to a fixed interest rate in Mexican pesos.

							MARKET VALUE		
NOTIONAL AMOUNT	CURRENCY	NOTIONAL AMOUNT	CURRENCY	MATURITY	INTEREST RATE CHARGED	INTEREST RATE PAID	2019	NOTIONAL AMOUNT	CURRENCY
100	USD	1,827	MXP	27-jun-2024	3.875%	8.410%	$ 90	$ 292	$ -
150	USD	2,744	MXP	27-jun-2024	3.875%	8.420%	132	434	-
76	USD	1,392	MXP	27-jun-2024	3.875%	8.387%	69	222	-
204	USD	3,855	MXP	27-jun-2024	3.875%	8.320%	41	463	-
							$ 332	**$ 1,411**	**$ -**

c) Swaps maturing on June 27, 2044 that translate a portion of the 144A Bond of USD 500 million to Mexican pesos and change the fixed interest rate in USD to a fixed interest rate in Mexican pesos.

							MARKET VALUE		
NOTIONAL AMOUNT	CURRENCY	NOTIONAL AMOUNT	CURRENCY	MATURITY	INTEREST RATE CHARGED	INTEREST RATE PAID	2019	NOTIONAL AMOUNT	CURRENCY
100	USD	1,829	MXP	27-jun-2028	4.875%	9.8385%	$ 95	$ 387	$ -
100	USD	1,918	MXP	27-jun-2044	-	1.1900%	130	-	-
							$ 225	**$ 387**	**$ -**

d) Swaps maturing on June 27, 2044 that translate a portion of the 144A Bond of USD 500 million to Canadian dollars and change the fixed interest rate in USD to a fixed interest rate in Canadian dollars.

							MARKET VALUE		
NOTIONAL AMOUNT	CURRENCY	NOTIONAL AMOUNT	CURRENCY	MATURITY	INTEREST RATE CHARGED	INTEREST RATE PAID	2019	NOTIONAL AMOUNT	CURRENCY
100	USD	107	CAD	27-jun-2044	4.875%	5.0455%	$ -	$ -	$ 307

e) Swaps maturing on June 30, 2020 that translate a portion of the 144A Bond of USD 800 million to Mexican pesos and change the fixed interest rate in USD to a fixed interest rate in Mexican pesos.

							MARKET VALUE		
NOTIONAL AMOUNT	CURRENCY	NOTIONAL AMOUNT	CURRENCY	MATURITY	INTEREST RATE CHARGED	INTEREST RATE PAID	2019	NOTIONAL AMOUNT	CURRENCY
100	USD	1,918	MXP	20-jun-2020	4.875%	9.438%	$ -	$ 120	$ -

f) Long-term forwards for forecasted transactions

		DECEMBER, 2019		DECEMBER, 2018		DECEMBER, 2017		MARKET VALUE		
COUNTRY	CURRENCY	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	2019	2018	2017
Mexico	USD/MXP	-	-	46	21.12	-	-	$ -	$ 8	$ -

	2019	2018	2017
Total long-term financial assets	**$ 1,533**	**$ 3,017**	**$ 2,592**

g) Long-term forwards to hedge foreign currency risk related to raw materials and other:

		DECEMBER, 2019		DECEMBER, 2018		DECEMBER, 2017		MARKET VALUE		
COUNTRY	CURRENCY	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	2019	2018	2017
Mexico	USD/MXP	12	20.15	-	-	-	-	$ 2	$ -	$ -
Canada	USD/CAD	8	1.32	-	-	-	-	2	-	-
								$ 4	**$ -**	**$ -**

h) Long-term forwards hedging forecasted transactions:

		DECEMBER, 2019		DECEMBER, 2018		DECEMBER, 2017		MARKET VALUE		
COUNTRY	CURRENCY	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	2019	2018	2017
Mexico	USD/MXP	58	20.85	15	22.38	-	-	$ 37	$ 14	$ -

i) Interest rate swap that covers the variable rate in USD (LIBOR) in an amount of 160 USD. This instrument receives quarterly the LIBOR rate and delivers a semiannual fixed rate of 3.29%:

					MARKET VALUE		
NOTIONAL AMOUNT	CURRENCY	MATURITY	INTEREST RATE CHARGED	INTEREST RATE PAID	2019	2018	2017
160	USD	30-jun-2030	3-months LIBOR	3.2923%	$ -	$ 151	$ -
160	USD	30-jun-2030	3-months LIBOR	3.2865%	377	140	-
60	USD	30-jun-2030	3-months LIBOR	2.9965%	-	6	-
100	USD	30-jun-2030	3-months LIBOR	2.8406%	-	36	-
					$ 377	**$ 333**	**$ -**

j) Interest rate swap hedging forecasted flows related to financial leases in Italy:

					MARKET VALUE		
NOTIONAL AMOUNT	CURRENCY	MATURITY	INTEREST RATE CHARGED	INTEREST RATE PAID	2019	NOTIONAL AMOUNT	CURRENCY
10	EUR	03-feb-2031	3-months Euribor	1.28%	$ 10	$ -	$ -
9	EUR	03-mar-2031	3-months Euribor	1.25%	9	-	-
					$ 19	$ -	$ -

	2019	2018	2017
Total long-term financial liabilities	**$ 437**	**$ 347**	**-**

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FOREIGN CURRENCY HEDGES

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match the terms of the expected highly probable forecasted transactions (i.e., notional amount and expected payment date). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components.

As of December 31, 2019, 2018 and 2017, the Company had the following forwards to cover forecasted transactions:

		DECEMBER, 2019		DECEMBER, 2018		DECEMBER, 2017		MARKET VALUE		
COUNTRY	CURRENCY	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	2019	2018	2017
Mexico	EUR/MXP	10	21.57	-	-	-	-	$ -	$ -	$ -
Mexico	MXP/CLP	1,075	39.67	898	32.53	-	-	12	41	-
Mexico	MXP/USD	225	20.35	130	20.49	115	55	221	(25)	38
Mexico	USD/CLP	-	-	14	655.25	-	-	-	16	-
Netherlands	EUR/RUB	4	70.75	-	-	-	-	-	-	-
France	USD/EUR	-	-	3	1.27	4	1.14	-	5	(5)
								$ 233	**$ 37**	**$ 33**

As of December 31, 2019, the maturities of the aforementioned forwards are as follows:

	<1 MONTH	> 1 MONTH < 3 MONTHS	> 3 MONTHS < 6 MONTHS	> 6 MONTHS < 9 MONTHS	> 9 MONTHS < 12 MONTHS	TOTAL
Mexico						
Notional amount EUR	-	10	-	-	-	10
Average exchange rate	-	21.57	-	-	-	21.57
Mexico						
Notional amount MXP	-	1,075	-	-	-	1,075
Average exchange rate	-	39.67	-	-	-	39.67
Mexico						
Notional amount MXP	33	62	50	55	25	225
Average exchange rate	20.38	19.61	20.96	20.58	20.43	20.35
Netherlands						
Notional amount MXP	-	4	-	-	-	4
Average exchange rate	-	70.75	-	-	-	70.75

As of December 31, 2018 and 2017, the Company had contracted the following interest rate swap for forecast flows related to finance leases in Italy:

					MARKET VALUE		
NOTIONAL AMOUNT	CURRENCY	MATURITY	INTEREST RATE CHARGED	INTEREST RATE PAID	2019	2018	2017
10	EUR	03-feb-2031	3-months Euribor	1.28%	$ -	$ 6	$ 7
9	EUR	03-mar-2031	3-months Euribor	1.25%	-	6	6
					$ -	**$ 12**	**$ 13**

As of December 31, 2018 and 2017, the Company had contracted the following options:

		DECEMBER, 2019		DECEMBER, 2018		DECEMBER, 2017		MARKET VALUE		
COUNTRY	CURRENCY	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	2019	2018	2017
Mexico	USD/MXP	-	-	150	21.00	160	21.00	$ -	$ 26	$ 114

As of December 31, 2019, the Company had the following cross currency swap maturing on June 30, 2020 that translates a portion of the 144A Bond of USD 800 million to Mexican pesos and changes the fixed interest rate in USD to a fixed interest rate in Mexican pesos.

							VALOR DE MERCADO		
NOTIONAL AMOUNT	CURRENCY	NOTIONAL AMOUNT	CURRENCY	MATURITY	INTEREST RATE CHARGED	INTEREST RATE PAID	2019	2018	2017
100	USD	1,829	MXP	20-jun-2020	4.875%	9.438%	$ 8	$ -	$ -

As of December 31, 2019, 2018 and 2017, the Company had contracted the following forwards to hedge its foreign currency risk related to raw materials and other:

		DECEMBER, 2019		DECEMBER, 2018		DECEMBER, 2017		MARKET VALUE		
COUNTRY	CURRENCY	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	NOTIONAL AMOUNT	AVERAGE EXCHANGE RATE	2019	2018	2017
Argentina	USD/ARS	3	73.34	3	45.35	-	-	$ 7	$ 6	$ -
Canada	USD/CAD	103	1.32	65	1.30	43	1.27	27	(50)	(8)
Chile	USD/CLP	32	712.84	13	645.20	11	651.63	(31)	(18)	(13)
Colombia	USD/COP	5	3,471.73	-	-	-	-	4	-	-
Mexico	USD/MXP	301	20.40	299	20.69	328	19.55	306	143	217
Peru	USD/PEN	8	3.39	-	-	-	-	3	-	-
Uruguay	USD/UYU	5	38.12	6	33.38	4	29.84	1	2	(2)
France	USD/EUR	7	1.15	2	1.27	2	1.14	(2)	(3)	(3)
Russia	EUR/RUB	7	74.35	1	79.56	2	71.22	2	(1)	-
Russia	USD/RUB	2	66.67	2	65.35	1	64.65	8	(3)	(2)
								$ 325	**$ 76**	**$ 189**

As of December 31, 2019, the maturities of these forwards are as follows:

	<1 MONTH	> 1 MONTH < 3 MONTHS	> 3 MONTHS < 6 MONTHS	> 6 MONTHS < 9 MONTHS	> 9 MONTHS < 12 MONTHS	TOTAL
Argentina						
Notional amount USD	1	1	1	-	-	3
Average exchange rate	67.81	72.52	78.03	-	-	73.34
Canada						
Notional amount USD	8	18	27	25	25	103
Average exchange rate	1.33	1.32	1.32	1.31	1.32	1.32
Chile						
Notional amount USD	3	7	9	7	6	32
Average exchange rate	686.21	694.79	702.15	719.15	750.95	712.84
Colombia						
Notional amount USD	-	1	3	1	-	5
Average exchange rate	-	3,459.49	3,461.68	3,518.6	-	3,471.73
Mexico						
Notional amount USD	32	66	82	79	42	301
Average exchange rate	20.65	20.30	20.32	20.43	20.43	20.40
Peru						
Notional amount USD	1	3	3	1	-	8
Average exchange rate	3.38	3.39	3.39	3.4	-	3.39
Uruguay						
Notional amount USD	2	2	1	-	-	5
Average exchange rate	36.80	38.36	39.13	-	-	38.12
France						
Notional amount USD	1	1	2	2	1	7
Average exchange rate	1.15	1.15	1.15	1.15	1.15	1.15
Russia						
Notional amount EUR	2	2	1	1	1	7
Average exchange rate	73.03	73.71	76.27	77.59	78.07	74.35
Rusia						
Notional amount USD	1	-	-	-	1	2
Average exchange rate	66.26	-	-	-	66.92	66.67

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As of December 31, 2019, 2018 and 2017, the Company reclassified $281, $115 and $573, respectively, to cost of sales.

2.4 Management of commodity price risk

There is an economic relationship between the hedged items and the hedging instruments as the terms of purchases of raw materials match the terms of the expected highly probable forecasted transactions (i.e., notional amount and expected payment date). The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the purchases of raw materials are identical to the hedged risk components.

In accordance with the Company's risk management policies, it enters into wheat, natural gas, and other commodity futures contracts to minimize the risk of variation in international prices of such supplies.

Wheat, the main supply used by the Company, together with natural gas, are some of the commodities hedged. The transactions are carried out in well-known commodity markets and through their formal documentation, are designated as cash flow hedges of forecasted transactions. The Company performs prospective and retrospective effectiveness tests of the instruments to ensure that they mitigate the variability of cash flows from fluctuations in the price of such supplies.

As of December 31, 2019, 2018 and 2017, the Company has recognized, in other comprehensive income, closed contracts that have not yet been reclassified to cost of sales, since the wheat under these contracts has not been used for flour consumption.

ANALYSIS OF DERIVATIVE TRANSACTION TO HEDGE COMMODITY PRICE RISK

As of December 31, 2019, 2018 and 2017 the principal characteristics of the Company's futures contracts are as follows:

	2019 CONTRACTS			2018 CONTRACTS			2017 CONTRACTS		
	NUMBER	MATURITY	FAIR VALUE	NUMBER	MATURITY	FAIR VALUE	NUMBER	MATURITY	FAIR VALUE
Diesel	2,210	Jan-20 to Mar-21	$ 23	-	-	$ -	2,538	Jan-18 - Jan-19	$ 202
Gasoline	1,168	Jan-20 to Mar-21	33	-	-	-	1,285	Jan-Dec-18	99
Natural gas	-	-	-	548	Feb-Dec -19	14	-	-	-
Wheat	14,320	Feb-20 to Mar-21	58	-	-	-	-	-	-
Soybean oil	403	Jan-20 to Dec-20	29	-	-	-	-	-	-
Total current assets			**$ 143**			**$ 14**			**$ 301**
Wheat	-	-	$ -	12,211	Feb-Sep -19	$ 398	21,319	Mar-Dec-18	$ 201
Corn	-	-	-	-	-	-	169	Mar- Jul-18	2
Soybean oil	-	-	-	1,016	Mar-Dec – 19	23	489	Mar-Sep-18	1
Polyethylene	31,303	Jan-20 to Dec-20	63	36,575	Jan-19 to Mar-20	60	-	-	-
Diesel	-	-	-	2,857	Jan-19 to Aug-20	208	-	-	-
Gasoline	-	-	-	1,218	Jan-19 to Mar-20	102	-	-	-
Natural gas	1,000	Jan-20 to Jun-21	44	-		-	829	Dec-18	24
Total current liabilities			**$ 107**			**$ 791**			**$ 228**

As of December 31, 2019, 2018 and 2017, $597, $(339) and $213, respectively, was reclassified to cost of sales.

The fair values of these financial instruments used to hedge the raw material price risk are considered within level 1 of the fair value hierarchy.

Embedded derivatives - As of December 31, 2019, 2018 and 2017, the Company has not identified any embedded derivative financial instruments that require bifurcation.

Valuation techniques and assumptions applied to measure fair value

The fair value of the Company's financial assets and liabilities is calculated as follows:

The fair values of financial assets and financial liabilities with standard terms and conditions which are traded on active, liquid markets are determined based on their quoted market prices. Derivative financial instruments fall under this category; therefore, these instruments are classified within level 1 of the fair value hierarchy described below.

The fair value of other financial assets and liabilities carried at fair value is determined in accordance with accepted pricing models, generally based on an analysis of the discounted cash flows.

As of December 31, 2019, 2018 and 2017, the carrying value of financial assets and liabilities does not vary significantly from their fair value.

These derivative financial instruments are considered within level 2 of the fair value hierarchy.

The valuation of the Company's local bonds was determined based on the market value with prices provided by Valuación Operativa y Referencias de Mercado S.A. de C.V. ("VALMER"), which is an entity supervised by the Mexican National Banking and Securities Commission (CNBV, Spanish acronym) that provides updated prices for financial instruments. This valuation is considered Level 1 in accordance with the hierarchy described below.

Fair value hierarchy

All valuations for which fair value is measured or disclosed in the consolidated statement of financial position are categorized within one of the following three hierarchy levels based on the data used in the valuation. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.5 Management of liquidity risk

Management of liquidity risk anticipates the Company's capacity to accomplish funds requirements in the short, medium and long terms, while seeking financial flexibility. The Company maintains sufficient liquidity through orderly managing its resources and constantly monitoring of cash flows, as well as maintaining a variety of credit lines (some of them committed) with banking institutions and proper management of working capital. These actions ensure the payment of future obligations. Due to the nature of its business, the Company considers its liquidity risk to be low.

Obligations arising from accounts payables, derivative financial instruments and debt amortization are as follows:

		< 1 YEAR		> 1 YEAR < 3 YEARS		> 3 YEARS < 5 YEARS		> 5 YEARS		TOTAL
Debt and interest	$	9,765	$	23,481	$	22,100	$	88,217	$	143,563
Lease liabilities		5,521		7,929		5,447		13,957		32,854
Derivative financial instruments		32		1,022		-		171		1,225
Trade payables and accounts payable to related parties		24,169		-		-		-		24,169
Total	**$**	**39,487**	**$**	**32,432**	**$**	**27,547**	**$**	**102,345**	**$**	**201,811**

2.6 Management of credit risk

Credit risk arises from a potential loss the Company may incur as a result of clients not meeting their payment obligations, of loss from investments and with the counterparts with which financial derivative instruments are contracted.

The Company recognizes a provision for expected credit losses for trade receivables. The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix is initially based on the Company's historical credit loss experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of the current direction and forecast of future conditions at the reporting date, including money time value when applicable.

With respect to transactions with derivative financial instruments related to interest rate and exchange rate hedges, and some commodities such as natural gas, these instruments are entered into bilaterally with highly reputed counterparties that meet certain criteria mentioned below, and with whom it is maintained a significant and ongoing business relationship.

These counterparties are deemed of high repute, as they are sufficiently solvent, based on their "counterparty risk" rating from Standard & Poor's, for short- and long-term obligations in local and foreign currency.

The Company's transactions with derivative financial instruments related to raw materials are carried out in the following renowned markets:

a) Minneapolis Grain Exchange (MGE)
b) Kansas City Board of Trade (KCBOT)
c) Chicago Board of Trade (CBOT)
d) New York Mercantile Exchange (NYMEX)

The Company monitors counterparty credit risks on a monthly basis and performs the related measurements.

All derivative financial instrument transactions are performed under a standardized derivatives contract that are duly executed by the legal representatives of the Company and those of the counterparties.

The appendices and annexes to derivative contracts establish the settlement and other relevant terms in accordance with the uses and practices of the Mexican market and the markets in which the Company operates.

Some master agreements, appendices and annexes, through which bilateral derivative financial transactions are carried out, consider the establishment of cash deposits or other securities to guarantee payment of obligations arising from such contracts. The credit limits established by the Company with its counterparties are large enough to support its current operations; however, the Company maintains cash deposits as collateral for payment of certain derivative financial instruments.

For commodities future contracts executed in well-known international markets, the Company is subject to the regulations of such markets. These regulations include, among others, establishing an initial margin call for futures contracts and subsequent margin calls required from the Company.

2.7 Management of equity structure

The Company maintains a balance between debt and equity in order to maximize the shareholders' return.

As of December 31, 2019, 2018 and 2017, the equity structure and leverage ratio is as follows:

		2019		2018		2017
Debt [i]	$	86,672	$	89,846	$	93,431
Cash and cash equivalents		(6,251)		(7,584)		(7,216)
Net debt		80,421		82,262		86,215
Equity		78,311		84,575		77,024
Net debt to equity		**1.03 veces**		**0.97 veces**		**1.12 veces**

[i] Debt is comprised of bank loans and short- and long-term local bonds, net of unamortized issuance expenses.

The Company is not subject to any external capital requirements.

18. EMPLOYEE BENEFITS AND SOCIAL COMPENSATION

The net liabilities generated by employee benefits and long-term social compensation by geographical segment as of December 31, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
Retirement and post-retirement benefits			
Mexico	$ 6,180	$ 2,443	$ 5,220
USA	2,134	2,039	2,341
Canada	733	728	1,078
EAA and Latin America	330	296	244
Total liabilities from retirement and post-retirement benefits	9,377	5,506	8,883
Social compensation – USA	3,184	3,310	3,315
Multi-employer pension plans – USA	17,319	16,217	17,474
Long-term bonuses payable to employees	546	852	966
Total net liability	**$ 30,426**	**$ 25,885**	**$ 30,638**

a) Mexico

The Company has a defined benefit pension and seniority premium plan. The Company's funding policy is to make discretionary contributions. During 2019 the Company contributed to the plan assets $1,000; during 2018 and 2017, the Company did not make contributions to such plans.

Seniority premiums consist of a one-time payment equal to 12-days' salary for each year worked based on the employee's final monthly salary (capped at twice the legal minimum daily wage) as stipulated in the employment contracts. Such benefits are granted to employees with 15 or more years of service.

The most recent actuarial valuations of the plan assets and present value of the defined benefit obligation were performed as of December 31, 2019, 2018 and 2017 by independent actuaries.

b) USA

The Company has defined benefit pension plans that cover eligible employees. Some of the benefits of the plans for non-unionized workers were frozen. The Company's funding policy is to make discretionary contributions. As of December 31, 2019, 2018 and 2017, the annual contributions made to the plan amount to $193, $258 and $908, respectively.

The Company has also established post-retirement social welfare plans, which cover the medical expenses of certain eligible employees. The Company has insurance and pays these expenses as incurred.

The most recent actuarial valuations of the plan assets and present value of the defined benefit obligation were performed as of December 31, 2019, 2018 and 2017 by independent actuaries.

c) Canada

The Company has a defined benefit pension plan that covers eligible employees. Some of the benefits of the plan for unionized workers were frozen. The Company's funding policy is to make discretionary contributions. The contributions made to the plan in 2019, 2018 and 2017 amount to $152, $163 and $198, respectively.

The most recent actuarial valuations of the plan assets and of the present value of the defined benefit obligation were performed as of December 31, 2019, 2018 and 2017 by independent actuaries.

The Company has also established a defined contribution plan through which contributions are paid as incurred. For the years ended December 31, 2019, 2018 and 2017, the contributions made to the plan amount to $68, $46 and $48, respectively.

The principal assumptions used in the actuarial valuations are as follows:

	2019	2018	2017
Mexico:			
Discount rate [1]	7.57%	10.14%	7.94%
Salary increase rate	4.50%	4.65%	4.50%
Inflation rate	3.50%	3.65%	3.50%
Expected average weighted return	10.14%	7.94%	7.68%

[1] The (2.57%) decrease and 2.20% increase in the discount rate in 2019 and 2018, respectively, generated an actuarial loss and gain of approximately ($4,434) and $2,965 recognized in other comprehensive income, causing a significant variance in the defined benefit obligation.

	2019	2018	2017
USA:			
Discount rate	3.15%	4.20%	4.04%
Salary increase rate	3.25%	3.25%	3.50%
Inflation rate	2.50%	2.25%	2.50%
Expected average weighted return	4.20%	4.04%	4.04%
Canada:			
Discount rate	3.10%	3.90%	3.40%
Salary increase rate	3.00%	3.00%	3.50%
Inflation rate	2.00%	2.00%	2.00%
Expected average weighted return	3.90%	3.40%	3.80%

The assumptions related to the mortality rates used in the actuarial valuations are as follows:

	2019	2018	2017
Mexico:			
Mortality table	EM5SA 2009	EM5SA 2009	EM5SA 2009
USA:			
Mortality table	MP-2019	MP-2018	MP-2017
Canada:			
Mortality table	CPM2014Priv	CPM2014Priv	CPM2014Priv

Based on the aforementioned assumptions, the retirement and post-retirement benefits to be paid in the following years are as follows:

	MEXICO	USA	CANADA
2020	$ 336	$ 1,003	$ 264
2021	370	1,017	265
2022	395	1,048	263
2023	429	1,056	265
2024	456	1,087	266
2025 to 2030	2,324	5,196	1,338
	$ 4,310	**$ 10,407**	**$ 2,661**

An analysis of the amounts recognized in profit or loss and in other comprehensive income with respect to defined benefit plans is as follows:

	2019	2018	2017
Amounts recognized in profits and loss			
Current year service cost	$ 717	$ 986	$ 826
Interest cost	1,618	1,656	1,720
Return on plan assets	(1,282)	(1,134)	(1,319)
	1,053	1,508	1,227

	2019	2018	2017
Actuarial (loss)/gain on defined benefits recognized in other comprehensive income:			
Mexico, USA and Canada:			
Actuarial (loss)/gain on estimate of obligation	-	7	(41)
Experience adjustments to plan obligations	164	(484)	(584)
Effect of changes in demographic assumptions	(114)	(33)	535
Effect of changes in financial assumptions [1]	7,659	(5,299)	1,045
Actuarial (loss)/gain on estimate of plan assets [1]	(2,987)	2,135	88
EAA and Latin America	(7)	(108)	(1,614)
	4,715	**(3,782)**	**(571)**
	$ 5,768	**$ (2,274)**	**$ 656**

Of the current year service cost, $567, $714 and $634 in 2019, 2018 and 2017, respectively, were included in the consolidated statement of profit or loss under cost of sales and the remaining under general expenses. Interest costs and the expected return on plan assets are recognized as part of the comprehensive financing cost.

The amount recognized in the consolidated statement of financial position in respect of the Company's obligation regarding its defined benefits plans as of December 31, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
Present value of defined benefit obligation	$ 36,692	$ 29,231	$ 34,995
Less - fair value of plan assets	28,106	24,247	26,762
	8,586	4,984	8,233
Plus - Retirement liability for Latin America and EAA	330	296	244
Plus – Net plan assets recorded in other assets	604	377	571
Less - current portion of retirement benefits recognized in accumulated deficit	(143)	(151)	(165)
Present value of unfunded defined benefits	$ 9,377	$ 5,506	$ 8,883

An analysis of changes in the present value of the defined benefit obligation is as follows:

	2019	2018	2017
Present value of defined benefit obligation as of January 1	$ 29,231	$ 34,995	$ 35,784
Current year service cost	717	986	826
Interest cost	1,618	1,656	1,720
Actuarial (gain)/loss on estimate of obligation	-	7	(41)
Experience adjustments to plan obligations	164	(484)	(584)
Effect of changes in demographic assumptions	(114)	(33)	535
Effect of changes in financial assumptions [1]	7,659	(5,299)	1,045
Adjustment from fluctuation in exchange rate	(756)	(550)	(828)
Benefits paid	(1,827)	(2,047)	(3,462)
Present value of defined benefit obligation as of December 31	**$ 36,692**	**$ 29,231**	**$ 34,995**

An analysis of changes in the fair value of plan assets is as follows:

	2019	2018	2017
Fair value of plan assets as of January 1	$ 24,247	$ 26,762	$ 26,453
Return on plan assets	1,282	1,134	1,319
Actuarial (loss)/gain on estimate of plan assets [1]	2,987	(2,135)	(88)
Company contributions	1,345	375	1,106
Adjustment from fluctuation in exchange rate	(681)	(460)	(646)
Benefits paid	(1,074)	(1,429)	(1,382)
Fair value of plan assets as of December 31	**$ 28,106**	**$ 24,247**	**$ 26,762**

[1] Effects in 2019 and 2018 of the decrease and increase in the discount rate in Mexico, respectively.

CATEGORIES OF PLAN ASSETS:

	FAIR VALUE OF PLAN ASSETS		
	2019	2018	2017
Equity instruments	$ 6,605	$ 5,521	$ 6,993
Debt instruments	19,432	16,438	16,545
Other	2,069	1,933	2,676
	$ 28,106	**$ 23,892**	**$ 26,214**

The fair value of the equity and debt instruments shown above is measured based on market prices quoted in active markets.

The Company's technical committees are responsible for defining and monitoring the Company's investment strategy and policies on a quarterly basis in order to optimize the long-term risk/return.

SENSITIVITY ANALYSIS:

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate and the expected salary increase rate. The sensitivity analyses described below consider reasonable potential changes in the respective assumptions at the end of the reporting period, with all other assumptions remaining constant.

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The sensitivity analysis is presented considering a variation of 100 basis points, is as follow:

	MEXICO	USA	CANADA
Discount rate increase	(2,196)	(2,460)	(602)
Discount rate decrease	3,405	2,212	715
Salary increase rate increase	(51)	(213)	(56)
Salary increase rate decrease	2,965	189	68

In the sensitivity analysis described above, the present value of the defined benefit obligation is calculated using the projected unit credit method at the end of the reporting period, which is the same method applied to calculate the liability for the defined benefit obligation recognized in the consolidated statement of financial position.

There were no changes in the methods or assumptions considered in the sensitivity analyses of prior years.

DURATION OF THE DEFINED BENEFIT OBLIGATION

	2019	2018	2017
Mexico:			
Average duration	21.20	17.30	25.30
Active members	27.29	24.46	31.12
Retired members	9.56	7.97	9.55
USA:			
Average duration	12.27	14.03	10.16
Active members	13.89	15.87	15.93
Retired members	9.39	9.24	9.24
Deferred members	12.44	16.83	17.25
Canada:			
Average lifetime	13.10	12.40	13.40
Active members	16.8	15.70	16.90
Retired members	9.20	8.50	9.00
Deferred members	17.50	17.10	17.40

An analysis of the historical experience adjustments made is as follows:

	2019	2018	2017
Present value of defined benefit obligation	$ 36,692	$ 29,231	$ 34,995
Less - Fair value of plan assets	28,106	24,247	26,762
Deficit	**$ 8,586**	**$ 4,984**	**$ 8,233**
Experience adjustments to plan obligations and actuarial loss	**$ 164**	**$ (477)**	**$ (625)**
Experience adjustments to plan assets	**$ 2,987**	**$ (2,135)**	**$ (88)**

The Company expects to contribute of $1,995 to the retirement and post-retirement benefit plans in 2020.

MULTI-EMPLOYER PENSION PLANS (MEPP)

The Company participates in benefit plans known as MEPPs through its subsidiary BBU. A MEPP is a fund in which several unrelated employers, in the same or similar industry, make payments to fund retirement benefits for unionized employees enrolled in the plan. Originally, MEPPs were created to facilitate the mobility of employees between companies in the same industry preserving pension benefits. Usually these funds are managed and controlled by a trust that is overseen by representatives of all employers and employees. Currently BBU participates in 28 MEPPs, with an average participation in the plans of 13.40% compared to other participating entities.

Unless the Company determines that it is highly probable that it will exit the MEPP, this type of plan is measured as a defined contribution plan, since the Company does not have sufficient information to perform the related calculations due to the collective nature of the plans and the Company's limited participation in the management of the plans. The Company's obligation to make contributions to the plan is established in the collective labor agreements.

For the years ended December 31, 2019, 2018 and 2017, the contributions made to the MEPPs amounted to $2,705, $2,734 and $2,169, respectively. The Company expects to contribute $2,075 in 2020. Annual contributions are recognized in profit or loss. In the event that other employers exit the MEPP without satisfying the related obligations, the unpaid amount is distributed to the other active employers. Generally, the distribution of the liability resulting from the exit of the plan is based on the proportion of the Company's contributions to the plan compared to the contributions made by the other employers in the plan.

When it is highly probable that the Company will exit a MEPP, a provision is recognized for the present value of the estimated future cash outflows, discounted at the current rate. In addition to the aforementioned provision, the Company has recognized a liability for its exit of two MEPPs, for which it already has an exit agreement. The total liability related to MEPPs is recognized under employee benefits.

The provision for the MEPP mainly corresponds to the Company's intention of exiting a plan.

During 2019, 2018 and 2017, the Company recognized $1,832, $(663) and $301, respectively, in profit or loss as a result of the updating and restructuring of certain MEPPs, of which $424, $397 and $376, respectively, were recognized in the comprehensive financing cost and $1,408, $(1,060) and $(75), respectively, in other income/(expenses), net (see Note 22).

Liabilities already recognized related to MEPPs are updated annually due to changes in wages, seniority and the combination of employees within the plan and are recorded in profit or loss for the year, in addition to the amounts that are contributed to the different MEPPs.

The Company has created a provision of $17,319 for the estimated cost of exiting some of the plans. The Company has not created a provision for the MEPPs which it has no intention of exiting.

The Company reviews its contingent liabilities related to MEPPs in order to mitigate potential risks.

SOCIAL WELFARE BENEFIT PLAN USA

The Company has a social welfare post-retirement benefit plan that qualifies as a defined contribution plan. The amounts corresponding to this obligation are recognized in profit or loss as incurred. These obligations are classified as current or long-term welfare benefit plans and the amounts are recognized in the consolidated statement of financial position. An analysis of these obligations as of December 31, 2019, 2018 and 2017 is as follows:

	2019	2018	2017
Social welfare:			
Short-term [(a)]	$ 413	$ 409	$ 498
Long-term	3,184	3,310	3,315
	$ 3,597	**$ 3,719**	**$ 3,813**

(a) Included in other accounts payable and accrued liabilities.

19. OTHER LONG-TERM LIABILITIES

As of December 31, the other long-term liabilities are as follows:

	2019	2018	2017
Provisions	$ 4,386	$ 3,639	$ 1,738
Liabilities for withdrawals from multi-employer plans	2,384	2,461	2,373
Financial leases	-	1,982	2,771
Deferred compensation	836	787	803
Other	435	478	757
	$ 8,041	**$ 9,347**	**$ 8,442**

In the other long-term liabilities caption, the Company has recognized provisions for lawsuits of different natures that arise in the normal course of its operations. The liabilities related to tax uncertainties were also recognized under the same caption. In accordance with this evaluation, the Company has recognized the following amounts, which were generated mainly in Mexico and Latin America:

TIPO	2019	2018	2017
Labor	$ 789	$ 341	$ 485
Tax	1,000	850	890
Civil	254	44	42
Other	2	629	321
Uncertain tax positions	2,341	1,775	-
Total	**$ 4,386**	**$ 3,639**	**$ 1,738**

The movements in the Company's provisions and liabilities related to tax uncertainties as of December 31, 2019, 2018 and 2017 are as follows:

	2019	2018	2017
Balance as of January 1	$ 3,639	$ 1,738	$ 883
Initial recognition of IFRIC 23 [1]	-	2,283	-
Net increases	1,464	645	1,383
Payments	(554)	(761)	(349)
Effect of foreign exchange differences	(163)	(266)	(179)
Balance as of December 31	**$ 4,386**	**$ 3,639**	**$ 1,738**

(1) Recognized in retained earnings.

As of December 31, 2019, the amount corresponding to tax, civil and labor lawsuits classified by the Company's internal attorneys as less than probable, but more than remote is $257. However, the Company considers that such lawsuits will not have a material effect on its consolidated financial position or operating results.

Brazil:

Because of the purchase of property, plant and equipment and intangible assets in Brazil in connection with the Firenze brand in 2008, the Company is subject to tax liens as the presumed successor to companies that participate in these legal actions. The court issued, among others, a precautionary measure ordering the restriction of part of the accounts receivable for the sale of Firenze brand products. The Company has guaranteed the ongoing tax litigation, through assets for $498. As of December 31, 2019, the Company has recognized provisions of $41 associated to the professional fees accrued by the legal advisors for the monitoring and control of litigations related to the referred brand. It is expected that these legal matters will be resolved in the medium-term. The Entity's legal advisors expect that the resolution of said litigation will be in favor of Bimbo do Brazil.

The Company has guaranteed its labor and civil lawsuits through guarantee deposits of $204, which are presented as other non-current assets.

Canada:

The Competition Bureau of Canada started an investigation into alleged collusion between various participants of the baked goods industry, including Canada Bread although at date no formal accusations have been made against the Company. The Company is cooperating with the Canadian authorities in this process. In addition, Grupo Bimbo and Canada Bread have been required in twelve class actions in connection with such investigation. Given the status of this process as of December 31, 2019, the Company has not recognized a provision with regards to this matter.

20. EQUITY

An analysis of the Company's equity as of December 31 is as follows:

	2019 NUMBER OF SHARES	2019 AMOUNT	2018 NUMBER OF SHARES	2018 AMOUNT	2017 NUMBER OF SHARES	2017 AMOUNT
Fixed share capital:						
Series A	4,703,200,000	$ 4,227	4,703,200,000	$ 4,227	4,703,200,000	$ 4,227
Treasury shares	(77,195,600)	(71)	(30,628,536)	(28)	(2,095,171)	(2)
Total	**4,626,004,400**	**$ 4,156**	**4,672,571,464**	**$ 4,199**	**4,701,104,829**	**$ 4,225**

The Company's share capital has been fully subscribed and paid in and corresponds to the fixed share capital, represented by series "A" shares. The variable portion of the Company's share capital cannot exceed ten times the amount of minimum fixed share capital without right of withdrawal and must be represented by common registered series "B" shares with no par value and/or shares with limited voting rights and no-par value of the series to be named when they are issued. Shares with limited voting rights cannot represent more than 25% of the Company's share capital.

i. At an ordinary shareholders' meeting held on April 29, 2019, the shareholders declared a cash dividend of $2,103, meaning, $0.45 cents per share, to be paid from the Company's net taxed profits account (CUFIN, Spanish acronym). These dividends were paid in cash on May 13, 2019.

ii. At an ordinary shareholders' meeting held on April 24, 2018, the shareholders declared a cash dividend of $1,646, meaning, 0.35 cents per share, which were paid out from the net taxed profits account (CUFIN) in cash on May 7, 2018.

iii. At an ordinary shareholders' meeting held on April 18, 2017, the shareholders declared a dividend of $1,364, meaning, 0.29 cents per share, which were paid out of the CUFIN in cash on April 27 and 28, 2017.

iv. Dividends paid to foreign individuals and corporations are subject to an additional 10% withholding tax. These tax withholdings are considered final income tax payments. Treaties to avoid double taxation may apply. The additional withholding tax is applicable to earnings generated during 2014.

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v. The Company's legal reserve is included in retained earnings. In accordance with the Mexican Corporations Act, the Company is required to appropriate at least 5% of the net income of each year to increase the legal reserve. This practice must be continued each year until the legal reserve reaches 20% of the value of the Company's share capital. The legal reserve may be capitalized but may not be distributed to the shareholders unless the Company is dissolved. Also, the legal reserve must be replenished if it is reduced for any reason. As of December 31, 2019, 2018 and 2017, the legal reserve is $500 (nominal amount) and is fully constituted.

vi. At ordinary shareholders' meetings held on April 29, 2019 and April 24, 2018, the shareholders agreed to increase the provision for repurchase of shares by $4,000 and $600 (nominal amount). The Company's provision for buybacks is included in its retained earnings. The approved (nominal) amount of the provision is $5,200, $1,200 and $600 as of December 31, 2019, 2018 and 2017, respectively. An analysis of movements in the provision is as follows:

	2019	2018	2017
Balance as of January 1	$ 188	$ 669	$ 721
Increases	4,000	600	-
Repurchase of shares	(1,705)	(1,081)	(52)
Balance as of December 31	**$ 2,483**	**$ 188**	**$ 669**

vii. Except for earnings distributed from the restated contributed capital account (CUCA) and the CUFIN, dividends will be subject to the payment of corporate income tax at the statutory rate at that time. Income tax paid on dividends may be credited against income tax payable (annual or provisional payments) in the year of payment or either of the two immediately subsequent years.

viii. As of December 31, 2019, 2018 and 2017, the Company has the following tax balances:

	2019	2018	2017
Restated contributed capital account (CUCA)	$ 29,892	$ 32,404	$ 30,911
Net taxed profits account (CUFIN)	76,438	69,310	60,416

Equity financial instrument:

On April 17, 2018, Grupo Bimbo, S.A.B. de C.V. issued a perpetual subordinated bond of USD 500 million with no maturity date. The issuer has the option to redeem the bond in full, but not partially, five years after the date of issuance. The bond bears annual interest of 5.95%, which is payable semi-annually in arrears on January 17 and July 17. Such coupons are deferrable at the Company's discretion.

This bond is subordinated to the existing and future liabilities of Grupo Bimbo and its subsidiaries and the coupons for the periods accrued by this instrument must be paid prior to any distribution of dividends.

The amount of this equity financial instrument is presented in equity.

As of December 31, the value of the equity instrument is as follow:

	2019	2018
Perpetual subordinated bond - principal	$ 9,044	$ 9,044
Issuance expenses	(58)	(58)
	8,986	8,986
Current income tax	(67)	137
Deferred income tax	12	15
Perpetual subordinated bond - principal	$ 8,931	$ 9,138

As of December 31, 2019 and 2018, the Company made semi-annual coupon payments of $595 and $148 and recognized an income tax effect of $(178) and $(44), respectively, therefore, retained earnings decreased by $417 and $104, respectively.

21. COSTS AND EXPENSES BASED ON THEIR NATURE

An analysis of cost of sales and distribution, administrative, selling and other general expenses recognized in the consolidated statement of profit or loss is as follows:

	2019	2018	2017
Cost of sales:			
Raw materials and other manufacturing expenses	$ 128,570	$ 126,646	$ 116,622
Freight, fuel and maintenance	3,525	3,543	3,019
Depreciation	6,089	5,480	5,122
	$ 138,184	**$ 135,669**	**$ 124,765**

	2019	2018	2017
Distribution, selling, administrative and other expenses:			
Salaries and benefits	$ 57,653	$ 58,710	$ 56,834
Freight, fuel and maintenance	28,622	25,647	20,355
Advertising and promotional expenses	11,004	11,486	10,365
Depreciation and amortization	8,285	4,461	3,639
Professional services and consulting	6,389	5,816	8,211
Integration expenses	2,435	862	2,929
Other	18,935	28,161	23,915
	$ 133,323	**$ 135,142**	**$ 126,248**

22. OTHER EXPENSES

Other general expenses are comprised as follows:

	2019	2018	2017
Tax incentives	$ (34)	$ (47)	$ (24)
(Gain)/loss on sale of property, plant and equipment	(28)	11	389
Impairment of goodwill	17	210	389
Impairment of trademarks and distribution rights	951	401	61
Restructuring expenses	724	3,438	-
Insurance claim recovery	(2)	(2)	(198)
MEPPs remeasurement	1,408	(1,060)	(75)
Provision for updating other long-term liabilities	354	659	164
Other	623	970	614
	$ 4,013	**$ 4,580**	**$ 1,320**

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23. INTEREST EXPENSE

	2019	2018	2017
Interest on debt	$ 6,605	$ 6,608	$ 4,322
Lease liability interest	1,041	-	-
Interest on pension plans	336	522	401
Other financial costs	579	538	1,149
	$ 8,561	$ 7,668	$ 5,872

24. COMMITMENTS

GUARANTEES AND/OR GUARANTORS

1. Grupo Bimbo, S.A.B. de C.V. and some of its subsidiaries have issued letters of credit to guarantee certain ordinary obligations and contingent risks related to the labor obligations of some of its subsidiaries. As of December 31, 2019, 2018 and 2017, the value of such letters of credit is USD286, USD 307 and USD 301 million, respectively.

2. From September 2019, the Company acts as a guarantor in a voluntary program in North America for payments between its suppliers and Bank of America, where the suppliers discount their invoices. As of December 31, 2019, the corresponding balance of $764 is presented under accounts payable to suppliers.

3. The Company has a constituted a trust that allows the suppliers of its subsidiaries in Mexico to obtain loans through a factoring program offered by Nacional Financiera, S.N.C. (Nafinsa). As of December 31, 2019, 2018 and 2017, the amount of the liability is $908, $963 and $881, respectively.

4. The Company entered into an energy self-supply contract in Mexico, which requires it to acquire certain amounts of renewable energy for an 18-year period at a fixed price that will be updated based on changes in the NCPI (National Consumer Price Index) for the first 15 years. Although the contracts have the characteristics of a derivative financial instrument, they fall within the exception of "own-use"; therefore, they are recognized in the consolidated financial statements as the consumption of energy occurs. The estimated commitment to purchase energy in 2020 amounts to $310 which is to be adjusted annually for inflation for the remaining 11 years of the contract.

5. On 5 September 2019, the Company entered into an energy self-supply agreement in Argentina, which requires the Company to acquire certain amounts of renewable energy for a term of 15 years, starting on 1 January 2020. Although the agreement has the characteristics of a derivative financial instrument, it is exempt from being accounted for as a derivative since it is a self-supply agreement and therefore, the energy consumption will be recognized in the consolidated financial statements as incurred. The commitment to purchase energy for 2020 is estimated at USD 1.8 million, which corresponds to the annual commitment for the remaining 15-year term.

6. On March 30, 2018, the Company, through BBU, entered into a virtual wind energy supply agreement in the United States for a term of 12 years, which will be recognized as a financial asset measured at fair value through profit or loss, net of the related deferred revenue, which will accrue over the term of the agreement. As of December 31, 2019, the net financial asset of $47 is recognized under other non-current assets. In 2019, the Company recognized $48 under finance costs corresponding to the amortization of the liability and the changes in the fair value of the asset.

25. SEGMENT INFORMATION

The information reported to the General Director for decision making in the Company´s operations for purposes of resource allocation and assessment of segment performance is focused on four geographical areas: Mexico, North America, Latin America and EAA.

The Company considers that the qualitative and quantitative aspects considered for grouping of operating segments described above have a similar nature for all of the periods presented and show a similar performance in the long-term. The key factors evaluated for the appropriate aggregation of the operating segments include but are not limited to: (i) similar customer base, (ii) similar product nature, (iii) production and distribution process characteristics, (iv) similar governments, (v) inflation trends and (vi) monetary trends.

The primary data by geographical area in which the Company operates for the years ended December 31, 2019, 2018 and 2017 are as follows:

	2019					
	MEXICO	NORTH AMERICA	LATIN AMERICA	EAA	ELIMINATED ON CONSOLIDATION	TOTAL
Net sales	$ 102,688	$ 144,005	$ 27,144	$ 26,655	$ (8,566)	$ 291,926
Sales between segments	$ (7,746)	$ (651)	$ (19)	$ (150)	$ 8,566	$ -
Consolidated net sales	$ 94,942	$ 143,354	$ 27,125	$ 26,505	$ -	$ 291,926
Operating profit (*)	$ 15,966	$ 6,094	$ (1,337)	$ 136	$ (440)	$ 20,419
Depreciation and amortization	$ 3,622	$ 7,679	$ 1,569	$ 1,503	$ -	$ 14,373
Impairment in intangible assets	$ 248	$ 683	$ 359	$ 28	$ -	$ 1,318
Other items not affecting cash flows	$ 3	$ 1,760	$ 1	$ 1	$ (1)	$ 1,764
Lease payments	$ (1,218)	$ (2,350)	$ (593)	$ (286)	$ -	$ (4,447)
EBITDA (*) (**)	$ 18,621	$ 13,866	$ (1)	$ 1,382	$ (441)	$ 33,427
Net profit - equity holders of the parent	$ 6,780	$ 501	$ (3,048)	$ (914)	$ 3,000	$ 6,319
Income tax	$ 4,172	$ 29	$ 208	$ 324	$ -	$ 4,733
Interest income	$ 685	$ 125	$ 179	$ 47	$ (476	$ 560
Interest expense (***)	$ 6,503	$ 1,884	$ 567	$ 83	$ (476)	$ 8,561
Total assets	$ 68,556	$ 153,634	$ 23,494	$ 35,072	$ (1,675)	$ 279,081
Total liabilities	$ 115,749	$ 64,830	$ 10,993	$ 10,107	$ (909)	$ 200,770

2018

	MEXICO	NORTH AMERICA	LATIN AMERICA	EAA	ELIMINATED ON CONSOLIDATION	TOTAL
Net sales	$ 100,327	$ 143,968	$ 28,341	$ 25,899	$ (9,215)	$ 289,320
Sales between segments	$ (8,225)	$ (668)	$ (78)	$ (244)	$ 9,215	$ -
Consolidated net sales	$ 92,102	$ 143,300	$ 28,263	$ 25,665	$ -	$ 289,320
Operating profit (*)	$ 15,750	$ 5,100	$ (529)	$ (1,481)	$ (331)	$ 18,509
Depreciation and amortization	$ 2,200	$ 5,307	$ 1,173	$ 1,320	$ -	$ 10,000
Impairment in intangible assets	$ 25	$ 607	$ 19	$ 256	$ -	$ 907
Other items not affecting cash flows	$ 225	$ 1,980	$ 69	$ 10	$ 5	$ 2,289
EBITDA (*) (**)	$ 18,200	$ 12,994	$ 732	$ 105	$ (326)	$ 31,705
Net profit - equity holders of the parent	$ 8,310	$ 1,081	$ (2,422)	$ (2,954)	$ 1,793	$ 5,808
Income tax	$ 3,993	$ (119)	$ 118	$ 905	$ -	$ 4,897
Interest income	$ 623	$ 130	$ 35	$ 48	$ (450)	$ 386
Interest expense	$ 6,224	$ 1,447	$ 378	$ 69	$ (450)	$ 7,668
Total assets	$ 63,569	$ 142,161	$ 22,387	$ 36,468	$ (1,269)	$ 263,316
Total liabilities	$ 109,854	$ 50,100	$ 8,776	$ 10,485	$ (474)	$ 178,741

2017

	MEXICO	NORTH AMERICA	LATIN AMERICA	EAA	ELIMINATED ON CONSOLIDATION	TOTAL
Net sales	$ 90,783	$ 137,779	$ 28,753	$ 18,951	$ (7,781)	$ 268,485
Sales between segments	$ (7,638)	$ (84)	$ (33)	$ (26)	$ 7,781	$ -
Consolidated net sales	$ 83,145	$ 137,695	$ 28,720	$ 18,925	$ -	$ 268,485
Operating profit (*)	$ 13,753	$ 7,701	$ (1,284)	$ (2,395)	$ (303)	$ 17,472
Depreciation and amortization	$ 2,080	$ 4,706	$ 1,199	$ 776	$ -	$ 8,761
Impairment in intangible assets	$ 57	$ 294	$ 25	$ 169	$ -	$ 545
Other items not affecting cash flows	$ 61	$ (59)	$ 611	$ (122)	$ 20	$ 511
EBITDA (*) (**)	$ 15,951	$ 12,642	$ 551	$ (1,572)	$ (283)	$ 27,289
Net profit - equity holders of the parent	$ 7,284	$ 1,946	$ (3,001)	$ (3,025)	$ 1,425	$ 4,629
Income tax	$ 4,282	$ 1,961	$ 2	$ 37	$ -	$ 6,282
Interest income	$ (550)	$ (169)	$ (39)	$ (16)	$ 460	$ (314)
Interest expense	$ 4,449	$ 1,459	$ 377	$ 47	$ (460)	$ 5,872
Total assets	$ 60,640	$ 145,155	$ 23,265	$ 31,822	$ (1,633)	$ 259,249
Total liabilities	$ 111,896	$ 52,016	$ 9,409	$ 9,723	$ (819)	$ 182,225

(*) Does not include intercompany royalties.

(**) The Company determines EBITDA as operating profit plus depreciation, amortization, impairment and other non-cash items.

(***) Includes result from monetary position.

For the years ended December 31, 2019, 2018 and 2017 the sales to the Company's largest customer represented 12.47%, 12.55% and 12.53%, respectively, of the consolidated net sales of the Company, which correspond mainly to the Mexico and the US and Canada regions. There are no other customers whose sales exceed 10% of the Company's total consolidated sales.

26. SUBSEQUENT EVENTS

On January 2, 2020, the Company, through its subsidiary BBU, acquired the Lender's brand frozen bagel business from Conagra Brands.

The outbreak of the Covid-19 virus that occurred in January 2020 in China and other countries where the Company operates could have an impact on the Company's operations and its consolidated financial results. However, at this moment, there are no elements to reasonably estimate such impacts since they depend on highly uncertain and unpredictable future events.

27. AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

On March 18, 2020, the accompanying consolidated financial statements and these notes were authorized by the Company's Chief Executive Officer, Daniel Servitje Montull, and the Board of Directors, for their issue and subsequent approval by the shareholders, who have the authority to modify them in accordance with the Mexican Corporations Act.

STAKEHOLDER INFORMATION
(GRI 102-1, 102-3, 102-4, 102-5, 102-53)

STOCK EXCHANGE
Bolsa Mexicana de valores (BMV)

BMV TICKER
BIMBO

ADR LEVEL 1 TICKER
BMBOY

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BIMBO

IPC Sustentable

ESR Empresa Socialmente Responsable 20 AÑOS

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